NEW ISSUE
BOOK ENTRY ONLY

Ratings+: *Fitch: AAA (FSA Insured)*
Moody's: Aaa (FSA Insured)
S&P: AAA (FSA Insured)

In the opinion of the Attorney General of the State of Michigan and in the opinion of Bond Counsel, subject to compliance with certain covenants, under existing law, as presently interpreted, interest on the Bonds is excluded from gross income for federal income tax purposes as described under "TAX MATTERS" herein, and the Bonds and interest thereon are exempt from all taxation provided by the laws of the State of Michigan except for estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. (See "TAX MATTERS.")

$53,685,000
STATE OF MICHIGAN
COMPREHENSIVE TRANSPORTATION AND REFUNDING BONDS, SERIES 2006

Dated: Date of Delivery — Due: May 15, as shown below

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds (commencing November 15, 2006 and semi-annually thereafter) are payable by the State Treasurer, as Transfer Agent, to Cede & Co., as nominee for DTC, and payment thereof will be made to purchasers by DTC participants or indirect participants. (See "THE BONDS – DTC; Book-Entry-Only System.") Purchasers will acquire beneficial ownership interests in the Bonds in denominations of $5,000 or integral multiples thereof. The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are to be issued in accordance with the authorization provided in Act 51, Public Acts of Michigan, 1951, as amended, and Section 9 of Article IX of the Michigan Constitution. The proceeds of the sale of the Bonds together with investment earnings on such proceeds and other available moneys will be used to pay (i) the costs of certain Comprehensive Transportation Fund Projects, (ii) a portion of the costs of refunding certain maturities of outstanding State of Michigan Comprehensive Transportation Bonds, and (iii) costs of issuance of the Bonds.

The Bonds are payable solely out of those funds restricted as to use for comprehensive transportation purposes by the Michigan Constitution which are irrevocably pledged by law for deposit in the Comprehensive Transportation Fund as described herein. The Bonds are not general obligations of the State of Michigan, its agencies, instrumentalities or political subdivisions.

The scheduled payment of principal of and interest on the Bonds, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by FINANCIAL SECURITY ASSURANCE INC.

FSA®

$31,935,000 Serial Bonds

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
2007	$1,410,000	4.000%	3.57%	2016	$1,155,000	4.000%	4.16%
2008	215,000	4.000	3.63	2017	1,195,000	4.125	4.21
2009	220,000	4.000	3.66	2018	1,250,000	5.000	4.26*
2010	230,000	4.000	3.70	2019	1,315,000	5.000	4.30*
2011	235,000	4.000	3.76	2020	1,375,000	5.000	4.34*
2012	5,265,000	4.000	3.85	2021	1,440,000	5.000	4.37*
2013	5,445,000	4.000	3.94	2022	1,520,000	5.000	4.39*
2014	5,650,000	4.000	4.03	2023	140,000	4.375	4.40
2015	1,105,000	4.000	4.10	2024	2,770,000	5.000	4.41*

$5,965,000 5.000% Term Bonds Due May 15, 2026 - Yield: 4.43%*
$15,785,000 5.000% Term Bonds Due May 15, 2031 - Yield: 4.53%*

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the State and subject to the receipt of the approving opinions of the Attorney General of the State of Michigan, and of Dickinson Wright PLLC, Lansing, Michigan, and Miller, Canfield, Paddock and Stone, P.L.C., Detroit and Lansing, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Dykema Gossett PLLC, Lansing, Michigan. Public Financial Management, Inc., Atlanta, Georgia, is serving as financial advisor to the State in connection with the sale and issuance of the Bonds. Delivery of the Bonds is expected on or about June 7, 2006 through DTC in New York, New York.

