ADDENDUM TO OFFICIAL STATEMENT

$131,175,000
STATE OF WISCONSIN

$67,415,000 Clean Water Revenue Bonds, 2010 Series 1

$14,070,000 Clean Water Revenue Refunding Bonds, 2010 Series 2

$49,690,000 Clean Water Revenue Bonds, 2010 Series 3 (Taxable)

APPENDIX F to the Official Statement, dated February 2, 2010 **(Official Statement)** for the above-referenced bond issues, includes incorrect CUSIP numbers for the Refunded Bonds (as such term is defined in the Official Statement). The following table includes the correct CUSIP numbers and replaces APPENDIX F in its entirety. This Addendum has been prepared on behalf of the State of Wisconsin and should be inserted between pages E-2 and F-1 in the Official Statement. For more information about the refunding, see "PLAN OF REFUNDING" in the Official Statement.

APPENDIX F
OUTSTANDING BONDS
REFUNDED BY 2010 SERIES 2 BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Redemption Date	Redemption Price
2001 Series 1	4/1/2001	$ 4,750,000	5.00%	6/1/2019	977092 HJ7	6/1/2011	100%
		4,990,000	5.00	6/1/2020	977092 HK4	6/1/2011	100
		5,250,000	5.00	6/1/2021	977092 HL2	6/1/2011	100
		$ 14,990,000					

February 16, 2010

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2010 Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement. Unless otherwise indicated, capitalized terms are defined in APPENDIX C.

$131,175,000
STATE OF WISCONSIN

$67,415,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 1

$14,070,000 CLEAN WATER REVENUE REFUNDING BONDS, 2010 SERIES 2

$49,690,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 3 (TAXABLE)

Dated: Date of Delivery **Due: June 1, as shown on the inside front cover**

Ratings	AA+ Fitch Ratings Aa1 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Matters	Interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*Pages 12-14*. Interest on the 2010 Series 3 Bonds is includible in gross income for federal income tax purposes—*Pages 14-18.* Interest on the 2010 Bonds is not exempt from current State of Wisconsin income and franchise taxes—*Pages 13 and 18.*
Redemption	The 2010 Bonds maturing on or after June 1, 2021 are callable at par on or after June 1, 2020—*Page 3.*
Security	The 2010 Bonds are payable solely from (1) Pledged Loan Repayments, (2) amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and (3) all other Pledged Receipts. The Milwaukee Metropolitan Sewerage District and the State are currently expected to be the source of approximately 25% and 19%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—*Pages 6-9*.
Priority	The 2010 Bonds are issued on a parity with all other Bonds previously or hereafter issued under the General Resolution —*Page 6.*
Purpose	Proceeds of the 2010 Series 1 Bonds and the 2010 Series 3 Bonds are being used to make Pledged Loans to Municipalities primarily for construction or improvement of their wastewater treatment facilities and to make a deposit into the Loan Credit Reserve Fund. Proceeds of the 2010 Series 2 Bonds are being used to refund previously issued Outstanding Bonds. Proceeds of the 2010 Bonds are also being used to pay for Costs of Issuance —*Page 4*.
Interest Payment Dates	June 1 and December 1, commencing June 1, 2010
Closing/Settlement	On or about February 25, 2010
Denominations	Multiples of $5,000
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Bond Counsel	Foley & Lardner LLP
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry-System	The Depository Trust Company—*Pages 4-5*
2009 Annual Report	This Official Statement incorporates by reference, and updates information and makes changes or additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009.

The prices and yields listed on the inside front cover were determined on February 2, 2010 at negotiated sale.

Morgan Stanley **M♦R♦ Beal & Company**

Robert W. Baird & Co. **Cabrera Capital Markets, LLC** **Goldman, Sachs & Co.**

Loop Capital Markets, LLC **Wells Fargo Securities**

February 2, 2010

CUSIP NUMBERS, MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND PRICES

$131,175,000
STATE OF WISCONSIN

$67,415,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 1

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 SU0	2012	$ 3,755,000	3.000%	0.750%	105.046%	Not Callable	-
977092 SV8	2013	3,865,000	3.000	1.050	106.244	Not Callable	-
977092 SW6	2014	3,985,000	5.000	1.450	114.634	Not Callable	-
977092 SX4	2015	4,185,000	5.000	1.900	115.463	Not Callable	-
977092 TE5	2016	4,390,000	4.000	2.340	109.620	Not Callable	-
977092 SY2	2026	6,945,000	5.000	3.830	109.849 [a]	6/1/2020	100%
977092 SZ9	2027	7,290,000	5.000	3.910	109.138 [a]	6/1/2020	100
977092 TA3	2028	7,655,000	5.000	3.990	108.434 [a]	6/1/2020	100
977092 TB1	2029	8,040,000	5.000	4.060	107.821 [a]	6/1/2020	100
977092 TC9	2030	8,440,000	5.000	4.120	107.300 [a]	6/1/2020	100
977092 TD7	2031	8,865,000	5.000	4.190	106.695 [a]	6/1/2020	100

$14,070,000 CLEAN WATER REVENUE REFUNDING BONDS, 2010 SERIES 2

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 TF2	2019	$ 3,830,000	5.000%	3.160%	114.676%	Not Callable	-
977092 TG0	2020	4,990,000	5.000	3.250	115.167	Not Callable	-
977092 TH8	2021	5,250,000	5.000	3.350	114.229 [a]	6/1/2020	100%

$49,690,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 3 (TAXABLE)

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 SK2	2017	$ 4,610,000	3.957%	3.957%	100%	Not Callable	-
977092 SL0	2018	4,790,000	4.291	4.291	100	Not Callable	-
977092 SM8	2019	5,000,000	4.391	4.391	100	Not Callable	-
977092 SN6	2020	5,220,000	4.491	4.491	100	Not Callable	-
977092 SP1	2021	5,450,000	4.691	4.691	100	6/1/2020	100%
977092 SQ9	2022	5,710,000	4.891	4.891	100	6/1/2020	100
977092 SR7	2023	5,990,000	5.091	5.091	100	6/1/2020	100
977092 SS5	2024	6,295,000	5.291	5.291	100	6/1/2020	100
977092 ST3	2025	6,625,000	5.441	5.441	100	6/1/2020	100

[a] These 2010 Bonds are priced to the June 1, 2020 first optional redemption date.

This document is the State's *official* statement about the offering of the 2010 Bonds; that is, it is the only document the State has authorized for providing information about the 2010 Bonds. This document is not an offer or solicitation for the 2010 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2010 Bonds, and anything else related to the offering.

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2010 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2010 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the 2010 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such 2010 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2010 BONDS

BUILDING COMMISSION MEMBERS

Voting Members	**Term of Office Expires**
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Jeffrey Plale, Vice-Chair	January 2, 2011
Senator Ted Kanavas	January 6, 2013
Senator Pat Kreitlow	January 2, 2011
Representative Spencer Black	January 2, 2011
Representative Gordon Hintz	January 2, 2011
Representative Dean Kaufert	January 2, 2011
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. Adel Tabrizi, State Chief Engineer Department of Administration	——
Mr. Dave Haley, State Chief Architect Department of Administration	——

Building Commission Secretary

Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Michael L. Morgan, Secretary Department of Administration	At the pleasure of the Governor
Mr. Matthew J. Frank, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
frank.hoadley@wisconsin.gov

Mr. Michael D. Wolff
Finance Programs Administrator
(608) 267-2734
michael.wolff@wisconsin.gov

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

SUMMARY DESCRIPTION OF THE 2010 BONDS

Selected information is presented on this page for the convenience of the user. To make an informed investment decision regarding the 2010 Bonds, a prospective investor should read the entire Official Statement

Principal Amount and Description:	$67,415,000 Clean Water Revenue Bonds, 2010 Series 1 $14,070,000 Clean Water Revenue Refunding Bonds, 2010 Series 2 $49,690,000 Clean Water Revenue Bonds, 2010 Series 3 (Taxable)
Denominations:	Multiples of $5,000
Dated Date:	Date of delivery (on or about February 25, 2010)
Interest Payment:	June 1 and December 1, commencing June 1, 2010
Maturities:	*2010 Series 1 Bonds*—June 1, 2012-2016 and 2026-2031 *2010 Series 2 Bonds*—June 1, 2019-2021 *2010 Series 3 Bonds*—June 1, 2017-2025
Record Dates:	May 15 and November 15
Redemption:	*Optional*—The 2010 Bonds maturing on or after June 1, 2021 are callable at par on or after June 1, 2020—See "2010 BONDS; Redemption Provisions"
Form:	Book-entry-only system.
Trustee/Paying Agent:	All payments of principal and interest on the 2010 Bonds will be made by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security for Bonds:	The 2010 Bonds, and all other parity Bonds previously issued or to be issued in the future, are payable solely from: • Pledged Loan Repayments, • Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and • Any other Pledged Receipts. The Milwaukee Metropolitan Sewerage District and the State are currently expected to be the source of approximately 25% and 19%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—See "SECURITY"
Outstanding Parity Bonds:	$805,305,000 as of January 15, 2010.
Authority for Issuance:	The 2010 Bonds are authorized under the Act and Chapter 18, Wisconsin Statutes.
Purpose:	Proceeds of the 2010 Series 1 Bonds and the 2010 Series 3 Bonds are being used to make Pledged Loans to Municipalities primarily for construction or improvement of their wastewater treatment facilities and to make a deposit into the Loan Credit Reserve Fund. Proceeds of the 2010 Series 2 Bonds are being used to refund previously issued Outstanding Bonds. Proceeds of the 2010 Bonds are also being used to pay for Costs of Issuance.
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on a parity with the 2010 Bonds and all other Bonds previously issued, provided that the Loan Credit Reserve Fund Requirement and the Subsidy Fund Requirement are satisfied—See "SECURITY"

Tax Exemption:	Interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. Interest on the 2010 Series 1 Bonds is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations; however, interest on the 2010 Series 2 Bonds is taken into account in determining adjusted current earnings for those purposes—See "TAX MATTERS; Tax Exemption—2010 Series 1 Bonds and 2010 Series 2 Bonds" Interest on the 2010 Series 3 Bonds is includible in gross income for federal income tax purposes—See "TAX MATTERS; Tax Status—2010 Series 3 Bonds" Interest on the 2010 Bonds is not exempt from current State of Wisconsin income and franchise taxes—See "TAX MATTERS"
Legal Opinion:	Validity opinion on the 2010 Bonds and tax opinion on the 2010 Series 1 Bonds and 2010 Series 2 Bonds to be provided by Foley & Lardner LLP—See APPENDIX E

OFFICIAL STATEMENT

$131,175,000

STATE OF WISCONSIN

$67,415,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 1

$14,070,000 CLEAN WATER REVENUE REFUNDING BONDS, 2010 SERIES 2

$49,690,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 3 (TAXABLE)

INTRODUCTION

This Official Statement provides information about three series of clean water revenue bonds that are being issued by the State of Wisconsin **(State)**: the $67,415,000 Clean Water Revenue Bonds, 2010 Series 1 **(2010 Series 1 Bonds)**, the $14,070,000* Clean Water Revenue Refunding Bonds, 2010 Series 2 **(2010 Series 2 Bonds)**, and the $49,690,000 Clean Water Revenue Bonds, 2010 Series 3 (Taxable) **(2010 Series 3 Bonds)** (the 2010 Series 1 Bonds, the 2010 Series 2 Bonds, and the 2010 Series 3 Bonds are collectively called the **2010 Bonds)**. This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**.

The 2010 Bonds are authorized under the Wisconsin Statutes and a Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission **(Commission)** on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006 **(General Resolution)**. The 2010 Series 1 Bonds and the 2010 Series 3 Bonds are being issued under a series resolution adopted by the Commission on September 16, 2009, and the 2010 Series 2 Bonds are being issued under a series resolution adopted by the Commission on January 20, 2010 (collectively, **Series Resolution)**. The General Resolution and the Series Resolution are collectively referred to as the **Resolution**.

The State will elect to treat the 2010 Series 3 Bonds as Build America Bonds within the meaning of Section 54AA(d) of the Internal Revenue Code of 1986, as amended **(Code)** that are "qualified bonds" (within the meaning of Section 54AA(g)(2) of the Code). This will entitle the State to receive from the United States Treasury on each payment date a direct payment in the amount of 35% of the interest payable by the State on such date for the 2010 Series 3 Bonds. See "SECURITY; Build America Bonds". Owners of the 2010 Series 3 Bonds will not receive any tax credits or other tax benefits with respect to their ownership of 2010 Series 3 Bonds.

The Commission has authorized the State Department of Administration (**DOA)** to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated. Requests for additional information, including copies of the Resolution, Financial Assistance Agreements, or Municipal Obligations, may be directed to:

Contact:	Capital Finance Office Attn: Capital Finance Director
Phone:	(608) 266-2305
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Website:	www.doa.wi.gov/capitalfinance

Unless otherwise indicated, capitalized terms used in this Official Statement are defined in APPENDIX C.

PLAN OF REFUNDING

General

The 2010 Series 2 Bonds are being issued for the advance refunding of certain maturities of previously issued Outstanding Bonds. The refunded maturities are currently outstanding in the aggregate principal amount of $14,990,000 **(Refunded Bonds)**. APPENDIX F identifies, and provides information concerning, the Refunded Bonds.

To provide for the advance refunding of the Refunded Bonds, the 2010 Series 2 Bond proceeds will be used to purchase direct general obligations of the United States **(Government Obligations).** These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

(i) to pay when due the interest on the Refunded Bonds to and including their respective redemption dates, and

(ii) to redeem the Refunded Bonds on their respective redemption dates at their respective amounts of maturing principal.

Defeasance Escrow Agreement

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

The Escrow Fund will be held by the Escrow Trustee in trust to make payments of the principal of, redemption premium, if any, and interest on, the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from proceeds of the 2010 Series 2 Bonds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Robert Thomas CPA, LLC **(Verification Agent)**.

In the opinion of Bond Counsel, upon the State making the deposit described above into the Escrow Fund, the Refunded Bonds will be deemed to be paid and will no longer be considered Outstanding for purposes of the General Resolution.

2010 BONDS

General

The inside front cover of this Official Statement sets forth the maturity dates, principal amounts, and interest rates for the 2010 Bonds. The 2010 Bonds are being issued in a book-entry-only system. The

Commission has appointed, as the securities depository for the 2010 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "2010 BONDS; Book-Entry-Only System".

The 2010 Bonds will be dated the date of their delivery (expected to be February 25, 2010) and will bear interest from that date payable on June 1 and December 1 of each year, beginning on June 1, 2010.

Interest on the 2010 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the 2010 Bonds are in the book-entry-only system, the principal of and interest on each 2010 Bond will be paid to the securities depository.

The 2010 Bonds are issued as fully registered bonds without coupons in principal denominations of $5,000, or any multiple of $5,000.

The 2010 Bonds and all other bonds issued or to be issued under the General Resolution are collectively referred to as the **Bonds**. U.S. Bank National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2010 Bonds.

Redemption Provisions

Optional Redemption

The 2010 Series 1 Bonds maturing on or after June 1, 2021 may be redeemed on June 1, 2020 or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem the 2010 Series 1 Bonds, and the Commission may direct the amounts and maturities of the 2010 Series 1 Bonds to be redeemed.

The 2010 Series 2 Bonds maturing on or after June 1, 2021 may be redeemed on June 1, 2020 or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem the 2010 Series 2 Bonds, and the Commission may direct the amounts and maturities of the 2010 Series 2 Bonds to be redeemed.

The 2010 Series 3 Bonds maturing on or after June 1, 2021 may be redeemed on June 1, 2020 or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem the 2010 Series 3 Bonds, and the Commission may direct the amounts and maturities of the 2010 Series 3 Bonds to be redeemed.

Selection of 2010 Bonds

So long as the 2010 Bonds are in the book-entry-only system, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules.

Notice of Redemption

So long as the 2010 Bonds are in the book-entry-only system, any redemption notice (which may be conditioned on certain factors such as the availability of funds) will be sent by the Trustee (by registered or first class mail, postage prepaid) to the securities depository between 30 and 60 days before the redemption date.

All redemption notices will also be sent to each Rating Agency and the Information Services. Failure to give any required notice of redemption as to any particular 2010 Bonds will not affect the validity of the call for redemption of any 2010 Bonds in respect of which no such failure has occurred. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Interest on any 2010 Bond called for redemption will cease to accrue on the redemption date so long as the 2010 Bond is paid or money is provided for its payment.

Payment and Registration of 2010 Bonds

So long as the 2010 Bonds are in the book-entry-only system, payments of principal and interest will be made by wire transfer to the securities depository or its nominee.

The Trustee is not required to transfer or exchange any 2010 Bond during the 15 days next preceding any interest payment date for the 2010 Bonds, or in the case of the proposed redemption of 2010 Bonds, next preceding the date of the selection of the 2010 Bonds to be redeemed. In the event that less than the entire principal amount of a maturity is redeemed, the Trustee shall issue a new 2010 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

Ratings

At the State's request, ratings have been assigned to the 2010 Bonds by several Rating Agencies:

Rating	Rating Agency
AA+	Fitch Ratings
Aa1	Moody's Investors Service, Inc.
AA+	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the Rating Agency giving the rating. No one can offer any assurance that a rating given to the 2010 Bonds will be maintained for any period of time; a Rating Agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2010 Bonds.