Merrill Lynch & Co. — **Loop Capital Markets, LLC**

Dated: May 25, 2006

* Priced at the stated yield to the May 15, 2016 call date.
\+ See "BOND RATINGS" herein

STATE OF MICHIGAN

Jennifer M. Granholm, *Governor*
Robert J. Kleine, *State Treasurer*

State Transportation Commission

Ted B. Wahby, *Chairperson*
Linda Miller Atkinson, *Vice Chairperson*
Vincent J. Brennan, *Member*
Maureen Miller Brosnan, *Member*
James R. Rosendall, *Member*
James S. Scalici, *Member*

Michigan Department of Transportation Staff

Kirk T. Steudle, P.E., *Director*
Myron Frierson, *Bureau Director - Finance and Administration*
Rob Abent, *Bureau Director – Multi-Modal Transportation Services*

Financial Advisor

Public Financial Management, Inc.

No dealer, broker, salesperson or other person has been authorized by the State of Michigan, the State Transportation Commission, the Michigan Department of Transportation or its Director or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer or a solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been furnished by the Michigan Department of Transportation and other sources which are believed to be reliable, including the Depository Trust Company with respect to information contained in "THE BONDS – DTC; Book-Entry-Only System," but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Michigan Department of Transportation or the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Michigan or the Michigan Department of Transportation since the date hereof.

Other than with respect to information concerning Financial Security Assurance Inc. ("FSA") contained under the caption "BOND INSURANCE" and "APPENDIX IV – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein, none of the information in this Official Statement has been supplied or verified by FSA and FSA makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

In connection with the offering of the Bonds, the Underwriters may over-allot and effect transactions that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market. Such over-allotment and stabilizing, if commenced, may be discontinued at any time.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE STATE AND THE STATE COMPREHENSIVE TRANSPORTATION FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$53,685,000
STATE OF MICHIGAN
COMPREHENSIVE TRANSPORTATION AND REFUNDING BONDS, SERIES 2006

INTRODUCTORY STATEMENT

This Official Statement of the State of Michigan (the "State") is provided for the purpose of setting forth certain information in connection with its $53,685,000 State of Michigan Comprehensive Transportation and Refunding Bonds, Series 2006 (the "Bonds"). The Bonds will be issued pursuant to Section 9 of Article IX of the Michigan Constitution of 1963 (the "Michigan Constitution"), Act 51, Public Acts of Michigan, 1951, as amended ("Act 51"), and a resolution adopted by the State Transportation Commission (the "Commission") and the Director of the Michigan Department of Transportation ("MDOT") on March 30, 2006 (the "Resolution"). Proceeds from the sale of the Bonds together with investment earnings on such proceeds and other available moneys will be used (i) to pay the costs of certain Comprehensive Transportation Fund Projects, defined below (See "THE PROJECTS"), (ii) to refund certain maturities of outstanding State of Michigan Comprehensive Transportation Bonds (the "Prior Bonds") (See "PLAN OF REFUNDING."), and (iii) to pay the costs of issuance of the Bonds, including costs incidental to the refunding of the Prior Bonds.

The Bonds, together with certain Outstanding Bonds and Additional Bonds (each defined below) of the State issued under Act 51 and described under "SECURITY FOR THE BONDS - Outstanding Bonds and Additional Bonds," will be secured by a pledge of, and be payable solely from, funds that are restricted as to use for comprehensive transportation purposes under Section 9 of Article IX of the Michigan Constitution and that are deposited in the Comprehensive Transportation Fund established pursuant to Act 51. As of June 7, 2006, the principal amount of the Bonds and such Outstanding Bonds payable from the Comprehensive Transportation Fund (exclusive of the Prior Bonds and the Refunded Bonds, as defined under "SECURITY FOR THE BONDS – Outstanding Bonds and Additional Bonds") will be approximately $267,025,000 (See "STATEMENT OF OUTSTANDING BONDS.")

Information contained herein has been obtained from State officers, employees and records, and other sources believed to be reliable. This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the Bonds.

Quotations, summaries and explanations of constitutional provisions, statutes, judicial decisions, administrative regulations, resolutions and other documents in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents which may be obtained from MDOT, 425 West Ottawa Street, Lansing, Michigan 48909, Attention: Bureau Director, Bureau of Finance and Administration, telephone: (517) 373-2117.