Sources and Uses of Funds

The State anticipates that the proceeds of the 2010 Bonds will be applied as follows.

Sources	**2010 Series 1 Bonds**	**2010 Series 2 Bonds**	**2010 Series 3 Bonds**	**Total**
Principal Amount	$67,415,000.00	$14,070,000.00	$49,690,000.00	$131,175,000.00
Original Issue Premium	5,917,653.45	2,065,946.60	–	7,983,600.05
Total Sources	$73,332,653.45	$16,135,946.60	$49,690,000.00	$139,158,600.05
Uses				
Deposit to Loan Fund	$68,720,172.93	–	$46,279,827.07	$115,000,000.00
Deposit to Escrow Fund	–	$16,032,193.68	–	16,032,193.68
Deposit to Loan Credit Reserve Fund	4,144,895.61	–	3,055,104.39	7,200,000.00
Underwriters' Discount	374,380.60	83,400.59	288,777.33	746,558.52
Costs of Issuance	93,204.31	20,352.33	66,291.21	179,847.85
Total Uses	$73,332,653.45	$16,135,946.60	$49,690,000.00	$139,158,600.05

Book-Entry-Only System

The 2010 Bonds will initially be issued in the book-entry-only system. Purchasers of the 2010 Bonds will not receive bond certificates but instead will have their ownership in the 2010 Bonds recorded in the book-entry system.

2010 Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2010 Bonds. Ownership of the 2010 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2010 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of and interest on the 2010 Bonds to DTC. Owners of the 2010 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide notices and other communications about the 2010 Bonds to DTC. Owners of the 2010 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2010 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2010 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, 2010 Bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Trustee is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2010 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event the 2010 Bonds were not in the book-entry-only system, how the 2010 Bonds are redeemed and paid would differ.

Redemption

2010 Bonds would be selected for redemption by the Trustee by lot or such other manner as the Trustee shall determine. Any notice of the redemption of any 2010 Bonds (which may be conditioned on certain factors such as the availability of funds) would be sent by the Trustee (by registered or first class mail, postage prepaid) to the owners of the 2010 Bonds being redeemed between 30 and 60 days before the redemption date. Failure to give any required notice would not affect the validity of the call for redemption in respect of which no such failure has occurred. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the 2010 Bond was paid or moneys were on deposit with the Trustee for its payment.

Payment

Payment of principal would be made by check or draft upon the presentation and surrender of the 2010 Bonds at the office of the Paying Agent, and interest would be paid when due by check or draft mailed to the owners of record at the address appearing on the registration books on the **Record Date**—which is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. A registered owner of $1 million or more in principal amount of 2010 Bonds outstanding would be paid by wire transfer to such account as the owner may designate.

ENVIRONMENTAL IMPROVEMENT FUND

The State's Environmental Improvement Fund provides for two separate environmental financing programs:

- **Clean Water Fund Program**. Established in 1990, the Clean Water Fund Program is a municipal financial assistance program for water pollution control projects and includes the State's implementation of a Federal State Revolving Fund Program under the Federal Water

Quality Act of 1987. This program also funds the Land Recycling Loan Program, which is a municipal loan program for remediation of contaminated lands.

- **Safe Drinking Water Loan Program**. The Safe Drinking Water Loan Program is a municipal loan program for drinking water projects and includes the State's implementation of the Federal Safe Drinking Water Act Amendments of 1996.

The State intends to use proceeds of the 2010 Series 1 Bonds and the 2010 Series 3 Bonds, as it has with proceeds of previously issued Bonds (other than refunding Bonds such as the 2010 Series 2 Bonds), to make loans under the Clean Water Fund Program. These loans have terms not exceeding 20 years, and most loans have interest rates at or below market interest rates at the times the loans are made. If changes were made to the Wisconsin Statutes, Bond proceeds could be used to make loans under the Safe Drinking Water Loan Program; however, no legislation is pending that would make such changes.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program consists of three loan portfolios:

- **Leveraged Portfolio**, consisting of **Pledged Loans** funded with Bond proceeds along with repayments of the principal of and interest on those loans.
- **Direct Portfolio** or **Clean Water Portfolio**, consisting of **Direct Loans** funded with federal capitalization grants and the required State match along with repayments of the principal of and interest on those loans.
- **Proprietary Portfolio**, consisting of **Proprietary Loans** funded with State general obligation bond proceeds along with repayments of the principal of and interest on those loans.

Pledged Loans, Direct Loans, and Proprietary Loans are made to Municipalities pursuant to Financial Assistance Agreements. As evidence of each loan, the Municipality is required to issue and deliver to the State a bond or note of the Municipality (**Municipal Obligation**) obligating the Municipality to repay the loan on the maturity schedule and at the interest rate set forth in the Financial Assistance Agreement.

Only Pledged Loans are funded with Bond proceeds, and only Pledged Loan Repayments are pledged to the repayment of the Bonds. In other words, Bond proceeds do not fund Direct Loans or Proprietary Loans, and repayments of Direct Loans or Proprietary Loans are not pledged to the repayment of the Bonds. This Official Statement and the 2009 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

Information concerning the Clean Water Fund Program is included as APPENDIX A, which incorporates by reference Part VI of the 2009 Annual Report. APPENDIX A includes (through incorporation by reference), but is not limited to, information about Pledged Loans, as of December 1, 2009, and the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2009 and 2008, along with supplemental information as of June 30, 2009, and the independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2009.

SECURITY

The 2010 Bonds are issued on a parity with all other Bonds previously issued or to be issued under the General Resolution.

The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds, and moneys pledged under the General Resolution. Debt service on the 2010 Bonds and all other parity Bonds is secured by a pledge of:

- Pledged Loan Repayments made by Municipalities.
- Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, each of which were established pursuant to the General Resolution.

- Any other Pledged Receipts.

The State is not obligated to pay the principal of and interest on the 2010 Bonds or any other Bonds from any revenues or funds of the State other than those pledged pursuant to the General Resolution, and neither the full faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of and interest on the 2010 Bonds or any other Bonds.

The Legislature has authorized the issuance of $2.363 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has previously issued $1.282 billion of Bonds (not including the 2010 Series 1 Bonds or the 2010 Series 3 Bonds) and an additional $423 million of refunding Bonds (not including the 2010 Series 2 Bonds). As of January 15, 2010, approximately $805 million of Bonds were Outstanding.

Prior to the issuance of the 2010 Bonds or additional parity Bonds, the State must certify that, upon the delivery of such Bonds, there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information concerning the security and source of payment for the Bonds is included as APPENDIX A, which incorporates by reference Part VI of the 2009 Annual Report. This Part VI of the 2009 Annual Report addresses the following security matters:

- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

Loans

The Wisconsin Statutes set forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. Additional information concerning the loan application process, lending criteria, levy limits for counties, commitments, and financial assistance agreements is described in Part VI of the 2009 Annual Report. See APPENDIX A.

Subsidy Fund

Since most Pledged Loans are made at interest rates below the Clean Water Fund Program's cost of borrowing, the General Resolution establishes a Subsidy Fund and requires that the amount on deposit meet the Subsidy Fund Requirement and that the Subsidy Fund Transfer Amount be transferred to the Debt Service Fund before each Interest Payment Date. Prior to any disbursement from the Loan Fund, the State is required by the General Resolution to meet the Subsidy Fund Requirement by depositing amounts in the Subsidy Fund. As of December 1, 2009, $168 million principal amount of State general obligation bonds were on deposit in the Subsidy Fund.

Loan Credit Reserve Fund

The General Resolution establishes the amount and timing of funds and securities required to be deposited in the Loan Credit Reserve Fund, based on Loan Credit Reserve Fund Schedules reviewed by each Rating Agency. To the extent the amount of deposit required by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. See APPENDIX A and APPENDIX D.

As of December 1, 2009, the Loan Credit Reserve Fund consisted of $107 million in cash and investments, which exceed the $100 million Loan Credit Reserve Fund Requirement as of that date.

As of December 1, 2009, the cash and investments in the Loan Credit Reserve Fund were invested as follows:

- $22 million in an investment agreement with AIG Matched Funding Corp. (**AIGMFC**) with the payment obligations of AIGMFC guaranteed by American International Group, Inc.
- $8 million in a collateralized investment repurchase agreement with Bayerische Landesbank Girozentrale with the investment securities held by Wells Fargo Bank, National Association, as custodian.
- $31 million in direct obligations of the United States under four separate forward delivery agreements with Wachovia Bank, National Association.
- $2 million in direct obligations of the United States under a forward delivery agreement with Westdeutsche Landesbank Girozentrale.
- $14 million in direct obligations of the United States under two separate reserve fund forward delivery agreements with JPMorgan Chase Bank, NA.
- $10 million in general obligations of the State of Wisconsin with an extendible maturity date.
- $21 million in an investment pool managed by the State of Wisconsin Investment Board.

The above investments each provide for liquidation of the investments if and when required by the terms of the General Resolution.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement or forward delivery agreement held on deposit in the Loan Credit Reserve Fund. Certain events related to the investments or agreements could occur that may impact the Loan Credit Reserve Fund and the amount available in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement. If needed, the State has alternatives available to it in order to increase the amount available in the Loan Credit Reserve Fund.

The State

Based on the general obligations of the State deposited in the Subsidy Fund and cash-flow calculations as of December 1, 2009, the State is expected to be the source of 19% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds.

Information concerning the State, its financial condition, and its general obligations is included as APPENDIX B, which incorporates by reference, and includes updated information and makes changes or additions to, Parts II and III of the 2009 Annual Report, including, but not limited to, the estimated General Fund condition statement and the estimated General Fund tax revenue collections included in the January 27, 2010 memorandum from the Legislative Fiscal Bureau.

Milwaukee Metropolitan Sewerage District

Based on cash-flow calculations as of December 1, 2009, the Milwaukee Metropolitan Sewerage District **(MMSD)** is expected to be the source of 25% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds. MMSD has issued Municipal Obligations to evidence its obligation to repay its Pledged Loans. The Municipal Obligations issued by MMSD are general obligations; MMSD has made an irrevocable levy of ad valorem property taxes sufficient to pay debt service on its Pledged Loans when due.

Information concerning MMSD is included in Part VI of the 2009 Annual Report, which incorporated by reference the MMSD Comprehensive Annual Financial Report for the period ending December 31, 2008. See APPENDIX A.

Build America Bonds

The direct payment the State expects to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for the 2010 Series 3 Bonds is not a revenue, receipt, fund, or money pledged under the General Resolution, and is not pledged to the payment of debt service on the Bonds.

OTHER MATTERS

Borrowing Plans for 2010

These three series of Bonds are the first issuance of Bonds in this calendar year. The amount and timing of the issuance of additional Bonds in this calendar year to make Pledged Loans in the Clean Water Fund Program depend on loan activity in the Clean Water Fund Program, and the amount and timing of the issuance of any additional Bonds to refund previously issued Outstanding Bonds depend on market conditions.

Underwriting

The 2010 Bonds are being purchased by the **Underwriters**, for which Morgan Stanley & Co. Incorporated is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2010 Series 1 Bonds at an aggregate purchase price, not including accrued interest, of $72,958,272.85 (reflecting an original issue premium of $5,917,653.45 and underwriters' discount of $374,380.60), the 2010 Series 2 Bonds at an aggregate purchase price, not including accrued interest, of $16,052,546.01 (reflecting an original issue premium of $2,065,946.60 and underwriters' discount of $83,400.59), and the 2010 Series 3 Bonds at an aggregate purchase price, not including accrued interest, of $49,401,222.67 (reflecting an underwriters' discount of $288,777.33). The Underwriters have agreed to reoffer the 2010 Bonds at the public offering prices or yields set forth on the inside front cover of this Official Statement. The 2010 Bonds may be offered and sold to certain dealers (including dealers depositing the 2010 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2010 Bonds if any 2010 Bonds are purchased.

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

Reference Information About 2010 Bonds

The tables on the following page and the tables on the inside front cover include information about the 2010 Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes are reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the initial reoffering yields and prices. For each of the 2010 Bonds subject to optional redemption, the yield shown is the lower of the lower of the yield to the first optional redemption date or the yield to the nominal maturity date.

Financial Advisor

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The Financial Advisor has provided advice on the structure of the 2010 Bonds and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

$ 67,415,000
State of Wisconsin
Clean Water Revenue Bonds, 2010 Series 1

Dated Date: Delivery Date
First Interest Date: June 1, 2010
Delivery Date: On or About February 25, 2010

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Redemption Date	Call Price
977092 SU0	2012	$ 3,755,000	3.000%	0.750%	105.046%		Not Callable	-
977092 SV8	2013	3,865,000	3.000	1.050	106.244		Not Callable	-
977092 SW6	2014	3,985,000	5.000	1.450	114.634		Not Callable	-
977092 SX4	2015	4,185,000	5.000	1.900	115.463		Not Callable	-
977092 TE5	2016	4,390,000	4.000	2.340	109.620		Not Callable	-
977092 SY2	2026	6,945,000	5.000	3.830	109.849	(a)	6/1/2020	100%
977092 SZ9	2027	7,290,000	5.000	3.910	109.138	(a)	6/1/2020	100
977092 TA3	2028	7,655,000	5.000	3.990	108.434	(a)	6/1/2020	100
977092 TB1	2029	8,040,000	5.000	4.060	107.821	(a)	6/1/2020	100
977092 TC9	2030	8,440,000	5.000	4.120	107.300	(a)	6/1/2020	100
977092 TD7	2031	8,865,000	5.000	4.190	106.695	(a)	6/1/2020	100

$ 14,070,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 2010 Series 2

Dated Date: Delivery Date
First Interest Date: June 1, 2010
Delivery Date: On or About February 25, 2010

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Redemption Date	Call Price
977092 TF2	2019	$ 3,830,000	5.000%	3.160%	114.676%		Not Callable	-
977092 TG0	2020	4,990,000	5.000	3.250	115.167		Not Callable	-
977092 TH8	2021	5,250,000	5.000	3.350	114.229	(a)	6/1/2020	100%

$ 49,690,000
State of Wisconsin
Clean Water Revenue Bonds, 2010 Series 3 (Taxable)

Dated Date: Delivery Date
First Interest Date: June 1, 2010
Delivery Date: On or About February 25, 2010

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 SK2	2017	$ 4,610,000	3.957%	3.957%	100%	Not Callable	-
977092 SL0	2018	4,790,000	4.291	4.291	100	Not Callable	-
977092 SM8	2019	5,000,000	4.391	4.391	100	Not Callable	-
977092 SN6	2020	5,220,000	4.491	4.491	100	Not Callable	-
977092 SP1	2021	5,450,000	4.691	4.691	100	6/1/2020	100%
977092 SQ9	2022	5,710,000	4.891	4.891	100	6/1/2020	100
977092 SR7	2023	5,990,000	5.091	5.091	100	6/1/2020	100
977092 SS5	2024	6,295,000	5.291	5.291	100	6/1/2020	100
977092 ST3	2025	6,625,000	5.441	5.441	100	6/1/2020	100

(a) These 2010 Bonds are priced to the June 1, 2020 first optional redemption date.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate (1) the sufficiency of the receipts from the Government Obligations, together with an initial cash deposit, to pay to and at maturity or early redemption the principal of and interest on the Refunded Bonds and (2) the yield of the Escrow Fund is less than the yield on the 2010 Series 1 Bonds and the 2010 Series 2 Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

Legal Investment

State law provides that the 2010 Bonds are legal investments for the following:

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

Certain Legal Matters

Legal matters relating to the authorization, issuance, and sale of the 2010 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2010 Bonds are delivered, in substantially the form shown in APPENDIX E. If certificated 2010 Bonds are issued, then the opinion will be printed on the reverse side of each 2010 Bond.

As a condition to making a loan, the State will require an opinion of counsel (which counsel need not be a nationally recognized bond counsel) to the effect that (subject to certain exceptions for bankruptcy, insolvency, and similar laws affecting creditors' rights or remedies and equitable principles), among other things, the related Financial Assistance Agreement and Municipal Obligation constitute legal, valid, and binding obligations of the Municipality enforceable against the Municipality in accordance with their respective terms.

Absence of Litigation

As required by law, the office of the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the 2010 Bonds. Upon delivery of the 2010 Bonds, the State will furnish an opinion of the Attorney General of the State, dated the date of delivery of the 2010 Bonds, to the effect that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2010 Bonds, or in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2010 Bonds, (2) the validity of the 2010 Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security to the payment of the 2010 Bonds. In addition, the opinion will state that there is no controversy or litigation of any nature then pending or threatened by or against the State in which an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds, or moneys pledged for the payment of the 2010 Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the related Financial Assistance Agreement or Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, the certificate must state that there is no controversy or litigation of any nature then pending or, to the Municipality's knowledge, threatened by or against the Municipality in which an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the power of the Municipality to levy, collect, and enforce the levying or collection of taxes (if the Municipal Obligation is a general obligation) or the imposition of rates or charges (if the Municipal Obligation is a revenue obligation) or the collection of any of the foregoing for the payment of its Municipal Obligation.

TAX MATTERS

Tax Exemption—2010 Series 1 Bonds and 2010 Series 2 Bonds

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds (collectively, **Tax-Exempt 2010 Bonds**) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the 2010 Series 1 Bonds is not taken into account in determining adjusted current earnings, but interest on the 2010 Series 2 Bonds is taken into account in determining adjusted current earnings. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Tax-Exempt 2010 Bonds are issued for interest on the Tax-Exempt 2010 Bonds to be, or to continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Tax-Exempt 2010 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Tax-Exempt 2010 Bonds were issued. The proceedings authorizing the Tax-Exempt 2010 Bonds do not provide for an increase in interest rates or a redemption of the Tax-Exempt 2010 Bonds in the event interest on the Tax-Exempt 2010 Bonds ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Tax-Exempt 2010 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Future legislation or clarifications or amendments to the Code, if enacted into law, may cause the interest on the Tax-Exempt 2010 Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the Tax-Exempt 2010 Bonds from realizing the full current benefit of the tax status of the interest on the Tax-Exempt 2010 Bonds. Prospective purchasers of the Tax-Exempt 2010 Bonds are encouraged to consult their own tax advisors regarding any pending federal legislation.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the Tax-Exempt 2010 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service **(IRS)** or the courts, and it is not a guarantee of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the Tax-Exempt 2010 Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the Tax-Exempt 2010 Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of the Tax-Exempt 2010 Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the State may legitimately disagree may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt 2010 Bonds for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability of the Tax-Exempt 2010 Bonds, and may cause the State or the owners of the Tax-Exempt 2010 Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Tax-Exempt 2010 Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the Tax-Exempt 2010 Bonds for particular owners of Tax-Exempt 2010 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Tax-Exempt 2010 Bond.

De Minimis Safe Harbor Exception for Tax-Exempt Interest Expense of Financial Institutions

In the case of a financial institution, the Code generally disallows that portion of a taxpayer's interest expense that is allocable to tax-exempt interest. The amount of interest that is disallowed is an amount which bears the same ratio to such interest expense as the taxpayer's average adjusted bases of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted bases of all assets of the taxpayer. The general rule of section 265(b) of the Code denying financial institutions' interest expense deductions allocable to tax-exempt obligations does not apply to "qualified tax-exempt obligations". No 2010 Bond is a "qualified tax-exempt obligation" for this purpose.

The American Recovery and Reinvestment Act of 2009 amends section 265(b) of the Code to provide that tax-exempt obligations issued during 2009 and 2010 and held by a financial institution, in an amount not to exceed two percent of the adjusted basis of the financial institution's assets, are not taken into account for the purpose of determining the portion of the financial institution's interest expense subject to the pro rata interest disallowance rule of section 265(b). For the purposes of this rule, a refunding bond (whether a current or advance refunding) is treated as issued on the date of issuance of the refunded bond (or, in a case of a series of refundings, the original bond).

The American Recovery and Reinvestment Act of 2009 also amends section 291(e) of the Code to provide that tax-exempt obligations issued during 2009 and 2010, and not taken into account for purposes of calculation of a financial institution's interest expense subject to the pro rata interest disallowance rule, are treated as having been acquired on August 7, 1986. As a result, such obligations are financial institution preference items, and the amount allowable as a deduction by a financial institution with respect to interest incurred to carry such obligations is reduced by 20 percent.

Bond Counsel is of the opinion that, for purposes of section 265(b)(7) of the Code, the 2010 Series 1 Bonds are obligations issued in 2010 that are not refunding bonds.

State of Wisconsin Income and Franchise Taxes

Interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds is not excluded from current State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2010 Series 1 Bond or 2010 Series 2 Bond.

Premium Tax-Exempt Bonds

Each 2010 Series 1 Bond and each 2010 Series 2 has an Issue Price that is greater than the amount payable at the maturity of the respective 2010 Bond (**Premium Tax-Exempt Bond**).

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

Owners of Premium Tax-Exempt Bonds who do not purchase their Premium Tax-Exempt Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning Premium Tax-Exempt Bonds. Owners of Premium Tax-Exempt Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Premium Tax-Exempt Bonds.

Tax Status—2010 Series 3 Bonds

In the opinion of Bond Counsel, under existing law, interest on the 2010 Series 3 Bonds **(Taxable 2010 Bonds)** will be includible in gross income of the owners thereof for federal income tax purposes.

Any discussion of U.S. federal tax issues included in this Official Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal tax penalties that may be imposed on the taxpayer. Such discussions were written in connection with the promotion or marketing of the Taxable 2010 Bonds. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of Taxable 2010 Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the Taxable 2010 Bonds and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons that purchase a Taxable 2010 Bond at its issue price, which is the first price at which a substantial amount of the Taxable 2010 Bonds is sold to the public, and that hold Taxable 2010 Bonds as "capital assets" within the meaning of section 1221 of the Code. This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Taxable 2010 Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprising a Taxable 2010 Bond and one or more other investments, or United States Owners (as defined below) that have a "functional currency" other than the United States dollar (**Special Taxpayers**). Except to the extent discussed below under "TAX MATTERS; Tax Status – 2010 Series 3 Bonds; *Non-United States Owners,*" this summary is applicable only to a person (**United States Owner**) that is the beneficial owner of Taxable 2010 Bonds and is (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State (including the District of Columbia), or (iii) a person otherwise subject to federal income taxation on its worldwide income. This summary is based upon the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or the interpretations, any of which may be applied retroactively. It does not discuss the tax laws of any state, local, or foreign governments.

United States Owners—Payments of Stated Interest

In general, for a beneficial owner that is a United States Owner, interest on a Taxable 2010 Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner's method of accounting for tax purposes.

United States Owners—Original Issue Discount

If the stated redemption price at maturity of a Taxable 2010 Bond exceeds its "issue price," such excess is treated as original issue discount (**OID**) unless the amount of such excess is less than a specified *de minimis* amount (generally equal to 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity). The issue price of each Taxable 2010 Bond is the price at which a substantial amount of the Taxable 2010 Bonds of that maturity is first sold to the public. The issue price of the Taxable 2010 Bonds is expected to be the amount set forth in "OTHER MATTERS; Reference Information About the 2010 Bonds" but is subject to change based on actual sales.

With respect to a United States Owner that purchases in the initial offering a Taxable 2010 Bond issued with OID, the amount of OID that accrues during any accrual period equals (a) the product of (i) the "adjusted issue price" of the Taxable 2010 Bond at the beginning of the accrual period (which price equals the issue price of such Taxable 2010 Bond plus the amount of OID that has accrued on a constant-yield basis in all prior accrual periods minus the amount of any payments, other than "qualified stated interest," received on the Taxable 2010 Bond in prior accrual periods) and (ii) the yield to maturity of such Taxable 2010 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (b) any qualified stated interest payable on the Taxable 2010 Bond during such accrual period. The amount of OID so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period.

A United States Owner of a Taxable 2010 Bond issued with OID must include in gross income for federal income tax purposes the amount of OID accrued with respect to each day during the taxable year that the United States Owner owns the Taxable 2010 Bond. Such an inclusion in advance of receipt of the cash attributable to the income is required even if the United States Owner is on the cash method of accounting for United States federal income tax purposes. The amount of OID that is includible in a United States Owner's gross income will increase the United States Owner's tax basis in the Taxable 2010 Bond. Such basis will be decreased by the amount of any payments other than qualified stated interest received on the Taxable 2010 Bond. The adjusted tax basis in a Taxable 2010 Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale or retirement) of the Taxable 2010 Bond.

If a Taxable 2010 Bond issued with OID is purchased by a United States Owner for a cost that exceeds the adjusted issue price as of the purchase date and that is less than the stated redemption price at maturity of the Taxable 2010 Bond, the amount of OID that is deemed to accrue thereafter to the United States Owner will be reduced to reflect the amortization of such excess (**acquisition premium**) over the remaining life of the Taxable 2010 Bond.

United States Owners—Taxable 2010 Bonds Purchased at a Premium

Under the Code, a United States Owner that purchases a Taxable 2010 Bond for an amount in excess of its stated redemption price at maturity may elect to treat such excess as "amortizable bond premium," in which case the amount of interest required to be included in the United States Owner's income each year with respect to interest on the Taxable 2010 Bond will be reduced by the amount of amortizable bond premium allocable (based on the Taxable 2010 Bond's yield to maturity) to that year. If such an election is made, the amount of each such reduction in interest income will result in a corresponding reduction in the United States Owner's tax basis in the Taxable 2010 Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the United States Owner at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States Owner and may not be revoked without the consent of the IRS.

United States Owners—Taxable 2010 Bonds Purchased at a Market Discount

A Taxable 2010 Bond will be treated as acquired at a market discount (**market discount Bond**) if the amount for which a United States Owner purchased the Taxable 2010 Bond is less than the Taxable 2010 Bond's principal amount, unless such difference is less than a specified *de minimis* amount.

In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount Bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Taxable 2010 Bond. Alternatively, a United States Owner of a market discount Bond may elect to include market discount in income currently over the life of the market discount Bond. That election applies to all debt instruments with market discount acquired by the electing United States Owner on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Taxable 2010 Bond in the hands of the United States Owner will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Owner elects to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount Bond with respect to which it is made and is irrevocable. A United States Owner of a market discount Bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Taxable 2010 Bond in an amount not exceeding the accrued market discount on such Taxable 2010 Bond until the maturity or disposition of the Taxable 2010 Bond.

United States Owners—Election to Treat All Interest as OID

A United States Owner may elect in the year of acquisition of a Taxable 2010 Bond to account for all interest (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, and *de minimis* market discount, as adjusted by any amortizable bond premium or acquisition premium) that accrues on the Taxable 2010 Bond by using the constant yield method applicable to OID. Any such election may not be revoked without the consent of the IRS.

United States Owners—Purchase, Sale, Exchange, and Retirement of Taxable 2010 Bonds

A United States Owner's tax basis in a Taxable 2010 Bond generally will equal its cost, increased by any market discount and original issue discount included in the United States Owner's income with respect to the Taxable 2010 Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Taxable 2010 Bond. A United States Owner generally will recognize gain or loss on the sale, exchange, or retirement of a Taxable 2010 Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Owner's tax basis in the Taxable 2010 Bond. Except to the extent described above under "TAX MATTERS; Tax Status – 2010 Series 3 Bonds; *United States Owners—Taxable 2010 Bonds Purchased at a Market Discount*", gain or loss recognized on the sale, exchange, or retirement of a Taxable 2010 Bond will be capital gain or loss and will be long-term capital gain or loss if the Taxable 2010 Bond was held for more than one year.

Non-United States Owners

The following is a general discussion of certain United States federal income and estate tax consequences resulting from the beneficial ownership of Taxable 2010 Bonds by a person other than a United States Owner or a former United States citizen or resident (**Non-United States Owner**).

Interest earned on a Taxable 2010 Bond by a Non-United States Owner will be considered "portfolio interest," and will not be subject to United States federal income tax or withholding, if:

- the Non-United States Owner is neither (i) a "controlled foreign corporation" that is related to the State as described in Section 881(c)(3)(C) of the Code, nor (ii) a bank receiving the interest on a loan made in the ordinary course of its business;
- the certification requirements described below are satisfied; and
- the interest is not effectively connected with the conduct of a trade or business within the United States by the Non-United States Owner.

The certification requirements will be satisfied if either (i) the beneficial owner of the Taxable 2010 Bond timely certifies, under penalties of perjury, to the State or to the person that otherwise would be required to withhold United States tax that such owner is a Non-United States Owner and provides its name and address, or (ii) a custodian, broker, nominee, or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Taxable 2010 Bond in such capacity timely certifies, under penalties of perjury, to the State or to the person that otherwise would be required to withhold United States tax that such statement has been received from the beneficial owner of the Bond by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to the State or to the person that otherwise would be required to withhold United States tax a copy thereof. The foregoing certification may be provided on a properly completed IRS Form W-8BEN or W-8IMY, as applicable, or any successor forms, duly executed under penalties of perjury. With respect to the certification requirement for Taxable 2010 Bonds that are held by an entity that is classified for United States federal income tax purposes as a foreign partnership, the applicable Treasury Regulations provide that, unless the foreign partnership has entered into a withholding agreement with the IRS, the foreign partnership will be required, in addition to providing an intermediary Form W-8IMY, to attach an appropriate certification by each partner, and to attach a statement allocating payments on such Taxable 2010 Bonds to the various partners.

If a Non-United States Owner is engaged in a trade or business in the United States and interest on the Taxable 2010 Bond is effectively connected with the conduct of such trade or business, the Non-United States Owner, although exempt from the withholding tax discussed above (provided that such beneficial owner timely furnishes the required certification to claim such exemption), may be subject to United States Federal income tax on such interest (and on any gain realized on a sale or other disposition of the Taxable 2010 Bond) in the same manner as if it were a United States Owner. If the non-United States Owner is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Taxable 2010 Bond will be included in the earnings and profits of the beneficial owner if the interest is effectively connected with the conduct by the beneficial owner of a trade or business in the United States. Such a beneficial owner must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States Federal withholding tax.

Any payments to a Non-United States Owner of interest that do not qualify for the portfolio interest exemption and that are not effectively connected with the conduct of a trade or business within the United States by the Non-United States Owner will be subject to United States Federal income tax and withholding at a rate of 30% (or at a lower rate under an applicable tax treaty).

Any capital gain or market discount realized on the sale, exchange, retirement, or other disposition of a Taxable 2010 Bond by a Non-United States Owner will not be subject to United States federal income or withholding taxes if (i) the gain is not effectively connected with a United States trade or business of the Non-United States Owner and (ii) in the case of an individual, the Non-United States Owner is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement, or other disposition and certain other conditions are met.

Taxable 2010 Bonds owned by an individual that is neither a citizen nor a resident of the United States for United States Federal estate tax purposes at the time of the individual's death will not be subject to United States Federal estate tax, provided that at the time of the individual's death the income from the Taxable 2010 Bonds was not or would not have been effectively connected with a United States trade or business of the individual and that the individual qualified for the exemption from United States Federal withholding tax (without regard to the certification requirements) described above.

Purchasers of Taxable 2010 Bonds that are Non-United States Owners should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the Taxable 2010 Bonds.

Information Reporting and Back-up Withholding

In general, information reporting requirements will apply with respect to payments to a United States Owner of principal and interest (and with respect to annual accruals of OID) on the Taxable 2010 Bonds, and with respect to payments to a United States Owner of any proceeds from a disposition of the Taxable 2010 Bonds. This information reporting obligation, however, does not apply with respect to certain United States Owners including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Owner subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed to properly report payments of interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Owner on or with respect to the Taxable 2010 Bonds.

Any payments of interest and OID on the Taxable 2010 Bonds to a Non-United States Owner generally will be reported to the IRS and to the Non-United States Owner, whether or not such interest or OID is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Any payments of interest and OID on the Taxable 2010 Bonds to a Non-United States Owner generally will not be subject to backup withholding and additional information reporting, provided that (i) the Non-United States Owner certifies, under penalties of perjury, on IRS Form W-8BEN (or a suitable substitute form) that it is not a United States person and certain other conditions are met, or (ii) the Non-United States Owner otherwise establishes an exemption.

The payment to a Non-United States Owner of the proceeds of a disposition of a Taxable 2010 Bond by or through the United States office of a broker generally will not be subject to information reporting or backup withholding if the Non-United States Owner either certifies, under penalties of perjury, on IRS Form W-8BEN (or a suitable substitute form) that it is not a United States person and certain other conditions are met, or the Non-United States Owner otherwise establishes an exemption. Information reporting and backup withholding generally will not apply to the payment of the proceeds of a disposition of a Taxable 2010 Bond by or through the foreign office of a foreign broker (as defined in applicable Treasury regulations). Information reporting requirements (but not backup withholding) will apply, however, to a payment of the proceeds of the disposition of a Taxable 2010 Bond by or through (i) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (ii) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (iv) a foreign partnership if at any time during its tax year one or more of its partners are United States persons that, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding provisions may be credited against the United States federal income tax liability of the beneficial owner, and may entitle the beneficial owner to a refund, provided that the required information is furnished to the IRS.

Disclaimer Regarding Federal Tax Discussion

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the Taxable 2010 Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

State Tax Considerations

In addition to the federal income tax consequences described above, potential investors should consider the state income tax consequences of the acquisition, ownership, and disposition of Taxable 2010 Bonds. State income tax law may differ substantially from the corresponding federal law, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in Taxable 2010 Bonds.