THE STATE TRANSPORTATION COMMISSION

MDOT's program objectives are established by a six-member Commission appointed to staggered three year terms by the Governor, no more than three of whom may be members of the same political party. The Chairperson of the Commission is appointed by the Governor, and the Commission elects the Vice Chairperson from among its members. MDOT's Director (the "Director"), the executive head of MDOT, is appointed by the Governor and serves at her pleasure.

The members of the Commission are listed on the inside cover of this Official Statement.

THE MICHIGAN DEPARTMENT OF TRANSPORTATION

Responsibilities and Organization

MDOT was established in 1978 by constitutional amendment and replaced the Michigan State Highway Department. MDOT is the State agency with the primary programmatic and regulatory responsibilities for the development and operation of public transportation facilities, port and harbor improvements, railroad facilities, highways and airports in the State.

In addition to the executive offices, the internal structure of MDOT is comprised of five bureaus responsible for various support or operating functions: (1) Multi-Modal Transportation Services, (2) Finance and Administration, (3) Highway Development, (4) Highway Delivery and (5) Transportation Planning. As of October 1, 2005, MDOT had 3,022 appropriated State classified civil service positions.

Funding for MDOT Programs

Programs for each of the modes of transportation under MDOT's jurisdiction are independently funded from taxes or other sources of revenues which are distributed pursuant to law for specific purposes.

MDOT's comprehensive transportation programs are primarily funded from the Comprehensive Transportation Fund established pursuant to Act 51, after payment of debt service on the Bonds and the Outstanding Bonds and any Additional Bonds, and from the proceeds of bonds and notes. The revenues of the Comprehensive Transportation Fund include a portion of the sales tax on motor vehicle fuels, motor vehicles, and motor vehicle parts and accessories, and a portion of motor vehicle fuel taxes, vehicle registration taxes, and related miscellaneous fees. (See "SOURCES OF CONSTITUTIONALLY RESTRICTED REVENUES OF THE COMPREHENSIVE TRANSPORTATION FUND" and "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION.")

MDOT's highway programs are funded from the proceeds of bonds and notes and from the State Trunk Line Fund established pursuant to Act 51 after payment of bonds payable solely from such fund and from moneys provided by the federal government. The revenues of the State Trunk Line Fund include a portion of the motor vehicle fuel taxes, vehicle registration taxes, and interest and miscellaneous fees deposited into the Michigan Transportation Fund established pursuant to Act 51 (See "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION.")

Comprehensive Transportation Programs

Through the Bureau of Multi-Modal Transportation Services, MDOT administers certain programs designed to promote comprehensive transportation services which are defined by Act 51 to mean the movement of people and goods by publicly or privately owned aeronautic programs, water vehicle, bus, railroad car, rapid transit vehicle, taxicab, or other conveyance which provides general or special service to the public, but not including charter or sight-seeing service or transportation which is exclusively for school purposes. In addition to administering its own programs, MDOT assists local transportation entities in providing comprehensive transportation services by furnishing funds for annual operation and maintenance expenditures and the local share of the capital cost of new comprehensive transportation facilities. MDOT also provides technical assistance in planning, engineering, and operating comprehensive transportation facilities, and in obtaining federal government grants for comprehensive transportation. Such programs are funded from the Comprehensive Transportation Fund after payment of debt service on the Bonds, the Outstanding Bonds and any Additional Bonds.

Funds remaining in the Comprehensive Transportation Fund after payment of debt service on the Bonds, the Outstanding Bonds and any Additional Bonds and after payment of MDOT's cost of administering the Comprehensive Transportation Fund, are allocated to comprehensive transportation programs according to a formula set forth in Section 10e of Act 51. Certain significant comprehensive transportation programs so funded are set forth below:

(i) Local Bus Transportation Services. Local bus transportation services are provided by 119 local government and private, nonprofit entities who furnish service to approximately 81 million riders annually in the urban and rural parts of Michigan. For the fiscal year ended September 30, 2005, $177.9 million was provided from the Comprehensive Transportation Fund for operating and capital.