Interest on the Taxable 2010 Bonds is not exempt from current State of Wisconsin income or franchise taxes.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes certain fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA (**ERISA Plans**). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) of the Code (**Qualified Retirement Plans)** and on individual retirement accounts described in Section 408(b) of the Code (collectively, **Tax-Favored Plans**). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Accordingly, assets of such plans may be invested in Bonds without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any such plan which is a Qualified Retirement Plan and exempt from taxation under Sections 401(a) and 501(a) of the Code, however, is subject to the prohibited transaction rules set forth in the Code.

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities with underlying assets that include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, **Benefit Plans**) and persons who have certain specified relationships to the Benefit Plans (**Parties in Interest** or **Disqualified Persons**), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding, or transfer of Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the State were deemed to be assets of a Benefit Plan. Under a regulation issued by the United States Department of Labor (**Plan Assets Regulation**), the assets of the State would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquires an "equity interest" in the State and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. However, without regard to whether the Bonds are treated as an equity interest for such purposes, the acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the State, or any of its affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. A prohibited transaction could also occur in the event that a Benefit Plan transfers a Bond to a Party in Interest or Disqualified Person. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (**PTCE**) 96-23, regarding transactions effected by "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts", PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional assets managers."

Any ERISA Plan fiduciary considering whether to purchase Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2010 Bonds, to provide an annual report presenting certain financial information and operating data about the Bonds and the Clean Water Fund Program **(Annual Reports).** By December 27 of each year, the State will send the Annual Report to the Municipal Securities Rulemaking Board **(MSRB)**. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2009 Annual Report, which contains information on the undertaking, is incorporated by reference as part of this Official Statement.

The 2009 Annual Report includes information about MMSD and the State. Based on cash-flow calculations as of December 1, 2009, MMSD and the State are expected to be the source of approximately 25% and 19%, respectively, of the funds applied to pay debt service on the Outstanding Bonds.

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

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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

FURTHER INFORMATION

The State has covenanted to file with the Trustee, and to make available from DOA upon request, a copy of the audited financial statements for the Clean Water Revenue Bond Program. APPENDIX A includes (through incorporation by reference Part VI of the 2009 Annual Report), but is not limited to, the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2009 and 2008, along with supplemental information as of June 30, 2009 and independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2009.

Dated: February 2, 2010

STATE OF WISCONSIN

/S/ JIM DOYLE
Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/S/ MICHAEL L. MORGAN
Michael L. Morgan, Secretary
State of Wisconsin Department of Administration

/S/ DAVID W. HELBACH
David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix incorporates by reference information concerning the State of Wisconsin **(State)** Clean Water Fund Program, contained in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**, which can be obtained as described below.

Part VI of the 2009 Annual Report includes, but is not limited to, information on Pledged Loans as of December 1, 2009 and the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2009 and 2008, along with supplemental information as of June 30, 2009, and the independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2009.

Part VI of the 2009 Annual Report also contains general information about the Environmental Improvement Fund, the Clean Water Fund Program, and the security and source of payment for the Bonds. More specifically, this part presents information about the following matters:

- Financial assistance
- Plan of finance
- Capitalization grants
- Funding levels
- Interest subsidy
- Management
- Security and source of payment
- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

This Official Statement and the 2009 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

The 2009 Annual Report has been filed with the Municipal Securities Rulemaking Board **(MSRB)** and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2009 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2009 Annual Report, certain changes or events may occur that affect items discussed in the 2009 Annual Report; however, as of the date of this Official Statement, no such changes or events have occurred. The State has filed, and expects to continue to file, certain informational notices with the MSRB, some of which may be notices that do not describe listed material events under the State's Master Agreement on Continuing Disclosure (Amended and Restated July 1, 2009).

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**, which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Part II of the 2009 Annual Report, including, but not limited to, the estimated General Fund condition statement and the estimated General Fund tax revenue collections included in the January 27, 2010 memorandum from the Legislative Fiscal Bureau **(LFB)**.

Part II of the 2009 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2008-09
- State budget for the 2009-11 biennium
- Potential effects of litigation
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2009 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2009, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

Part III of the 2009 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2009 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2009 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
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101 E. Wilson Street, FLR 10
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and have been filed as material information notices with each nationally recognized municipal securities information repository or the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2009 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2009 Annual Report, certain changes or events have occurred that affect items discussed in the 2009 Annual Report. Listed below, by reference to particular sections of Part II of the 2009 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, certain informational notices with the MSRB, some of which may be notices that do not describe listed material events under the State's undertakings.

State Budget; Budget for 2009-11 Biennium (Part II; Pages 29-32)**.** Update with the following information.

January 2010 Estimated General Fund Condition Statement— LFB

On January 27, 2010, LFB released a memorandum that included an estimated General Fund condition statement and updated General Fund tax revenue collections for the 2009-11 biennium.

The estimated General Fund condition statement for the 2009-11 biennium shows an ending balance on June 30, 2011 of $56 million; this amount is approximately $220 million less than the balance shown in the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The following table includes the estimated General Fund condition statement for the 2009-10 and 2010-11 fiscal years, as included in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the estimated General Fund condition statement for the budget for the 2009-11 biennium.

Estimated General Fund Condition Statement
2009-10 and 2010-11 Fiscal Years
(in Millions)

	2009-10 Fiscal Year		2010-11 Fiscal Year	
	2009 Act 28	January 27, 2010 LFB Memorandum	2009 Act 28	January 27, 2010 LFB Memorandum
Revenues				
Opening Balance	$ 70.4	$ 89.6	$ 368.9	$ 305.8
Taxes	12,346.2	12,132.1	12,882.3	12,801.2
Department Revenues				
Tribal Gaming	19.5	19.5	22.6	22.6
Other	811.8	799.4	790.4	780.8
Total Available	13,247.9	13,040.6	14,064.2	13,910.4
Appropriations				
Gross Appropriations	13,423.6	13,423.6	14,104.8	14,120.2
Compensation Reserves	47.3	47.3	96.0	96.0
Sum Sufficient Reestimates		(452.4)		(37.6)
Less: Lapses	(591.8)	(283.7)	(411.8)	(323.8)
Net Appropriations	12,879.0	12,734.8	13,789.0	13,854.7
Balances				
Gross Balance	368.9	305.8	275.1	55.7
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 303.9	$ 240.8	$ 210.1	$ (9.3)

Additional information concerning the estimated General Fund condition statement can be found in the January 27, 2010 LFB memorandum, which appears on pages B-4 to B-17 of this Official Statement.

January 2010 Updated General Fund Tax Revenue Collections—LFB

The same January 27, 2010 LFB memorandum that shows the estimated General Fund condition statement also shows updated General Fund tax revenue collections for the 2009-11 biennium.

For the 2009-10 fiscal year, the January 27, 2010 LFB memorandum projected a decrease in General Fund tax revenue collections of $214 million compared to the estimates included in the 2009-11 budget (2009 Wisconsin Act 28), and for the 2010-11 fiscal year, a decrease of $81 million. For the 2009-11 biennium, the aggregate projected decrease is $295 million, which includes:

- A decrease of $3 million in estimated individual income tax collections.
- A decrease of $160 million in estimated general sale and use tax collections.
- A decrease of $26 million in estimated corporate income and franchise tax collections.
- A decrease of $85 million in excise tax collections.

The following table provides a summary of the updated estimates of General Fund tax revenue collections for the 2009-10 and 2010-11 fiscal years. The following table also provides, for comparison, the prior projections for the 2009-11 biennial budget (2009 Wisconsin Act 28).

Projected General Fund Tax Revenue Collections Compared to Previous Projections
2009-10 and 2010-11 Fiscal Years
(in Millions)

	Fiscal Year 2009-10			Fiscal Year 2010-11		
	2009 Act 28	LFB Projections January 2010	Difference	2009 Act 28	LFB Projections January 2010	Difference
Individual Income	$ 6,231.0	$ 6,155.0	$ (76.0)	$ 6,432.4	$ 6,505.0	$ 72.6
Sales and Use	4,089.2	4,015.0	(74.2)	4,320.7	4,235.0	(85.7)
Corp. Income & Franchise	717.2	700.0	(17.2)	808.3	800.0	(8.3)
Public Utility	318.2	322.2	4.0	327.4	327.2	(0.2)
Excise						
Cigarettes	687.6	650.0	(37.6)	684.7	630.0	(54.7)
Liquor & Wine	45.8	43.5	(2.3)	47.6	44.7	0.1
Tobacco Products	52.3	57.8	5.5	55.2	62.6	7.4
Beer	10.0	9.6	(0.4)	10.0	9.7	(0.3)
Insurance Company	148.0	127.0	(21.0)	148.0	135.0	(13.0)
Estate	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous Taxes	47.0	52.0	5.0	48.0	52.0	4.0
TOTAL	$12,346.2	$12,132.1	$ (214.2)	$12,882.3	$13,801.2	$ (81.1)

Additional details can be found in the January 27, 2010 LFB memorandum, which appears on pages B-4 to B-17 of this Official Statement.

Legislative Fiscal Bureau

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State of Wisconsin

January 27, 2010

Representative Mark Pocan, Assembly Chair
Senator Mark Miller, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Pocan and Senator Miller:

In January of each year, this office conducts a review of the status of the state's general fund and presents its findings to the Legislature. In even-numbered years, the analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year, and projections for each fiscal year of the current biennium. We have now completed our review.

Based on our analysis, we project the closing gross general fund balance at the end of this biennium to be $55.7 million. This is $219.5 million below the balance that was projected upon enactment of the 2009-11 biennial budget (2009 Act 28). The $219.5 million is the net result of: (1) an increase of $19.1 million in the opening balance; (2) a revenue loss of $91.8 million due to the termination of the Minnesota-Wisconsin income tax reciprocity agreement; (3) an additional $203.4 million decrease in estimated tax collections; (4) a $22.0 million decrease in departmental revenues; (5) a $15.4 million increase in sum certain appropriations due to enactment of the OWI legislation (2009 Act 100); (6) a $490.0 million decrease in sum sufficient appropriation expenditures; and (7) a $396.0 million decrease in estimated lapses to the general fund.

Although the gross balance is projected at $55.7 million, it should be noted that the required statutory balance is $65 million. Thus, the net balance at the end of the biennium (June 30, 2011) is projected to be -$9.3 million.

The following table reflects the estimated general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2009-11 General Fund Condition Statement

	2009-10	2010-11
Revenues		
Opening Balance, July 1	$89,564,000	$305,783,700
Taxes	12,132,100,000	12,801,200,000
Departmental Revenues		
Tribal Gaming Revenues	19,476,600	22,580,300
Other	799,412,600	780,836,300
Total Available	$13,040,553,200	$13,910,400,300
Appropriations and Reserves		
Gross Appropriations	$13,423,591,800	$14,120,217,600
Compensation Reserves	47,279,100	95,962,700
Sum Sufficient Reestimates	-452,359,200	-37,591,700
Less Lapses	-283,742,200	-323,849,900
Net Appropriations	$12,734,769,500	$13,854,738,700
Balances		
Gross Balance	$305,783,700	$55,661,600
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$240,783,700	-$9,338,400

Significant adjustments are made to the sum sufficient and lapse estimates. There are three primary reasons for this. First, under the income tax reciprocity agreements with Minnesota and Illinois, estimated sum sufficient expenditures have been reduced by $21.7 million in 2009-10 and by $37.0 million in 2010-11. This is due to a decline in income tax collections, which reduces Wisconsin's payments to the two states for tax years 2008 and 2009.

Second, on August 4, 2009, the Joint Committee on Finance approved a request to transfer $76.1 million in federal fiscal stabilization funds in the county and municipal aid program from 2010-11 to 2009-10 and make corresponding general fund appropriation adjustments.

Third, Act 28 deferred principal payments on commercial paper and general obligation bonds that otherwise would have been paid in the 2009-11 biennium. Because information on the specific appropriations that were affected was not available, these debt service reductions were accounted for by increasing lapses by $309 million in 2009-10 and $94 million in 2010-11. The

Capital Finance Office has recently prepared estimates by debt service appropriation of the payments that will be made in the 2009-11 biennium. Based on this information, sum sufficient debt service appropriations are reduced by an estimated $347.3 million in 2009-10 and $80.5 million in 2010-11, and lapses are reduced by an estimated $309.0 million in 2009-10 and $88.3 million in 2010-11. The net effect of these changes is to reduce estimated debt service by $38.3 million in 2009-10 and increase debt service by $7.8 million in 2010-11, for a net reduction in debt service of $30.5 million in the 2009-11 biennium.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date (through Act 100). It does not, however, reflect the impact of bills that have not yet been signed into law.

Second, it does not reflect the estimated shortfall in the private bar appropriation of the Office of the Public Defender. It is estimated that this appropriation will incur a deficit of $9.6 million by the end of the 2009-11 biennium.

Third, due to higher than anticipated enrollment in BadgerCare Plus and the BadgerCare Plus Core Plan, it is currently estimated that an additional $120 million to $150 million GPR may be needed to support medical assistance (MA) program benefits for these populations in the 2009-11 biennium. The total potential shortfall in the MA program, including MA for elderly, blind, and disabled populations and Family Care enrollees, will depend on future enrollment and expenditure trends, as well as the Department of Health Services' management decisions regarding the program. The potential shortfall will also depend on the Department's success in realizing Act 28 savings targets.

The state could benefit by proposed federal legislation that would extend the period during which the state receives enhanced federal financial participation (FFP) for MA benefits costs under the American Recovery and Reinvestment Act (ARRA) of 2009. For example, the Jobs for Main Street Act passed by the U.S. House of Representatives (H.R. 2847) would extend from January 1, 2011, through June 30, 2011, the period during which the state receives the ARRA-enhanced FFP. While the exact amount of any additional FFP would depend on the state's MA benefit expenditures during the period and the state's unemployment rate, such an extension could increase federal MA matching funds to the state in 2010-11 by approximately $300 million. Additional one-time FFP would reduce the amount of state dollars otherwise needed to fund MA benefits in the current biennium. However, those federal funds would need to be replaced with other funding sources in the 2011-13 biennium. It should be noted that in her December 17, 2009, presentation to the Joint Committee on Finance, DHS Secretary Timberlake stated that she believed the Act 28 funding levels would be sufficient to support anticipated MA costs (higher caseloads notwithstanding), even if additional FFP is not received. In that event, the Secretary indicated that the current MA savings plan may need to be revised, and legislative action may be required, to realize additional savings in the MA program.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2009-11 biennium, including a discussion of the national economic forecast and general fund tax revenue projections for fiscal years 2009-10 and 2010-11.

National Economic Forecast. This office first prepared revenue estimates for the 2009-11 biennium in January, 2009, based on IHS Global Insight, Inc.'s January, 2009, forecast for the U.S. economy. That forecast, released during what Global Insight described as the worst global recession of the postwar era, called for the economic contraction to continue in the first two quarters of 2009, followed by gradual stabilization and recovery. On balance, Global Insight's January, 2009, forecast predicted that real (inflation-adjusted) GDP would fall by 2.5% in 2009, before rebounding by 2.2% and 3.2% in 2010 and 2011, respectively. The primary risk to this "baseline" forecast was that the financial crisis would prove more severe than expected, triggering even higher rates of unemployment and weaker consumer and business spending.

In May, 2009, this office lowered its revenue estimates for 2008-09 and for the 2009-11 biennium. Those downward revisions were based on two considerations. First, tax collections through April, 2009, particularly individual income tax receipts, were lower than expected. Second, Global Insight's April, 2009, and May, 2009, forecasts, while slightly more optimistic than several of the preceding months' forecasts had been, still called for lower levels of economic activity than had been projected in January, 2009.

According to the U.S. Department of Commerce's Bureau of Economic Analysis, real GDP fell at annual rates of 6.4% and 0.7% in the first two quarters of 2009, respectively. Coming on the heels of worse-than-expected performance in late 2008, the first quarter's results signaled that the recession was deeper than Global Insight first thought.

The circumstances that gave rise to the recession of 2008-2009 were outlined in this office's January, 2009, revenue estimate letter. Briefly, beginning in 2007 and accelerating through 2008, banks and other financial companies realized large losses on their holdings of mortgage-backed securities and related assets as the underlying mortgage loans experienced high rates of delinquency and default. Those losses impaired financial company balance sheets, and reduced their ability and willingness to lend money. As credit markets froze, and large financial institutions failed or required government assistance, already-leveraged consumers felt the negative wealth effects caused by declining real estate values and falling equity markets. With similar developments also occurring in other parts of the world, exports, personal consumption, and industrial output all fell dramatically.

These events are reflected in economic data from the period. For instance, in the last quarter of 2008, industrial production fell at an annual rate of 13.0% and nominal (current dollar) consumer spending fell by more than 8.0%. Most measures of the economy's health continued to deteriorate in the first quarter of 2009, when industrial production fell at an annual rate of 19.0%. The recession's greatest impact, however, may have been on U.S. employment conditions. From

December, 2007, to December, 2009, the nation's seasonally adjusted unemployment rate increased from 5.0% to 10.0%, and the number of unemployed persons increased by 7.7 million. During that same period, the number of "involuntary part-time workers" (defined as individuals who were working part time because their hours had been cut back or because they were unable to find full-time employment) rose from 4.6 million to 9.2 million.

Beginning in late 2008, the federal government took a series of actions designed to address the crisis. In October, 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which among other things established the troubled asset relief program (TARP). Under TARP, the U.S. Treasury initiated a "Capital Purchase Program" through which it made direct capital infusions totaling hundreds of billions of dollars into financial institutions in exchange for preferred shares and warrants. The program was intended to strengthen these companies' balance sheets, to restore confidence in the financial system following the September, 2008, collapse of Lehman Brothers, and to encourage lending activity. (By year-end 2009, many of the largest recipients of those infusions, including Bank of America, Goldman Sachs, JPMorgan Chase, Morgan Stanley, Wells Fargo and Citigroup, had repaid some or all of the investments.) TARP funds were also used to assist the domestic auto industry in the form of loans and direct equity investments, and to fund the Federal Reserve's "Term Asset-Backed Securities Loan Facility", which is intended to make credit available to consumers and businesses on more favorable terms by facilitating the issuance of asset-backed securities and improving the market conditions for asset-backed securities more generally. Other government actions during the crisis included placing Fannie Mae and Freddie Mac into conservatorship, and guaranteeing billions of dollars of financial company assets.

In February, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Global Insight estimates that through a combination of individual and corporate tax cuts, transfer payments to individuals, increased support for states, and spending on infrastructure, ARRA will inject $561 billion into the U.S. economy during its first two calendar years, and add approximately 0.8 percentage point to GDP in 2009 and 1.3 percentage points to GDP in 2010. In addition to TARP and ARRA, Congress also passed more targeted pieces of legislation (such as the "cash for clunkers" program and extensions of the home buyer tax credit) that were intended to promote activity in sectors of the economy particularly impacted by the recession.

As for monetary policy, the U.S. Federal Reserve maintained an extremely accommodative stance throughout 2009, leaving its target range for the federal funds rate and its target discount rate at all-time lows. In addition to keeping these short-term interest rates at or near 0%, the Federal Reserve used several other strategies to confront the financial crisis. Initially, those efforts focused primarily on providing short-term liquidity to the system through a series of "facilities" such as the Term Auction Facility, the Commercial Paper Facility, the Money Market Investor Funding Facility, and the Primary Dealer Credit Facility. Later, as concerns regarding the system's liquidity eased, the Federal Reserve shifted its strategy towards the purchase of long-term securities. Specifically, the Federal Reserve announced plans to purchase up to $1.75 trillion in a combination of U.S. Treasury securities, securities issued by government-sponsored entities (GSEs), and mortgage-backed securities. The purpose of these purchases was to support the functioning of credit markets, in particular the mortgage lending market. By the end of 2009, the Federal Reserve had completed its purchases of GSE and Treasury debt, and was scheduled to complete its mortgage-backed security purchases by the end of March, 2010.

In addition to the fiscal and monetary policies described above, Global Insight believed a turn in the inventory cycle would also contribute to a recovery in the second half of 2009. During the last two quarters of 2008, the "inventory to sales ratio" spiked as excess inventories accumulated in the face of declining final sales. Businesses reacted by reducing inventories. Global Insight estimates that this inventory de-accumulation process reduced real GDP by annual rates of 2.3 percentage points and 1.4 percentage points in the first two quarters of 2009, respectively. As that process eventually unwound, Global Insight believed the resulting turn in the inventory cycle would become the main near-term driver of economic recovery.

In the third quarter of 2009, real GDP grew at an estimated annual rate of 2.2%, the first such increase since the second quarter of 2008. The U.S. financial markets also showed signs of recovery, with credit spreads returning to their pre-crisis levels, and the U.S. stock market (like most equity markets around the world) rebounding substantially from its March, 2009, lows.

Global Insight's latest forecast (January, 2010) expresses the view that the U.S. economy finished 2009 on a strong note, with real GDP growing at an annual rate of 5.1% in the fourth quarter. That would be substantially better growth than what was anticipated in the May, 2009, forecast, which expected real GDP to rise by only 0.7% in the fourth quarter. Global Insight does not believe the fourth quarter's pace will be sustainable, however, given that more than 3% is attributable to the aforementioned swing in the inventory cycle. Rather, the January, 2010, forecast anticipates that a number of positive factors (such as modest recoveries in single-family housing activity and industrial production) will be moderated by a weak consumer, who continues to deal with high unemployment, tight credit, reduced net worth, and the prospect of higher federal income taxes beginning in 2011. Real GDP is now expected to grow by 2.6% in 2010. That is higher than the 1.5% increase Global Insight projected in May, 2009. For 2011, the updated forecast calls for real GDP to grow by 2.7%. This rate of growth is slightly less than the May, 2009, forecast expected (3.4%), but still envisions a higher level of economic activity than did the earlier forecast.

Global Insight identified the following key assumptions behind its January, 2010, forecast. First, it continues to believe that ARRA will inject $561 billion of fiscal stimulus into the U.S. economy in 2009 and 2010, and that the government will not allow the Act's emergency unemployment benefits program to expire in 2010. Second, top marginal income tax rates, including the top rates on capital gains and dividends, will increase in January, 2011, and the individual income tax cuts that were part of ARRA will expire at that time, or be replaced by other tax increases. Furthermore, taxes will gradually increase beyond 2011, and those increases will not be confined to the top brackets. Third, Global Insight assumes that a healthcare reform bill, largely along the lines of that already passed by the U.S. Senate, will be enacted in early 2010. While this is not expected to have a significant economic impact before 2014, it is assumed that the measure will eventually lead to an increase in federal taxes. Fourth, oil prices will average $68 a barrel in 2010 then rise to $77 a barrel in 2011 in response to stronger worldwide demand. Fifth, the Federal Reserve will not raise the federal funds rate (currently set in a range of 0.0% to 0.25%) until late in the third quarter of 2010. Sixth, the U.S. dollar will appreciate slightly relative to most other major currencies in 2010, but will depreciate by 2.9% against the Chinese renminbi. Seventh, real GDP in the United States' major-currency trading partners will grow by 1.6% in 2010, but real GDP will grow more rapidly (4.5%) among other important trading partners, led by China. Finally, real defense purchases will increase by 3.3% in 2010, followed by a 3.1% decline in 2011 as overseas contingency operations begin to wind down.

These assumptions are embedded in the following economic indicators taken from Global Insight's January, 2010, forecast.

GDP. Although growth appears to have resumed in the third quarter, real GDP is believed to have fallen by 2.5% in 2009, the largest annual decline since 1946. Going forward, real GDP is expected to increase by 2.6% in 2010 and by 2.7% in 2011. Nominal (current dollar) GDP is now forecast to grow by 3.7% and 4.3%, respectively, during those years. Overall, Global Insight's January, 2010, forecast calls for greater levels of U.S. economic activity in 2010 and 2011 than did the May, 2009, forecast.

Consumer Prices. Consumer prices, as measured by the consumer price index (CPI), are believed to have fallen by 0.3% in 2009. While this would be the CPI's first decline in over 50 years, it is less than the 1.2% decline Global Insight expected in its May, 2009, forecast (and significantly less than the 2.2% decline forecast in January, 2009). Oil prices, and by extension, gasoline prices, are one reason the CPI fell less than expected. In May, 2009, Global Insight estimated that oil prices would average $46 a barrel in 2009, and that the retail price of gasoline would average $2.06 a gallon. The actual prices averaged closer to $62 a barrel and $2.40 a gallon, respectively. By early January, 2010, oil prices had once again risen to over $80 a barrel. Global Insight's latest forecast expects oil prices to average $68 a barrel in 2010 and $77 a barrel in 2011.

The federal government's expansive fiscal and monetary policies have raised some concerns about re-inflated asset bubbles and a debasement of the U.S. dollar. Acknowledging those concerns, Global Insight nevertheless believes inflation will stay relatively low during the next several years. That forecast is based on the assumption that high unemployment will restrain consumer demand and keep wage inflation in check. Combined with high rates of excess productive capacity, those factors are expected to limit increases in the CPI to 1.7% and 2.0% in 2010 and 2011, respectively. Core inflation (which excludes the typically more volatile food and energy costs), is expected to rise by 1.5% and 1.7%, respectively, during that same two-year period. These estimates are comparable to the May, 2009, forecast, which expected the CPI to increase by 1.5% and 2.3% in 2010 and 2011, respectively, and core inflation to increase by 1.4% and 1.7%.

Personal Consumption Expenditures. High unemployment, reduced net worth, and higher rates of saving all contributed to weak consumer spending in 2009. In nominal (current dollar) terms, personal consumption expenditures are estimated to have fallen by 0.4% during the year. That was slightly better than the 0.7% decline Global Insight had expected in its May, 2009, forecast. Expenditures for consumer durables, which are typically subject to the state sales tax, fell by an estimated 5.6%. Sales of new cars and light trucks, though aided by the government's "cash for clunkers" program, registered a 12.2% decline. Conversely, consumer purchases in several major expenditure categories not subject to state sales tax (such as food for home consumption and services) increased in 2009.

Global Insight's latest forecast expects nominal consumer spending to increase by 3.6% in 2010 and by 4.0% in 2011. The May, 2009, forecast had called for increases of 2.9% and 4.0%. The most recent forecast also expects purchases of consumer durables to increase by approximately 3.9% in 2010 and 6.0% in 2011, with much of that increase coming in new motor vehicles (+14.4% and +23.6%, respectively). These updated estimates are higher than May's, which predicted that purchases of consumer durables would rise by just 0.5% in 2010 and by 5.2% in 2011.

Employment. During the first quarter of 2009, the U.S. economy shed jobs at the rate of 691,000 per month. By the fourth quarter, that rate had declined to an average of 69,000 jobs per month. Although Global Insight believes the jobs situation will gradually improve over the next two years, it expects that improvement to be slow and uneven. That was demonstrated in the Bureau of Labor Statistics December, 2009, jobs report, which revised the November figures to show a monthly increase of 4,000 jobs, while reporting that 85,000 jobs were lost in December. Global Insight's January, 2010, forecast expects the national unemployment rate to average 10.1% in 2010 and 9.5% in 2011. Those estimates are unchanged from the May, 2009, forecast.

Housing Starts and Housing Prices. The U.S. housing market suffered another difficult year in 2009, with housing starts down 38.2% (to a postwar low of 556,000 units). Against this negative backdrop, however, Global Insight sees positive signs beginning to emerge. Sales of existing homes, spurred by the $8,000 homebuyer tax credit and improved affordability, rose 5.6% in 2009. Global Insight believes existing home sales will decline by 1.1% in 2010, but increase by 4.9% in 2011. More importantly, housing starts are expected to total 792,000 units in 2010 and 1,243,000 units in 2011, which would represent year-over-year increases (albeit from very depressed levels) of 42.3% and 57.0%, respectively. The revised estimates for housing starts are slightly lower than Global Insight projected in its May, 2009, forecast, which predicted that housing starts would total 884,000 units in 2010 and 1,294,000 units in 2011. The anticipated recovery in residential housing activity is expected to contribute modestly to GDP growth in 2010, but more significantly in 2011 and 2012.

Personal Income. Rising unemployment contributed to an estimated 1.4% decline in personal income during 2009. This was worse than Global Insight expected in May, 2009, when its forecast called for a 0.2% fall. In 2010 and 2011, personal income is expected to increase by 3.8% and 3.9%, respectively, consistent with a modest economic recovery and a gradually improving employment outlook. The 3.8% increase projected for 2010 is better than the 1.8% increase predicted in the May, 2009, forecast (the estimated rate of increase for 2011 remains unchanged), but is relatively moderate compared to the 2004-2007 period, when personal income increased at annual rates between 5.5% and 7.5%.

Corporate Profits. Global Insight estimates that corporate pre-tax book profits fell by 2.9% in 2009, which is a significant improvement over the May, 2009, forecast, which expected a 19.0% decline. This better-than-anticipated result may stem from the strong productivity increases that occurred in 2009, the product of aggressive corporate cost-cutting. Global Insight believes these productivity gains, and a generally improving economy, will help drive strong increases in corporate profits in the upcoming quarters. Pre-tax book profits are now expected to increase by 13.1% in 2010 and by 10.6% in 2011. Similarly, economic profits, which are not affected by federal tax law changes, are expected to increase by 11.6% and 6.9%, respectively, in 2010 and 2011. The May, 2009, forecast anticipated that pre-tax book profits would rise by 16.5% in 2010 and by 17.2% in 2011, and that economic profits would climb by 8.7% and 14.4%, respectively.

Business Investment. Business investment spending is estimated to have fallen by more than 18.0% in 2009, with weakness in all of the major investment categories, including equipment and software (-16.6%) and nonresidential structures (-21.1%). These declines are in line with what Global Insight expected in its May, 2009, forecast.

The most recent forecast expects business investment to decline again in 2010 (-2.5%), mainly because very weak activity in the nonresidential structure sector (-21.4%), caused by tight credit and previous overbuilding, is anticipated to more than offset gains in equipment and software investment (+7.6%). Total business investment is expected to rebound in 2011 (+9.8%), driven by a modest gain in nonresidential structures (+1.0%) and continued gains in equipment and software (+13.2%). Even with the small percentage gain in 2011, investment in nonresidential structures will still be at a level that is 37.4% lower than it was in 2008. In addition to depressed levels of new investment in nonresidential structures, concerns also exist about financial conditions in the commercial real estate sector, where high debt levels, combined with high vacancy rates, declining values, and tight credit, are seen as potential threats to a sustained recovery in the financial industry.

The indicators described above, and summarized in Table 2, represent Global Insight's "baseline" forecast. Global Insight's January, 2010 forecast also includes alternative "pessimistic" and "optimistic" forecasts. In the pessimistic alternative, to which Global Insight assigns a 20% probability, credit constraints stemming from the financial crisis limit U.S. economic growth, and as the temporary lifts provided from the turn in the inventory cycle and fiscal stimulus fade, economic growth turns negative again in the second and third quarters of 2010. Consumer spending falls in the face of higher unemployment, as does capital spending as businesses pull back investment plans in the face of the weakening sales outlook. Under this pessimistic scenario, real GDP grows by 0.9% in 2010 (compared to 2.6% in the baseline forecast) and by 0.8% in 2011 (compared to 2.7% in the baseline forecast).

Under the optimistic scenario, to which Global Insight also assigns a 20% probability, the combined impact of aggressive fiscal and monetary policies around the globe, coupled with strong productivity gains and a return to normally functioning credit markets, leads to falling rates of unemployment, and real GDP increases of 4.3% in 2010 and 3.8% in 2011.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2010
($ in Billions)

	2008	2009	2010	2011
Nominal Gross Domestic Product	$14,441.4	$14,253.2	$14,778.0	$15,417.1
Percent Change	2.6%	-1.3%	3.7%	4.3%
Real Gross Domestic Product	$13,312.2	$12,984.1	$13,323.5	$13,678.3
Percent Change	0.4%	-2.5%	2.6%	2.7%
Consumer Prices (Percent Change)	3.8%	-0.3%	1.7%	2.0%
Personal Income	$12,238.8	$12,070.4	$12,533.2	$13,018.2
Percent Change	2.9%	-1.4%	3.8%	3.9%
Personal Consumption Expenditures	$10,129.9	$10,089.8	$10,457.0	$10,877.4
Percent Change	3.1%	-0.4%	3.6%	4.0%
Economic Profits	$1,360.4	$1,298.5	$1,449.6	$1,549.1
Percent Change	-11.8%	-4.5%	11.6%	6.9%
Unemployment Rate	5.8%	9.3%	10.1%	9.5%
Light Vehicle Sales (Millions of Units)	13.2	10.3	11.5	13.8
Percent Change	-18.0%	-22.1%	11.9%	20.1%
Housing Starts (Millions of Units)	0.900	0.556	0.792	1.243
Percent Change	-32.9%	-38.2%	42.3%	57.0%
Exports	$1,831.1	$1,557.5	$1,749.1	$1,889.2
Percent Change	10.6%	-14.9%	12.3%	8.0%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2009-11 biennium. The estimates are based on Global Insight's January, 2010, forecast of the U.S. economy, and incorporate all of the tax law changes enacted to date. The estimates also reflect the impact of the termination of the Minnesota-Wisconsin individual income tax reciprocity agreement as of January 1, 2010.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

Source	2008-09 Actual	Budget Estimates (Act 28) 2009-10	Budget Estimates (Act 28) 2010-11	Revised Estimates January, 2010 2009-10	Revised Estimates January, 2010 2010-11
Individual Income	$6,222.7	$6,231.0	$6,432.4	$6,155.0	$6,505.0
General Sales and Use	4,084.0	4,089.2	4,320.7	4,015.0	4,235.0
Corporate Income and Franchise	629.5	717.2	808.3	700.0	800.0
Public Utility	320.1	318.2	327.4	322.2	327.2
Excise					
Cigarette	551.3	687.6	684.7	650.0	630.0
Liquor and Wine	44.1	45.8	47.6	43.5	44.7
Tobacco Products	42.2	52.3	55.2	57.8	62.6
Beer	9.9	10.0	10.0	9.6	9.7
Insurance Company	136.3	148.0	148.0	127.0	135.0
Estate	20.9	0.0	0.0	0.0	0.0
Miscellaneous	52.1	47.0	48.0	52.0	52.0
Total	$12,113.2	$12,346.2	$12,882.3	$12,132.1	$12,801.2
Change from Prior Year					
Amount		$233.1	$536.1	$18.9	$669.1
Percent Change		1.9%	4.3%	0.2%	5.5%

As shown in Table 3, general fund tax revenues are estimated to total $12,132.1 million in 2009-10 and $12,801.2 million in 2010-11. These amounts are lower than the Act 28 estimates by $214.1 million in the first year and $81.1 million in the second year, for a biennial decrease of $295.2 million. The estimates for most of the tax sources have been revised downward, with the most significant reductions in the general sales and use tax and the cigarette tax.