(ii) Intercity Passenger Services. Privately owned bus companies provide intercity bus passenger service which is the only public transportation available between cities in many areas of Michigan. The National Railroad Passenger Corporation ("AMTRAK") provides intercity rail passenger service to 22 communities along 798 route miles of track in the southern part of Michigan's lower peninsula. AMTRAK's Michigan ridership now exceeds 600,000 annually. For the fiscal year ended September 30, 2005, $14.2 million was provided from the Comprehensive Transportation Fund for operating and capital.

(iii) Rail Freight Services. Five privately owned railroad companies provide rail freight services on State-owned and leased track to agricultural, manufacturing, and mining centers, in addition to other private railroad companies operating on privately owned track. For the fiscal year ended September 30, 2005, $4.5 million was provided from the Comprehensive Transportation Fund for this program. These services include the maintenance of state-owned property, and grants and loans to private railroads and nontransportation companies for the purchase, rehabilitation and construction of rail freight facilities.

THE BONDS

Description of the Bonds

The Bonds will be dated and bear interest from their date of delivery. Interest on the Bonds shall be payable on November 15, 2006 and semiannually each May 15 and November 15 thereafter until maturity or redemption. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover page of this Official Statement.

Purchases of Bonds will be made in book-entry-only form as described under "THE BONDS - DTC; Book-Entry-Only System." So long as Cede & Co., as nominee for The Depository Trust Company ("DTC"), is the Registered Owner of the Bonds, the transfer of interests in the Bonds shall be the sole responsibility of the Direct Participants, the Indirect Participants and the Beneficial Owners (each hereinafter defined). The State shall have no responsibility with respect to such transfers.

The Bonds will be issued in fully registered form in the denomination of $5,000, or integral multiples thereof not exceeding the aggregate principal amount of the Bonds maturing at any one time. So long as the Bonds are all registered in the name of Cede & Co., as the nominee of DTC under the "book-entry-only" system described below, the State Treasurer (or a bank or trust company appointed by the State Treasurer) shall be the Transfer Agent. If the Bonds are to be registered in names other than a nominee of DTC, the State Treasurer shall appoint a bank or trust company as successor Transfer Agent. The principal of the Bonds is payable at maturity or prior redemption upon presentation at the principal office of the Transfer Agent. Interest on the Bonds shall be payable when due by check or draft mailed by the Transfer Agent to the person or entity who is, as of the first day of the month in which each interest payment date occurs, the registered holder of record, at the holder's registered address. The Transfer

Agent shall not be required to (i) register the transfer of or exchange any Bond during a period beginning at the opening of business five days before the mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of that mailing, or (ii) register the transfer of or exchange any Bond selected for redemption in whole or in part within thirty days of the redemption date, except the unredeemed portion of Bonds redeemed in part.

Transfer of the Bonds

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, beneficial ownership interests in the Bonds may be transferred only through a Direct Participant or Indirect Participant and recorded on the book-entry-only system operated by DTC. In the event the book-entry-only system is discontinued, any Bond may be transferred or exchanged by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney or legal representative, upon surrender of the Bond to the Transfer Agent for cancellation, together with a duly executed instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond is surrendered for transfer or exchange the Transfer Agent shall authenticate and deliver a new Bond, in like aggregate principal amount, tenor, interest rate and maturity. The Transfer Agent may require the registered owner requesting the transfer or exchange to pay any tax or other governmental charge required to be paid with respect to the transfer.

Optional Redemption

The Bonds maturing prior to May 15, 2017 shall not be subject to optional redemption.

The Bonds maturing on or after May 15, 2017 will be redeemable prior to maturity at the option of the Director on or after May 15, 2016 as a whole or in part at any time, in such order of maturity as the Director may determine and by lot within a maturity at par plus interest accrued to the redemption date.

Mandatory Redemption

The Bonds maturing on May 15, 2026 and May 15, 2031 (the "Term Bonds"), and selected by lot within a maturity, are subject to mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption dates in the principal amounts and on the dates set forth below.

Term Bonds Due May 15, 2026

May 15	Amount
2025	$2,910,000
2026 (maturity)	3,055,000

Term Bonds Due May 15, 2031

May 15	Amount
2027	$3,210,000
2028	3,370,000
2029	3,535,000
2030	3,715,000
2031 (maturity)	1,955,000

Notice of Redemption and Manner of Selection

Notice of redemption of the Bonds will be given at least 30 days prior to the date fixed for redemption, by mail to the Registered Owners of the Bonds to be redeemed as of the date of such mailing at the address appearing on the books of the Transfer Agent. Bonds so called for redemption will not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem the same. The Bonds shall be called for redemption in multiples of $5,000. Any Bond of a denomination of more than $5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by $5,000, and such Bond may be selected for redemption in part. Upon surrender of the Bond selected for redemption in part, the holder of the Bond shall receive, without cost, a new Bond of like interest rate and maturity, in the amount of the unredeemed portion of the Bond being surrendered.

So long as the book-entry-only system described below remains in effect, the Transfer Agent will give notice of redemption of Bonds to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be an Owner of the Bonds. In the event of any partial redemption DTC is expected to reduce the credit balances of the applicable Direct Participants in respect of the Bonds, and such Direct Participants are expected in turn to select those Beneficial Owners whose ownership interests are to be extinguished by such partial redemption, each by such method as DTC or such Direct Participant, as the case may be, deems fair and appropriate in its sole discretion.

DTC; Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking securities organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com* and *www.dtc.org*.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the State on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Transfer Agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Transfer Agent or the State, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

THE INFORMATION IN THIS SECTION HAS BEEN OBTAINED FROM DTC. NO REPRESENTATION IS MADE BY THE STATE, THE COMMISSION, MDOT, THE DIRECTOR, THE TRANSFER AGENT OR THE UNDERWRITERS AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE STATE, THE COMMISSION, MDOT, THE DIRECTOR, THE TRANSFER AGENT OR THE UNDERWRITERS TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NEITHER THE STATE NOR THE TRANSFER AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

THE PROJECTS

A portion of the proceeds of the Bonds will be used to pay the costs of certain comprehensive transportation projects (the "Comprehensive Projects") which provide for improved airport service and safety throughout Michigan. Major projects and expenditures supported by this bond issue include rehabilitation and expansion of airport terminals, runways, taxiways and aprons and airport safety and security improvements.

PLAN OF REFUNDING

The bonds expected to be refunded (the "Prior Bonds") consist of the following:

State of Michigan Comprehensive
Transportation Refunding Bonds, Series 1996A

Principal Amount	Maturity
$1,255,000	08/01/07
110,000	08/01/08
115,000	08/01/09
120,000	08/01/10
125,000	08/01/11
5,150,000	08/01/12
5,390,000	08/01/13
5,660,000	08/01/14

A portion of the proceeds of the Bonds will be used to provide funds to refund the Prior Bonds and to pay the costs of issuance of the Bonds, including costs incidental to the refunding of the Prior Bonds. The Prior Bonds are being refunded to produce debt service savings.

Pursuant to the terms of the Escrow Deposit Agreement (the "Escrow Agreement") to be entered into among the Director and the State Treasurer, the refunding of the Prior Bonds will be effected by MDOT depositing with the State Treasurer proceeds of the Bonds, in an amount sufficient to pay when due interest of and principal and premium, if any, to and including the optional redemption date of

August 1, 2006. The funds so deposited will be invested by the State Treasurer on the closing date of the Bonds in the Common Cash Fund of the State. The Prior Bonds will be called for redemption on August 1, 2006, the first available redemption date. Funds deposited under the Escrow Agreement will be used solely for the payment of the principal of and interest on the Prior Bonds, subject only to the payment to MDOT in accordance with the Escrow Agreement of any cash not required for such purpose.