As described above, the current economic forecast is more positive than the May forecast, particularly in 2010 and 2011. However, to-date, revenues from the sales and use tax, cigarette tax, and insurance company taxes have been significantly below projections. The downward revisions to the revenue estimates primarily reflect the tax collection data, as well as revenue losses resulting from termination of the Minnesota-Wisconsin income tax reciprocity agreement.

Individual Income Tax. State individual income tax revenues were $6,222.7 million in 2008-09 and are currently estimated at $6,155.0 million in 2009-10 and $6,505.0 million in 2010-11. Relative to the Act 28 estimates, the current estimates are lower by $76.0 million in the first year and higher by $72.6 million in the second year. On a year-to-year basis, the current estimates reflect a reduction of 1.1% for 2009-10 and an increase of 5.7% for 2010-11. The revised estimates incorporate the effects of a number of law changes, including the Act 28 addition of a new tax bracket and decrease in the capital gains exclusion. In addition, the re-estimates reflect reductions estimated at $30.1 million in 2009-10 and $61.7 million in 2010-11 related to the termination of Wisconsin's tax reciprocity agreement with Minnesota, beginning in 2010.

Based on preliminary collection information through December, 2009, individual income tax revenues for the current fiscal year are about 5% lower than such revenues through the same period in 2008-09. These collection amounts are generally consistent with the Act 28 estimate for 2009-10. If the Act 28 estimate for 2009-10 is adjusted to exclude the estimated impact of law changes, the adjusted total would be 5.7% less than actual collections in 2008-09. The re-estimate for 2009-10 is lower than the Act 28 estimate due, in part, to the termination of income tax reciprocity with Minnesota. Also, the May forecast assumed a smaller reduction in personal income in 2009 (-0.2%) than the January forecast (-1.4%). However, for 2010 and 2011, the January forecast of personal income is approximately 1.9% higher than the May forecast. This explains the increase in estimated income tax collections in 2010-11, relative to the Act 28 estimate, even after the estimated reduction in collections due to the termination of the reciprocity agreement. The revised estimates also account for modifications to the withholding tables by the Department of Revenue, which took effect in October, 2009.

General Sales and Use Tax. In 2008-09, state sales and use tax collections were $4,084.0 million, which was 4.3% lower than the prior year. State sales and use tax revenues are currently estimated at $4,015.0 million in 2009-10 and $4,235.0 million in 2010-11, which represents reduced revenue of 1.7% in the first year and increased revenue of 5.5% in the second year. These estimates are $74.2 million lower in the first year and $85.7 million lower in the second year than the Act 28 estimates of $4,089.2 million in 2009-10 and $4,320.7 million in 2010-11. The reductions in the estimates are based, in part, on reduced year-to-date sales and use tax collections of 7.5% through December, 2009, and in part on the most recent forecast of growth in taxable personal consumption expenditures. These estimates include refund payments associated with the *Menasha Corporation* decision, which reduced sales and use tax collections by $10.2 million in 2008-09 and are estimated to reduce revenue by $42.0 million in 2009-10 and $14.0 million in 2010-11.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $629.5 million in 2008-09. Collections are projected to be $700.0 million in 2009-10 and $800.0 million in 2010-11. These amounts represent an annual increase of 11.2% in 2009-10 and 14.3% in 2010-11. The new estimates are lower than the Act 28 estimates (by $17.2 million in 2009-10 and $8.3 million in 2010-11).

The new estimates reflect year-to-date corporate income and franchise tax collections, which were 6.6% higher through December, 2009, than for the same period of 2008. In addition, corporate estimated tax payments were 18.5% higher for the period. Corporate profits are projected to increase in 2010 and 2011, as industrial production picks up, investment in equipment and software moves higher, and consumer spending responds to the gradually improving economic circumstances. Economic profits are forecast to increase 11.6% in 2010 and 6.9% in 2011.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including requiring unitary multi-state corporations to use combined reporting, repealing the domestic production activities deduction, requiring throwback sales to be included 100% in the apportionment formula, and providing the super research and development tax credit. In addition, the estimates have been adjusted to reflect enhanced tax law enforcement activities by the Department of Revenue.

Public Utility Taxes. Public utility tax revenues were $320.1 million in 2008-09, and are currently projected at $322.2 million in 2009-10 and $327.2 million in 2010-11. Relative to the Act 28 estimates, these figures are higher than the 2009-10 estimate by $4.0 million but lower than the 2010-11 estimate by $0.2 million. Utility tax collections are currently expected to increase by 0.7% in 2009-10 and 1.5% in 2010-11, as opposed to a 0.6% decrease in 2009-10 and an increase of 2.9% in 2010-11, as had been estimated under Act 28. The change to the Act 28 estimates is due primarily to higher than expected payments by pipeline companies, related to construction activity, offset by lower liabilities for private light, heat, and power companies, attributable to mild weather in 2009.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $647.5 million in 2008-09. Excise tax revenues are currently estimated at $760.9 million in 2009-10 and $747.0 million in 2010-11, which represents growth of 17.5% in 2009-10 and reduced revenue of 1.8% in 2009-10. These estimates are $34.8 million lower in the first year and $50.5 million lower in the second year than the Act 28 estimates, which were $795.7 million in 2009-10 and $797.5 million in 2010-11. Excise tax revenues have been reduced largely due to a reduction in estimated cigarette tax collections, which represent approximately 85% of total estimated excise tax revenue.

Cigarette tax revenues were $551.3 million in 2008-09, and are currently estimated at $650.0 million in 2009-10 and $630.0 million in 2010-11. These estimates represent growth of 17.9% in 2009-10 and reduced revenue of 3.1% in 2010-11. Anticipated growth in 2009-10 is largely a result of the Act 28 75¢ increase in the cigarette tax rate from $1.77 to $2.52 per pack, which became effective September 1, 2009. These estimates are lower than the Act 28 estimates by $37.6 million in the first year and $54.7 million in the second year and are based, in part, on lower than expected year-to-date collections, and in part on an anticipated reduction in cigarette tax revenue resulting from the statewide indoor smoking ban, which will become effective July 5, 2010, pursuant to 2009 Act 12.

Insurance Premiums Taxes. Insurance premiums taxes were $136.3 million in 2008-09. Premiums tax collections are projected to be $127.0 million in 2009-10 and $135.0 million in 2010-11. The projected decrease in 2009-10 is primarily based on year-to-date monthly premium tax collections, which are 9.2% lower through December, 2009, and on lower demand for insurance products due to the economic downturn. The projected increase in 2010-11 reflects an improvement in consumer demand during the forecast period.

Estate Tax. Estate taxes were $20.9 million in 2008-09. For deaths occurring on or after January 1, 2008, the estate tax is no longer being imposed, but there is still a small amount of collections and refunds each month related to prior years. On balance, it is estimated that estate tax revenue will be minimal in 2009-10 and 2010-11.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $52.1 million in 2008-09, and are estimated at $52.0 million in 2009-10 and 2010-11. These estimates are higher than the Act 28 estimates by $5.0 million in the first year and $4.0 million in the second year. The increase in estimated revenue is due, in part, to higher than expected year-to-date RETF collections, and, in part, to the revised forecast for sales of new and existing homes as compared to the Act 28 estimates.

We will continue to monitor economic forecasts and data regarding tax collections and expenditures and inform you if any further revisions are necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II; Pages 39-47).

The following tables provide updates and additions to various tables containing General Fund information for the 2009-10 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through December 31, 2009.

The projections and estimates in the following tables for the 2009-10 fiscal year, unless otherwise noted, reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of $1.002 billion that the State has received or is expected to receive in the 2009-10 fiscal year ($606 million for medical assistance programs and SeniorCare, $237 million for education aids, $76 million for shared revenues, and $83 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and $800 million of operating note receipts received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. The projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis.

The State can have a negative cash balance at the end of a fiscal year. The Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-9; Actual and Projected General Fund Cash Flow (Page 42). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO DECEMBER 31, 2009[(a)]
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2010 TO JUNE 30, 2010[(a)]

(Amounts In Thousands)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
BALANCES[(a)(b)]												
Beginning Balance	$ (147,352)	$ (209,782)	$ 260,309	$ 497,287	$ 1,217,274	$ 1,231,002	$ 691,046	$ 1,392,181	$ 1,074,677	$ (356,480)	$ 382,770	$ 813,837
Ending Balance [(c)]	(209,782)	260,309	497,287	1,217,274	1,231,002	691,046	1,392,181	1,074,677	(356,480)	382,770	813,837	204,181
Lowest Daily Balance [(c)]	(360,039)	(231,168)	207,024	326,671	797,022	629	670,320	1,069,848	(356,480)	(531,417)	233,334	(203,284)
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 584,331	$ 510,851	$ 643,062	$ 510,233	$ 614,846	$ 599,354	$ 898,500	$ 517,700	$ 507,600	$ 1,133,200	$ 592,800	$ 578,400
Sales & Use	384,080	377,755	373,531	364,188	352,567	323,531	397,100	311,100	288,500	305,600	309,600	334,600
Corporate Income	33,814	25,608	140,812	54,329	65,449	176,170	23,700	24,900	145,100	26,500	17,200	147,100
Public Utility	18	13	77	6,378	170,474	1,214	700	-	200	2,700	165,900	500
Excise	62,971	58,649	54,576	81,812	67,087	59,501	73,700	59,800	61,900	72,900	67,700	66,800
Insurance	150	1,568	32,229	753	1,685	32,572	2,700	20,300	25,000	29,400	1,400	32,000
Inheritance	236	96	326	164	5,373	160	-	-	-	-	-	-
Subtotal Tax Receipts	$ 1,065,600	$ 974,540	$ 1,244,613	$ 1,017,857	$ 1,277,481	$ 1,192,502	$ 1,396,400	$ 933,800	$ 1,028,300	$ 1,570,300	$ 1,154,600	$ 1,159,400
NON-TAX RECEIPTS												
Federal	$ 808,446	$ 793,084	$ 680,650	$ 576,443	$ 738,467	$ 749,828	$ 700,012	$ 840,612	$ 707,048	$ 923,620	$ 863,011	$ 890,554
Other & Transfers	586,306	173,702	702,693	792,105	338,944	383,595	469,100	538,900	355,100	488,100	280,200	644,277
Note Proceeds[(d)]	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 2,202,337	$ 966,786	$ 1,383,343	$ 1,368,548	$ 1,077,411	$ 1,133,423	$ 1,169,112	$ 1,379,512	$ 1,062,148	$ 1,411,720	$ 1,143,211	$ 1,534,831
TOTAL RECEIPTS	$ 3,267,937	$ 1,941,326	$ 2,627,956	$ 2,386,405	$ 2,354,892	$ 2,325,925	$ 2,565,512	$ 2,313,312	$ 2,090,448	$ 2,982,020	$ 2,297,811	$ 2,694,231
DISBURSEMENTS												
Local Aids	$ 1,231,927	$ 161,676	$ 876,945	$ 124,811	$ 1,018,143	$ 1,272,650	$ 259,721	$ 304,721	$ 1,378,521	$ 148,621	$ 184,021	$ 1,995,121
Income Maintenance	877,082	616,363	564,447	622,636	610,394	596,845	553,799	522,663	545,468	547,844	417,675	290,079
Payroll and Related	536,684	280,644	325,623	525,134	290,275	452,740	465,977	411,060	404,954	537,172	314,658	377,719
Tax Refunds	62,484	56,397	72,047	94,976	118,210	192,560	120,117	651,100	526,146	459,071	182,417	189,417
Debt Service	212,413	0	99,930	-	64	-	-	7,172	104,977	-	92,260	258.00
Miscellaneous	394,192	356,155	451,986	298,861	304,078	351,086	464,763	544,907	356,761	345,284	470,936	451,293
Note Repayment[(d)]	15,585	-	-	-	-	-	-	189,193	204,778	204,778	204,777	-
TOTAL DISBURSEMENTS	$ 3,330,367	$ 1,471,235	$ 2,390,978	$ 1,666,418	$ 2,341,164	$ 2,865,881	$ 1,864,377	$ 2,630,816	$ 3,521,605	$ 2,242,770	$ 1,866,744	$ 3,303,887

(a) The projections in this table reflect 2009 Wisconsin Act 2, budget for the 2009-11 biennium (2009 Wisconsin Act 28), actions of the Legislature's Joint Committee on Finance relating to the certain federal economic stimulus money the State is expected to receive in the 2009-10 fiscal year, and revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). The projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects $1.002 billion of such money the State has received or is expected to receive in the fiscal year ($606 million for medical assistance programs and SeniorCare, $237 million for education aids, $76 million for shared revenues, and $83 million for other various purposes). The federal economic stimulus money discussed above is only a portion of such money that the State has received or expects to receive. This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from $220 to $400 million during the 2009-10 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $5 million during the 2009-10 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation are approximately $940 million and $403 million, respectively, for the 2009-10 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to

(d) Includes proceeds from $800 million of operating notes issued on July 1, 2009 and impoundment payments due by February 26, 2010, March 31, 2010, April 30, 2010, and May 28, 2010. The February 26, 2010 impoundment payment reflects the premium received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

Table II-10; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year. (Page 43). Replace with the following updated tables.

2009-10 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of December 31, 2009
(Amounts in Thousands)

	FY09 through December 2008	FY10 through December 2009				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY09 Actual to FY10 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 3,483,352	$ 3,462,677	$ 3,567,600	$ (104,923)	$ (104,923)	$ (20,675)
Sales	2,345,611	2,175,652	2,304,800	(129,148)	(129,148)	(169,959)
Corporate Income	407,056	496,182	431,600	64,582	64,582	89,126
Public Utility	173,182	178,174	160,700	17,474	17,474	4,992
Excise	353,925	384,596	417,100	(32,504)	(32,504)	30,671
Insurance	77,691	68,957	70,900	(1,943)	(1,943)	(8,734)
Inheritance	34,309	6,355	-	6,355	6,355	(27,954)
Total Tax Receipts	$ 6,875,126	$ 6,772,593	$ 6,952,700	$ (180,107)	$ (180,107)	$ (102,533)
Non-Tax Receipts						
Federal	$ 3,508,293	$ 4,346,918	$ 3,905,787	$ 441,131	$ 441,131	$ 838,625
Other and Transfers	2,319,618	2,977,345	2,565,400	411,945	411,945	657,727
Note Proceeds	801,840	807,585	807,585	-	-	5,745
Total Non-Tax Receipts	$ 6,629,751	$ 8,131,848	$ 7,278,772	$ 853,076	$ 853,076	$ 1,502,097
TOTAL RECEIPTS	$ 13,504,877	$ 14,904,441	$ 14,231,472	$ 672,969	$ 672,969	$ 1,399,564
DISBURSEMENTS						
Local Aids	$ 4,737,447	$ 4,686,152	$ 4,894,128	$ 207,976	$ 207,976	$ (51,295)
Income Maintenance	3,074,654	3,890,100	3,508,679	(381,421)	(381,421)	815,446
Payroll & Related	2,421,233	2,411,100	2,451,803	40,703	40,703	(10,133)
Tax Refunds	481,027	596,674	495,532	(101,142)	(101,142)	115,647
Debt Service	262,906	312,407	342,619	30,212	30,212	49,501
Miscellaneous	2,132,090	2,154,025	1,992,811	(161,214)	(161,214)	21,935
Note Repayment	9,840	15,585	15,585	-	-	5,745
TOTAL DISBURSEMENTS	$ 13,119,197	$ 14,066,043	$ 13,701,157	$ (364,886)	$ (364,886)	$ 946,846
2009-10 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 308,083	$ 308,083	

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) Projections included in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of $1.002 billion that the State has received or expects to receive in the 2009-10 fiscal year ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and $800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. The projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive.