The refunding of the Prior Bonds as described above will not discharge the lien on the Comprehensive Transportation Fund securing all or a portion of the Prior Bonds, and all or a portion of the Prior Bonds will not be legally defeased under the terms of the resolutions under which those bonds were issued. The refunding will effect an economic defeasance of the Prior Bonds. Upon the refunding of the Prior Bonds, the principal of and interest and redemption premiums on the Prior Bonds will be payable first from amounts held by the State Treasurer under the Escrow Agreement. The Prior Bonds remain "Outstanding Bonds" as described herein and in the event amounts held under the Escrow Agreement are not available or are insufficient for any reason, the Prior Bonds remain payable from amounts deposited in the Comprehensive Transportation Fund on a parity with the Bonds, other Outstanding Bonds and any Additional Bonds, as further described under "SECURITY FOR THE BONDS – Outstanding Bonds and Additional Bonds" below.

Once refunded by the Bonds, the Prior Bonds will not be taken into account in determining the State's ability to issue Additional Bonds under Act 51. See "SECURITY FOR THE BONDS – Outstanding Bonds and Additional Bonds" below.

ESTIMATED SOURCES AND USES OF FUNDS

The Bonds are being issued by the State to provide funds, which, together with investment earnings on such proceeds and other available moneys, will be used to refund the Prior Bonds and to pay costs of the Projects and costs related to the issuance of the Bonds and to the refunding.

Sources	
Original Principal Amount of Bonds	$53,685,000.00
Plus Net Original Issue Premium	1,386,928.95
Total Sources	$55,071,928.95
Uses	
Deposit to 2006 Bond Proceeds Fund[1]	$36,324,995.73
Refunding Deposits	18,572,958.75
Underwriters' Discount	173,974.47
Total Uses	$55,071,928.95

(1) To be used, together with investment earnings thereon, to pay costs of the Projects and costs related to issuance of the Bonds, including insurance premiums, and to the refunding.

SECURITY FOR THE BONDS

Sources of Payment for the Bonds

The Bonds, the Outstanding Bonds and Additional Bonds are secured by a pledge of and first lien on funds deposited in the Comprehensive Transportation Fund which are derived from the proceeds of certain specific taxes on motor vehicle fuels and registered motor vehicles, and sales taxes on motor vehicle fuels, motor vehicles and motor vehicle parts and accessories, as described herein.

The Michigan Constitution provides generally that the net proceeds of all specific taxes (except sales and use taxes and regulatory fees) imposed by the State on motor vehicle fuels and on registered motor vehicles and all or a portion of the proceeds of certain other transportation related taxes shall be used exclusively for general transportation purposes. The Michigan Constitution further provides that the following shall be used exclusively for comprehensive transportation as defined by law (herein called "Comprehensive Transportation Purposes"): (1) any remaining balance of net proceeds of motor vehicle fuels and registration taxes after not less than 90% of such net proceeds have been provided for streets, highways and bridges for motor vehicles, (2) the net proceeds of specific taxes (except sales and use taxes and regulatory fees) imposed on registered aircraft and aircraft fuels, and (3) not more than 25% (as provided by law) of the net proceeds of general sales taxes imposed on motor vehicle fuels, motor vehicles and motor vehicle parts and accessories. The Michigan Constitution generally permits the State Legislature to authorize the issuance of obligations pledging the taxes referred to herein for Comprehensive Transportation Purposes. (See "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION.")

Act 51 provides that all proceeds of specific taxes on motor vehicle fuels and all motor vehicle registration taxes be deposited in the Michigan Transportation Fund (the "Transportation Fund"), which is held by the Michigan Department of Treasury, and that the legislatively allocated portion of the sales taxes on motor vehicle fuels, motor vehicles and motor vehicle parts and accessories be credited directly to the Comprehensive Transportation Fund. Pursuant to law, until paid out, money credited to the Transportation Fund, the Comprehensive Transportation Fund, and the State Trunk Line Fund is deposited with other moneys of the State in the Common Cash Fund, which is managed and invested by the State Treasurer as provided by law.

Act 51 further provides for the allocation and distribution of funds deposited into the Transportation Fund (after deduction of certain specified amounts) to and among the Comprehensive Transportation Fund, the State Trunk Line Fund, the county road commissions of the State, and the cities and villages of the State, all for use for transportation purposes. As described below under "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION," the percentage allocation and distribution formula for the funds deposited in the Transportation Fund is established by Act 51 for each fiscal year.

Act 51 provides that the first annual priority for the use of funds restricted for use for transportation purposes by the Michigan Constitution and deposited in the Comprehensive Transportation Fund is the payment, when due, of debt service on bonds, notes and other obligations, including the Bonds, issued or incurred by the State under Section 18b of Act 51 for Comprehensive Transportation Purposes and pledging for their payment funds deposited in the Comprehensive Transportation Fund. Section 10e of Act 51 contains an irrevocable continuing appropriation of the funds deposited in the Comprehensive Transportation Fund for such purpose. Pursuant to the requirements of Act 51, the Resolution contains an irrevocable pledge of the funds restricted for use for transportation purposes by the Michigan Constitution and deposited in the Comprehensive Transportation Fund for the payment of the principal of and interest on the Bonds, on a parity basis with the Outstanding Bonds, and any Additional Bonds.

In the opinion of the Attorney General of the State and Bond Counsel, any action by the State, including the adoption of legislation or constitutional amendments, which would (1) reduce the current rates of taxes on motor vehicle fuels or registered motor vehicles, or the current sales tax rates on motor vehicle fuels, motor vehicles or motor vehicle parts and accessories, or (2) alter the allocation formula for the distribution of funds deposited in the Transportation Fund from that specified in Act 51, or (3) reduce the allocated percentage of the above-referenced sales taxes to be deposited in the Comprehensive Transportation Fund, would be invalid to the extent that such reduction in such tax rates or alteration of the allocation formula or percentage would result in insufficient funds being deposited in any future year into the Comprehensive Transportation Fund to pay debt service on the Bonds and the Outstanding Bonds. The State legislature is not required, however, to appropriate general fund moneys to pay debt service on the Bonds or the Outstanding Bonds, or to increase the rates of taxes on motor vehicle fuels or registered motor vehicles or the current sales tax rates on motor vehicle fuels, motor vehicles or motor vehicle parts and accessories, in any future year, even if the revenues produced from such taxes and allocated to the Comprehensive Transportation Fund result in insufficient revenues to pay debt service on the Bonds and the Outstanding Bonds.

THE BONDS ARE PAYABLE SOLELY FROM THE SOURCES OF FUNDS SPECIFIED HEREIN, AND ARE NOT GENERAL OBLIGATIONS OF THE STATE, ITS AGENCIES, INSTRUMENTALITIES OR POLITICAL SUBDIVISIONS.

Enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, now existing or enacted in the future, to the extent constitutionally applicable, and may be subject to the exercise of judicial discretion in accordance with general principles of equity, including those related to equitable subordination.

Outstanding Bonds and Additional Bonds

The State has previously issued bonds under Section 18b of Act 51, payable from funds in the Comprehensive Transportation Fund. (Those bonds remaining unpaid, excluding the Refunded Bonds described below, are called the "Outstanding Bonds.") (See "STATEMENT OF OUTSTANDING BONDS," and "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION.") As described above, the payment of principal of and interest on the Bonds and Outstanding Bonds and any additional bonds or notes hereafter issued for Comprehensive Transportation Purposes under Section 18b of Act 51 and pledging for the payment thereof funds deposited in the Comprehensive Transportation Fund ("Additional Bonds") except when legally defeased, constitute a first lien on the moneys restricted as to use for transportation purposes by Section 9 of Article IX of the Michigan Constitution and deposited in the Comprehensive Transportation Fund.

The State has previously legally defeased all or part of certain previously issued series of Comprehensive Transportation Fund bonds. The bonds which have been legally defeased are called the "Refunded Bonds." The Refunded Bonds are payable solely from the escrowed cash and investments held for such purposes, and the holders thereof have no claim against the Comprehensive Transportation Fund for payment of debt service. Accordingly, the debt service requirements on the Refunded Bonds are excluded in the calculation of debt service on Outstanding Bonds set forth in this Official Statement.