(c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-11; General Fund Monthly Cash Position (Page 44). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2007 through December 31, 2009 – Actual
January 1, 2010 through June 30, 2010 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[c]	Disbursements[c]
2007	July	$ 49,149		$ 2,746,602	$ 2,446,001
	August	349,750	(d)	1,772,536	1,483,505
	September	638,781		2,185,645	2,100,805
	October	723,621		2,124,755	1,430,699
	November	1,417,677		1,962,257	2,248,605
	December	1,131,329	(d)	1,769,558	2,454,032
2008	January	446,855		2,699,255	1,782,044
	February	1,364,066		2,155,175	2,401,752
	March	1,117,489	(d)	1,953,094	3,283,120
	April	(212,537)	(d)	2,462,984	1,837,549
	May	412,898		1,987,901	1,816,466
	June	584,333	(d)	2,614,345	3,173,842
	July	24,836		3,014,286	2,867,001
	August	172,121	(d)	1,708,398	1,416,143
	September	464,376		2,500,671	2,069,238
	October	895,809		2,421,520	1,914,314
	November	1,403,015		1,833,481	2,108,957
	December	1,127,539	(d)	2,026,521	2,743,544
2009	January	410,516		2,523,271	1,840,909
	February	1,092,878		2,189,572	2,475,831
	March	806,619	(d)	2,228,792	3,530,714
	April	(495,303)	(d)	3,251,394	2,730,689
	May	25,402	(d)	2,008,161	1,987,460
	June	46,103	(d)	3,188,104	3,381,558
	July	(147,352)	(d)	3,267,937	3,330,367
	August	(209,782)	(d)	1,941,326	1,471,235
	September	260,309		2,627,956	2,390,978
	October	497,287		2,386,405	1,666,418
	November	1,217,274		2,354,892	2,341,164
	December	1,231,002		2,325,925	2,865,881
2010	January	691,046		2,565,512	1,864,377
	February	1,392,182		2,313,312	2,630,816
	March	1,074,678	(d)	2,090,448	3,521,605
	April	(356,479)	(d)	2,982,020	2,242,770
	May	382,771		2,297,811	1,866,744
	June	813,837	(d)	2,694,231	3,303,887

(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).

(b) The projections in this table for the 2009-10 fiscal year reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of $1.002 billion that the State has received or expects to receive in the 2009-10 fiscal year ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 million for other various purposes), and the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). The projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive.

(c) Operating notes were issued for the 2007-08, 2008-09, and 2009-10 fiscal years.

(d) At some period during this month, the General Fund was in a negative cash position. Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately $940 million for the 2009-10 fiscal year). In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately $403 million for the 2009-10 fiscal year) for a period of up to 30 days. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-12; Cash Balances in Funds Available for Temporary Reallocation (Page 45). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2007 to December 31, 2009 – Actual
January 31, 2010 to June 30, 2010 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool **(LGIP)**, and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of $2.211 billion during November 2005 to a high of $4.347 billion in August 2008. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2007	2008	2009	2010
January		$ 1,203	$ 1,045	$ 1,045
February		1,265	1,180	1,180
March		1,298	1,124	1,298
April		1,210	1,020	1,211
May		1,166	1,191	1,191
June		1,079	1,167	1,079
July	$ 1,141	910	981	
August	1,204	944	1,064	
September	1,204	1,081	1,233	
October	1,110	906	1,035	
November	1,229	1,011	1,118	
December	1,244	1,072	1,073	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2007	2008	2009	2010
January		$ 4,943	$ 5,372	$ 5,372
February		5,255	5,543	5,543
March		5,453	5,440	5,453
April		5,273	4,852	5,273
May		5,010	4,632	4,632
June		4,813	4,474	4,813
July	$ 4,862	5,422	5,102	
August	4,383	4,589	4,189	
September	4,264	4,479	4,076	
October	3,900	3,900	3,438	
November	4,017	3,936	3,500	
December	4,141	4,461	3,666	

[(a)] The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.

Source: Wisconsin Department of Administration

Table II-13; General Fund Recorded Revenues (Page 46). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2009 to December 31, 2009 compared with previous year

	Annual Fiscal Report Revenues 2008-09 FY[(b)]	Projected Revenues 2009-10 FY[(c)]	Recorded Revenues July 1, 2008 to December 31, 2008[(d)]	Recorded Revenues July 1, 2009 to December 31, 2009[(e)]
Individual Income Tax	$ 6,222,735,000	$ 6,230,973,000	$ 3,020,653,074	$ 3,021,054,633
General Sales and Use Tax	4,083,959,000	4,089,220,000	1,787,996,345	1,650,995,826
Corporate Franchise and Income Tax	629,523,000	717,150,000	297,787,269	321,557,035
Public Utility Taxes	320,110,000	318,200,000	165,824,227	173,668,695
Excise Taxes	647,621,000	795,680,000	283,941,914	319,821,413
Inheritance Taxes	20,853,000	-	20,784,291	179,690
Insurance Company Taxes	136,291,000	148,000,000	38,977,880	35,984,857
Miscellaneous Taxes	52,059,000	47,000,000	32,456,714	30,454,793
SUBTOTAL..........................	12,113,151,000	12,346,223,000	5,648,421,714	5,553,716,941
Federal and Other Inter-Governmental Revenues[(f)]	8,411,740,000	8,451,323,200	3,510,658,005	4,369,594,836
Dedicated and Other Revenues[(g)]	4,553,355,000	5,082,068,100	2,317,176,627	2,287,921,618
TOTAL................................	$ 25,078,246,000	$ 25,879,614,300	$ 11,476,256,345	$ 12,211,233,395

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year, dated October 15, 2009.

(c) Projections included in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of $1.002 billion that the State has received or expects to receive in the 2009-10 fiscal year ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and $800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. The projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive.

(d) The amounts shown are 2008-09 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

(e) The amounts shown are 2009-10 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

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

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

Source: Wisconsin Department of Administration

Table II-14; General Fund Recorded Expenditures by Function (Page 47). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2009 to December 31, 2009 compared with previous year

	Annual Fiscal Report Expenditures 2008–09 FY[(b)]	Appropriations 2009–10 FY[(c)]	Recorded Expenditures July 1, 2008 to December 31, 2008[(d)]	Recorded Expenditures July 1, 2009 to December 31, 2009[(e)]
Commerce	$ 263,800,000	$ 307,224,700	$ 116,222,035	$ 129,758,270
Education	11,130,263,000	11,428,901,400	4,979,137,693	4,779,983,994
Environmental Resources	327,566,000	330,460,100	122,806,526	74,706,478
Human Relations & Resources	10,361,591,000	10,195,574,700	5,194,491,839	5,542,840,541
General Executive	844,724,000	1,306,939,400	486,003,714	593,708,496
Judicial	130,541,000	136,201,700	77,873,710	78,231,329
Legislative	65,289,000	73,817,900	26,858,998	28,148,697
General Appropriations	2,156,962,000	2,346,576,300	1,840,910,135	1,950,024,001
TOTAL	$ 25,280,736,000	$ 26,125,696,200	$ 12,844,304,651	$ 13,177,401,808

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year, dated October 15, 2009.

(c) The estimates in this table reflect the 2009 Wisconsin Act 2 and the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The estimates in this table do not reflect the projections included in the January 27, 2010 LFB memorandum.

(d) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement. All defined terms from the General Resolution are available in the "GLOSSARY" from Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009. See APPENDIX A.

2010 Bonds means, collectively, the 2010 Series 1 Bonds, the 2010 Series 2 Bonds, and the 2010 Series 3 Bonds.

2010 Series 1 Bonds means the State of Wisconsin Clean Water Revenue Bonds, 2010 Series 1, expected to be issued on or about February 25, 2010.

2010 Series 2 Bonds means the State of Wisconsin Clean Water Revenue Refunding Bonds, 2010 Series 2, expected to be issued on or about February 25, 2010.

2010 Series 3 Bonds means State of Wisconsin Clean Water Revenue Bonds, 2010 Series 3 (Taxable), expected to be issued on or about February 25, 2010.

Accreted Value means, with respect to any Capital Appreciation Bond, the initial principal amount at which such Capital Appreciation Bond is sold to the initial purchaser by the State without reduction to reflect underwriter's discount, compounded from the date of delivery of such Bonds semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation shall be an interest payment date) at the original issue yield to maturity less, with respect to Bonds with interest payable on a current basis, interest paid and payable during such period plus, if such date of calculation shall not be an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts (based on a 360-day year of twelve 30-day months); provided, however, that the calculation of Accreted Value for purposes of determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation shall be an interest payment date, in which case shall be calculated as of the date of calculation).

Act means Sections 281.58 and 281.59 of the Wisconsin Statutes, as amended.

Aggregate Debt Service for any period means, with respect to Bonds, as of any date of calculation, the sum of the amounts of Debt Service for such period.

Authorized Officer means the Capital Finance Director of the State and any other person designated in writing to the Trustee by the Capital Finance Director or by the Commission as an Authorized Officer.

Bond or **Bonds** means any bond or bonds, as the case may be, authenticated and delivered under the General Resolution pursuant to a Series Resolution.

Bondowners or **Owner of Bonds** or **Owner** (when used with reference to Bonds) or any term of similar import means the person or party in whose name the Bond is registered.

Business Day means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Trustee is located are not open for business, except as may be provided in a Series or Supplemental Resolution.

Capital Appreciation Bond means Bonds that provide for the addition of all or any part of accrued and unpaid interest thereon to the principal due thereon upon such terms and for such periods of time as may be determined by the applicable Series Resolution.

Capitalized Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Clean Water Fund Program means the program established pursuant to the Act and operated and administered as part of the Environmental Improvement Fund.

Code means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated pursuant to it to the extent applicable to any Bonds, Loans or Municipal Obligations, as the case may be.

Commission means the State of Wisconsin Building Commission or any successor body having the power under the Subchapter II of Chapter 18, as amended, of the Wisconsin Statutes to authorize and direct the issuance of Bonds.

Contribution Amount has the meaning set forth in the definition of "Loan Credit Reserve Fund Requirement."

Costs of Issuance means, except as limited in any Series Resolution, any items of expense directly or indirectly payable by or reimbursable to the State and related to the authorization, sale and issuance of Bonds or Notes and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants' fees, costs of credit ratings, premiums for insurance of the payment of Bonds or Notes, or any fees and expenses payable in connection with any entity insuring the State, the Trustee or the owners of the Bonds or Notes against loss on Loans or Municipal Obligations, fees and charges for execution, transportation and safekeeping of Bonds or Notes, costs and expenses of refunding of Bonds or Notes, fees and expenses payable in connection with any Credit Facility, remarketing agreements, tender agent agreements or interest rate indexing agreements, and other costs, charges and fees in connection with the original issuance of Bonds or Notes.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution or the federal government or an agency thereof which:

(1) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds,

(2) provides funds for the purchase of such Bonds or portions thereof,

(3) provides deposits for a fund or account under the General Resolution, or

(4) provides for or further secures payment of Loans or Municipal Obligations, provided that with respect to (3) above, the issuer of which Credit Facility is rated, or the effect of which Credit Facility would cause bonds insured or secured thereby to be rated, in a rating category by each Rating Agency no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

(1) interest payable during such period on Bonds of such Series,

(2) that portion of the Principal Installments for such Series which are payable during such period, and

(3) any "Reimbursement Obligation" or "Parity Reimbursement Obligation" as defined in the General Resolution.

Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Debt Service Fund means the fund of that name established by the General Resolution.

Depository means any bank, trust company, or national banking association, which may be the Trustee, selected by the Commission and approved by the Trustee as a depository of moneys and securities held under the provisions of the General Resolution and its successor or successors.

Direct Loan means loans made primarily from the proceeds of federal capitalization grants, the State match, or repayments of Direct Loans, and excludes any Pledged Loan or Proprietary Loan. This type of loan is not funded with Bond proceeds.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

DTC means The Depository Trust Company, New York, New York.

Environmental Improvement Fund means the nonlapsible trust fund of that name created by Section 25.43 of the Wisconsin Statutes.

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Loans or Municipal Obligations but do not include principal of and interest on such Municipal Obligations.

Fiduciary or **Fiduciaries** means the Trustee, any Paying Agent, any Depository or any or all of them, as may be appropriate.

Financial Assistance Agreement means any agreement entered into between DNR, DOA, and a Municipality for financial assistance.

Fiscal Year means any 12 consecutive calendar months commencing with the second day of June and ending on the first day of the following June.

Fitch means Fitch Ratings.

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Commission on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, as the same may be amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to those identified in the General Resolution and others designated by an Authorized Officer.

Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Leveraged Loan or **Pledged Loan** means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund, including from Bond proceeds.

Loan Credit Reserve Fund means the fund of that name established by the General Resolution.

Loan Credit Reserve Fund Requirement means and is calculated as follows:

(1) Upon the issuance of the initial Series of Bonds, an Authorized Officer delivered to the Trustee, with respect to each Rating Agency, a schedule of credit quality categories and loan credit reserve fund requirements (**Loan Credit Reserve Fund Schedule** or **Schedule**) approved by such Rating Agency. Each Schedule sets forth the percentage of the annual debt service attributable to each Loan disbursement

from the Loan Fund to be deposited in the Loan Credit Reserve Fund with respect to each Loan disbursement. A Schedule may be amended from time to time upon the presentation to the Trustee of a certificate of an Authorized Officer, supported by a certificate from the Rating Agency to which such Schedule applies, confirming that such amendment to the Schedule will not adversely affect the then-outstanding rating assigned to the Bonds by such Rating Agency.

(2) The amount required in the Schedules for each Loan disbursement from the Loan Fund (and if the Schedules provide for different amounts, then the higher amount) is the "**Contribution Amount**".

(3) The Loan Credit Reserve Fund Requirement shall be, as of any date of calculation, the total Contribution Amount derived from each Schedule (and if the Schedules provide for different total Contribution Amounts, then the highest total Contribution Amount) that would be required were all disbursements from the Loan Fund outstanding to be disbursed on that date, based on the then-current Schedules.

Loan Fund means the fund of that name established by the General Resolution.

Moody's means Moody's Investors Service, Inc.

Municipal Obligations means the bonds, notes, or other evidences of debt issued by any Municipality and authorized by law and which have heretofore been or will hereafter be acquired by the State as evidence of indebtedness of a Pledged Loan (also referred to as a Leveraged Loan), Direct Loan, or Proprietary Loan to the Municipality pursuant to the Act. Municipal Obligations may constitute any of a combination of the following: a revenue obligation secured by a covenant to assess user fees and a pledge of the utility's revenues, a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility's revenues, or a general obligation secured by a tax levy and a pledge of all available financial resources of the Municipality.

Municipality means a political subdivision of the State constituting a "municipality" within the meaning of the Act, duly organized and existing under the laws of the State and any successor entity or a federally recognized American Indian tribe or band in the State.

Notes mean any bond anticipation notes issued by the State pursuant to the Act.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (addressing Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except:

(1) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date,

(2) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in Trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice,

(3) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and

(4) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (concerning defeasance).

In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Paying Agent for the Bonds of any Series means the bank, trust company, or national banking association, which may be the Trustee, and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Commission adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Pledged Loan or **Leveraged Loan** means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund and with Bond proceeds.

Pledged Loan Repayments or **Leveraged Loan Repayments** means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Pledged Loan, including without limitation scheduled payments of principal and interest on such Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Pledged Loan or Municipal Obligations, and any amounts paid with respect to such Pledged Loan or Municipal Obligation on account of (1) acceleration of the due date of such Pledged Loan or such Municipal Obligation, (2) the sale or other disposition of such Pledged Loan or the Municipal Obligations and other collateral securing such Pledged Loan, (3) the receipt of proceeds of any insurance or guaranty of such Pledged Loan or Municipal Obligations or any Credit Facility applicable to such Pledged Loan or Municipal Obligations, and (4) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Pledged Loan or Municipal Obligations, but specifically excluding Fees and Charges.

Pledged Receipts means:

(1) all Pledged Loan Repayments, including both timely and delinquent payments,

(2) Fees and Charges held or collected by the State,

(3) any moneys received by the State under Section 281.59 (11)(b) of the Wisconsin Statutes (that is, State payments intercepted by DOA and taxes collected by county treasurers) upon a default under a Municipal Obligation,

(4) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, as a result of the designation of an individual Loan as one to which the State's "moral obligation" applies),

(5) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and

(6) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

Principal Account means the account of that name established within the Debt Service Fund by the General Resolution.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (1) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (2) the Sinking Fund Installment due on a date for Bonds of such Series, or (3) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Pledged Loan. This financial assistance or type of loan is not funded with Bond proceeds.

Rating Agency means a credit rating agency which is nationally recognized for skill and expertise in rating the credit of obligations similar to the Bonds and which has assigned and currently maintains a rating on any Outstanding Bonds at the request of the State (which request may be withdrawn by the State so long as following such withdrawal of request, the Bonds are rated by at least two Rating Agencies), and any successor to any such agency by merger, consolidation or otherwise.

Rebate Fund means the fund of that name established by the General Resolution.

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day. The two Series Resolutions for the 2010 Bonds provide that, for the 2010 Bonds, **Record Date** means the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Redemption Account means the account of that name established within the Debt Service Fund by the General Resolution.

Redemption Price, when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, but, when used with respect to a Capital Appreciation Bond, "Redemption Price" means the Accreted Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance to refund other Bonds.

Revenue Fund means the fund of that name established by the General Resolution.

S&P means Standard & Poor's Ratings Services.

Series of Bonds or **Bonds of a Series** or words of similar meaning mean the series of Bonds authorized by a Series Resolution.

Series Resolution means a resolution of the Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution, adopted by the Commission from time to time. The Series Resolution for the 2010 Series 1 Bonds and the 2010 Series 3 Bonds was adopted on September 16, 2009, and the Series Resolution for the 2010 Series 2 Bonds was adopted on January 20, 2010.

Sinking Fund Installment means, as of any particular date of calculation, (i) the amount required by the General Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (ii) the amount required by the General Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

State means the State of Wisconsin.

State Equity Fund means the fund of that name established by the General Resolution.

Subsidy Fund means the fund of that name established by the General Resolution.

Subsidy Fund Requirement means that amount which, when invested as permitted in the General Resolution, is projected by an Authorized Officer to result in an amount being available during each period commencing on an interest payment date and ending on the next interest payment date **(Period)**

which is at least equal to the amount by which Aggregate Debt Service payable during the Period exceeds the sum of (1) scheduled disbursements from the Capitalized Interest Account and (2) Loan Repayments scheduled to be received during the Period from sources other than transfers of Loan capitalized interest from the Loan Fund. In making the projections set forth above, the State may treat undisbursed amounts in the Loan Fund as if (a) such undisbursed amounts are invested at an appropriate rate of interest to the final maturity of Bonds and (b) such undisbursed amounts and the earnings thereon are transferred from time to time to the Revenue Fund to pay debt service, and for purposes of calculating the Subsidy Fund Requirement, such amounts may be treated as if they were Loan Repayments made pursuant to clause (2) above; provided that prior to each Loan disbursement the State recalculates the Subsidy Fund Requirement assuming for purposes of calculation that the disbursement has been made (and the amount is repayable in accordance with the applicable Municipal Obligations), and if such calculation fails to confirm that following the disbursement the Subsidy Fund Requirement is met, the State refrains from making a requisition for the disbursement.

Subsidy Fund Transfer Amount means, with respect to any Interest Payment Date, the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) ending on such Interest Payment Date exceeds the sum of:

(1) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period,

(2) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period,

(3) any moneys on deposit in the Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period,

(4) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and

(5) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during the Period.

Supplemental Resolution means a resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance with the General Resolution.

Trustee means U.S. Bank National Association, as successor to Firstar Trust Company, and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the General Resolution.

APPENDIX D

LOAN CREDIT RESERVE FUND SCHEDULES

Introduction

The General Resolution establishes the amount and timing of funds and securities required to be on deposit in the Loan Credit Reserve Fund, based on Schedules reviewed by no fewer than two Rating Agencies. The State, with the consent of a Rating Agency, may from time to time change the Schedule previously approved by such Rating Agency so long as the change does not adversely affect the then-current rating on the Bonds. To the extent the amount required to be available by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. As of December 1, 2009, the total amount available of $107 million in the Loan Credit Reserve Fund exceeded the amount required on such date, which was approximately $100 million.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement, forward delivery agreement, or other investment held on deposit in the Loan Credit Reserve Fund.

Current Schedules

The Bonds are currently rated AA+ by Fitch Ratings (**Fitch**), Aa1 by Moody's Investors Service, Inc. (**Moody's**), and AA+ by Standard & Poor's Ratings Services (**S&P**).

In 2008, the State modified the Loan Credit Reserve Fund Schedules filed with Fitch Ratings and Standard & Poor's Ratings Services. The change made to each schedule was the removal of the sentence, "The State agrees to maintain the Loan Credit Reserve Fund investments as either rated or ratable in the same [credit] rating category as the Bonds." This change was made to address any rating downgrade of an investment provider or guarantor of investments held by the Loan Credit Reserve Fund. As to the Loan Credit Reserve Fund Schedule filed with Moody's, no change was necessary. Each of the following are the Schedules approved by the respective Rating Agency indicated.

Fitch Ratings

Based on certain credit characteristics, each Pledged Loan will be assigned to one of six credit categories, which are explained below. Any assignment of a Pledged Loan to a credit category other than "Not Rated; Interceptable State Aid Factor 2.0 or Greater" or "Not Rated; Interceptable State Aid Factor Less Than 2.0" is subject to review by Fitch. The amount required to be on deposit in the Loan Credit Reserve Fund with respect to a particular Pledged Loan and any amounts disbursed under that Pledged Loan differ, depending on the Municipality. The Municipality having the largest total outstanding balance of Pledged Loans in a credit category below that of the Bonds is the "Largest Borrower Below Bond Credit Quality". The required deposit attributable to the Largest Borrower Below Bond Credit Quality shall equal the total of all debt service payments attributable to the Pledged Loan or Pledged Loans to that Borrower over the four-year period in which such debt service payments are the greatest. For any Pledged Loan to a Municipality other than the Largest Borrower Below Bond Credit Quality, the required deposit shall equal the product of the total of all debt service payments attributable to such Pledged Loans over the four-year period in which such debt service payments are the greatest times the factor, described below, assigned to Pledged Loans of the applicable credit category.

Pledged Loans are currently assigned to credit categories based on one or more of the following characteristics: (1) the Fitch rating given to the Municipal Obligation (or its lack of a Fitch rating), (2) the credit quality estimate for the Municipal Obligation based on information available to Fitch from sources it believes to be reliable, or (3) the anticipated amount of annual State payments that can potentially be intercepted by DOA

If a Municipal Obligation is not rated by Fitch, then the State may request that Fitch assign a credit quality estimate, or "shadow rating", for the Municipal Obligation. The State recognizes that the credit quality estimate, or "shadow rating", is not necessarily the official or public Fitch rating for the Municipal

Obligation and is used solely for purposes of analyzing the credit quality of the Bonds. The intercept power is described under "LOANS; Statutory Powers" in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**. See APPENDIX A.

Credit categories to which Pledged Loans may be assigned by Fitch currently include the following:

"AAA" Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of the highest credit quality, denoting the lowest expectation of credit risk. Assignments to this category are made only in cases of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

"AA" Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of very high credit quality, denoting a very low expectation of credit risk. Assignments to this category are made in cases of very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

"A" Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of high credit quality, denoting a low expectation of credit risk. Assignments to this category are made in cases of strong capacity for timely payment of financial commitments. Nevertheless, this capacity may be more vulnerable to changes in circumstances or in economic conditions than is the case for higher credit quality categories.

"BBB" Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of good credit quality, denoting a currently low expectation of credit risk. Assignments to this category are made in cases of adequate capacity for timely payment of financial commitments. Adverse changes in circumstances and in economic conditions are more likely to impair this capacity than is the case for higher credit quality categories.

Not Rated; Interceptable State Aid Factor 2.0 or Greater. The anticipated amount of annual State payments that can potentially be intercepted by the State is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality. A Pledged Loan is currently assigned to this category if (1) its related Municipal Obligation is not rated by Fitch or is categorized as being of speculative grade credit quality by Fitch and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the maximum annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

Not Rated; Interceptable State Aid Factor Less Than 2.0. A Pledged Loan is currently assigned to this category if (1) its related Municipal Obligation is not rated by Fitch or is categorized as being of speculative grade credit quality and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the maximum annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

The following chart shows the current factor assigned to each of the six credit categories by Fitch.

Category	Factor
"AAA" Credit Quality Category	0%
"AA" Credit Quality Category	0
"A" Credit Quality Category	6
"BBB" Credit Quality Category	12
Not Rated; Interceptable State Aid Factor 2.0 or Greater	6
Not Rated; Interceptable State Aid Factor Less Than 2.0	34

The State recognizes that lower factors may be assigned to Pledged Loans related to Municipal Obligations that are deemed by Fitch to be general obligations secured by the Municipality's full faith and credit, based on Fitch's current rating guidelines for leveraged municipal loan pools. However, the State does not currently opt to assign such lower factors to such Pledged Loans, since the above factors result in a more conservative level of funding for the Loan Credit Reserve Fund.

The State recognizes that Fitch's rating on the Bonds is based only in part upon the level of funding in the Loan Credit Reserve Fund and the credit quality of Municipalities receiving Pledged Loans. Other factors upon which the Bonds' rating is based currently include, but are not limited to, Fitch's rating of the State of Wisconsin's general obligations, structural and legal characteristics of the Clean Water Fund Program, Clean Water Fund Program management, Clean Water Fund Program loan underwriting practices, Clean Water Fund Program loan monitoring practices, and permitted Clean Water Fund Program investments. Factors upon which the Bonds' rating is based may change in the future. The State expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by Fitch may be based on the maintenance of amounts greater than the amounts required under this particular Loan Credit Reserve Fund Schedule. The State has further agreed that, if practicable, it will provide Fitch with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

Moody's Investors Service, Inc.

As part of the Schedule submitted to Moody's, the State has indicated that it will maintain the Loan Credit Reserve Fund at a level that corresponds to certain loan portfolio credit characteristics. The amount required to be on deposit in the Loan Credit Reserve Fund is the product of the average annual debt service of the outstanding, disbursed Pledged Loans times a factor of 120%, and is based on an evaluation of the Pledged Loans shown in "SECURITY AND SOURCE OF PAYMENT FOR BONDS; Pledged Loans" in Part VI of 2009 Annual Report. See APPENDIX A. A different factor may be applied if loan portfolio credit characteristics change.

Standard & Poor's Ratings Services

Based on certain credit characteristics, each Pledged Loan will be assigned one of five categories, which are explained below. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund with respect to a particular disbursement from the Loan Fund is the product of the maximum annual debt service payment on the Pledged Loan attributable to the disbursement times the factor assigned to that particular category.

The following chart shows the current factor assigned to each of the five categories by S&P. Following the chart is an explanation of the characteristics of each category.

Category	Factor
Higher Investment Grade Rating	0%
Medium Investment Grade Rating	40
Lower Investment Grade Rating	64
Not Rated; Greater State Aids	40
Not Rated; Lesser State Aids	140

Pledged Loans are categorized based on two characteristics: (1) the rating given to the Municipal Obligation (or its lack of a rating), and (2) the anticipated amount of annual State payments that can potentially be intercepted by DOA.

If the Municipal Obligation is not rated by S&P, then the State may request permission from S&P to assign the Municipal Obligation to a particular category.

The anticipated amount of annual State payments that can potentially be intercepted by DOA is determined by DOA based on the minimum of the five most recent years for which data are available of one source of

State payments to the Municipality. The intercept power is described under "LOANS; Statutory Powers" in Part VI of the 2009 Annual Report. See APPENDIX A.

Higher Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in either of the two highest rating categories (AAA or AA).

Medium Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in the third highest rating category (A). S&P may also permit a Pledged Loan to be assigned to this category, regardless of whether or not the Municipal Obligation is rated, in the event the State designates the Pledged Loan as one to which the State "moral obligation" applies. The State "moral obligation" is described in "LOANS; Statutory Powers" in Part VI of the 2009 Annual Report. See APPENDIX A.

Lower Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in the minimum investment grade rating category (BBB).

Not Rated; Greater State Aids. A Pledged Loan is assigned to this category if (1) the Municipal Obligation either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the average annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

Not Rated; Lesser State Aids. A Pledged Loan is assigned to this category if (1) the Municipal Obligation either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the average annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

The State recognizes that the rating maintained by S&P is based in part upon the level of funds available in the Loan Credit Reserve Fund. The State expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by S&P may be based on the maintenance of amounts greater than the amounts required under this Loan Credit Reserve Fund Schedule. The State has further agreed that, if practicable, it will provide S&P with at least 30 days' notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

The State has agreed that if the rating on or ratability of an investment in the Loan Credit Reserve Fund is based on either a credit enhancement policy or financial guaranty, the State will notify S&P not less than 30 days prior to the expiration of such policy and indicate what action, if any, is expected to be taken with respect to the credit quality of the investment.

Ratings on Municipal Obligations

Any further explanation of the significance of a rating with respect to a Municipal Obligation may only be obtained from the Rating Agency furnishing the rating. There is no assurance that the rating given to a Municipal Obligation will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances warrant.

APPENDIX E

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

$131,175,000
State of Wisconsin
$67,415,000 Clean Water Revenue Bonds, 2010 Series 1
$14,070,000 Clean Water Revenue Refunding Bonds, 2010 Series 2
$49,690,000 Clean Water Revenue Bonds, 2010 Series 3 (Taxable)

We have served as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $67,415,000 Clean Water Revenue Bonds, 2010 Series 1, dated the date hereof **(2010 Series 1 Bonds)**, its $14,070,000 Clean Water Revenue Refunding Bonds, 2010 Series 2, dated the date hereof **(2010 Series 2 Bonds)**, and its $49,690,000 Clean Water Revenue Bonds, 2010 Series 3 (Taxable) dated the date hereof **(2010 Series 3 Bonds)** (the 2010 Series 1 Bonds, the 2010 Series 2 Bonds, and the 2010 Series 3 Bonds are collectively referred to as the **Bonds)**. The Bonds are authorized by Sections 281.58 and 281.59, Wisconsin Statutes **(Act)** (and in particular, Section 281.59 (4), Wisconsin Statutes) and Subchapter II of Chapter 18, Wisconsin Statutes, and are being issued pursuant to a resolution **(General Resolution)** adopted by the State of Wisconsin Building Commission **(Commission)** on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, and as supplemented by resolutions (collectively, **Series Resolution)** adopted by the Commission on September 16, 2009 and January 20, 2010.

Under the General Resolution, the Commission has also established various funds and accounts and designated U.S. Bank National Association, as trustee **(Trustee)**, to be the custodian of the funds and accounts. The Commission has pledged certain revenues received pursuant to the Act to secure the payment of the principal of, and premium, if any, and interest on, the Bonds, any other bonds heretofore or hereafter issued under the General Resolution, and certain other parity obligations. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the General Resolution. The Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the General Resolution.

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

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

1. The General Resolution and the Series Resolution have been duly and lawfully adopted by the Commission, are in full force and effect, and are valid and binding upon the State and enforceable in accordance with their respective terms. The Series Resolution has been adopted in accordance with the provisions of the General Resolution and is authorized or permitted by the General Resolution.

2. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, and of the moneys and securities held in the funds and accounts pledged under the General Resolution.

3. The Bonds are legal, valid, and binding special obligations of the State as provided in the General Resolution, payable and enforceable in accordance with their terms and the terms of the General Resolution and entitled to the benefits of the General Resolution and of the Act. The Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of this letter, and in accordance with the General Resolution.

4. Interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the 2010 Series 1 Bonds is not taken into account in determining adjusted current earnings, but interest on the 2010 Series 2 Bonds is taken into account in determining adjusted current earnings. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the 2010 Series 1 Bonds and 2010 Series 2 Bonds are issued for interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the 2010 Series 1 Bonds and 2010 Series 2 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the 2010 Series 1 Bonds and 2010 Series 2 Bonds were issued. For purposes of Section 265(b)(7) of the Code, the 2010 Series 1 Bonds are obligations issued in 2010 that are not refunding bonds. This letter expresses no opinion as to other federal tax law consequences concerning the 2010 Series 1 Bonds and 2010 Series 2 Bonds.

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

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

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law. In serving as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,

FOLEY & LARDNER LLP

ADDENDUM TO OFFICIAL STATEMENT

$131,175,000
STATE OF WISCONSIN

$67,415,000 Clean Water Revenue Bonds, 2010 Series 1

$14,070,000 Clean Water Revenue Refunding Bonds, 2010 Series 2

$49,690,000 Clean Water Revenue Bonds, 2010 Series 3 (Taxable)

APPENDIX F to the Official Statement, dated February 2, 2010 **(Official Statement)** for the above-referenced bond issues, includes incorrect CUSIP numbers for the Refunded Bonds (as such term is defined in the Official Statement). The following table includes the correct CUSIP numbers and replaces APPENDIX F in its entirety. This Addendum has been prepared on behalf of the State of Wisconsin and should be inserted between pages E-2 and F-1 in the Official Statement. For more information about the refunding, see "PLAN OF REFUNDING" in the Official Statement.

APPENDIX F
OUTSTANDING BONDS
REFUNDED BY 2010 SERIES 2 BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Redemption Date	Redemption Price
2001 Series 1	4/1/2001	$ 4,750,000	5.00%	6/1/2019	977092 HJ7	6/1/2011	100%
		4,990,000	5.00	6/1/2020	977092 HK4	6/1/2011	100
		5,250,000	5.00	6/1/2021	977092 HL2	6/1/2011	100
		$ 14,990,000					

February 16, 2010

APPENDIX F

OUTSTANDING BONDS
REFUNDED BY 2010 SERIES 2 BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Redemption Date	Redemption Price
2001 Series 1	4/1/2001	$ 4,750,000	5.00%	6/1/2019	977092 LA1	6/1/2011	100%
		4,990,000	5.00	6/1/2020	977092 LB9	6/1/2011	100
		5,250,000	5.00	6/1/2021	977092 LC7	6/1/2011	100
		$ 14,990,000					

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