The State may issue Additional Bonds for Comprehensive Transportation Purposes, subject to certain limitations in Section 18b of Act 51, and the debt service requirements thereon shall be payable on a parity with the Bonds and the Outstanding Bonds from the constitutionally restricted moneys deposited in the Comprehensive Transportation Fund. Additional Bonds may only be issued to the extent that the aggregate maximum annual debt service on bonds and notes issued under Section 18b for Comprehensive Transportation Purposes and pledging for the payment thereof funds deposited in the Comprehensive Transportation Fund (excluding any bonds and notes, such as the Prior Bonds and the Refunded Bonds, which have been refunded or for the refunding of which refunding bonds have been sold) does not exceed

50% of the total amount of money constitutionally restricted to use for transportation purposes and deposited in the Comprehensive Transportation Fund during the State fiscal year immediately preceding the issuance of the Additional Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Financial Security Assurance Inc.

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

At March 31, 2006, Financial Security's total policyholders' surplus and contingency reserves were approximately $2,459,829,000 and its total unearned premium reserve was approximately $1,858,167,000 in accordance with statutory accounting principles. At March 31, 2006, Financial Security's total shareholder’s equity was approximately $2,856,995,000 and its total net unearned premium reserve was approximately $1,504,103,000 in accordance with generally accepted accounting principles.

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

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

ADDITIONAL MDOT FINANCINGS

The State expects to issue, from time to time, Additional Bonds payable from the Comprehensive Transportation Fund, based on its need for funding transportation programs. The State may also issue Additional Bonds for refunding purposes from time to time when market conditions are favorable.

The State has previously issued and may hereafter issue Grant Anticipation Notes payable solely from federal grant receipts (the "Notes"). The State has previously issued and may hereafter issue State Trunk Line Fund Bonds (the "State Trunk Line Bonds"), and anticipates that it may issue $260 million of such bonds in the next two fiscal years. The State also anticipates that it may issue $618 million of bonds related to the State's Jobs Today Initiative in the next two fiscal years. The Notes, any such State Trunk Line Bonds and any such Jobs Today bonds would not be payable from the sources of payment described above under "SECURITY FOR THE BONDS."

SOURCES OF CONSTITUTIONALLY RESTRICTED REVENUES OF THE COMPREHENSIVE TRANSPORTATION FUND

General

Under the Michigan Constitution, the restriction of the proceeds of certain taxes for use for transportation purposes allows such proceeds to be pledged for the payment of debt service on bonds of the State issued for transportation purposes. This Section describes the sources of constitutionally restricted revenues allocated by Act 51 to the Comprehensive Transportation Fund. The constitutionally restricted revenues allocated by Act 51 to the Comprehensive Transportation Fund consist of a portion of constitutionally restricted revenues credited to the Transportation Fund and the portion of motor vehicles related sales taxes collected and allocated to the Comprehensive Transportation Fund. The money credited to the Comprehensive Transportation Fund is held by the Michigan Department of Treasury as part of the State Treasurer's Common Cash Fund. The constitutionally restricted funds deposited in the Comprehensive Transportation Fund are irrevocably pledged on a first lien basis for debt service on the Outstanding Bonds, the Bonds, and any Additional Bonds. (See "SECURITY FOR THE BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION.")

The sources of constitutionally restricted revenue allocated by Act 51 to the Comprehensive Transportation Fund, including amounts transferred from the Transportation Fund and the portion of motor vehicle related sales taxes, but excluding investment earnings, for the fiscal years ended September 30, 2001 through September 30, 2005 and estimated amounts for the fiscal year ending September 30, 2006 are set forth in Table 1. Each revenue source is described in more detail in the subsections which follow the table.

Table 1

Constitutionally Restricted Revenues of the Comprehensive Transportation Fund Fiscal Years 2001-2006 (in millions)

Fiscal Year Ended September 30	Transportation Fund Amount Credited to Comprehensive Transportation Fund	Motor Vehicle Related Sales Tax Amount Credited to Comprehensive Transportation Fund	Total Revenues[1]
2001	$159.2	$73.7	$232.9
2002	160.5[2]	66.1[3]	226.6
2003	162.3[2]	79.4	241.8
2004	166.4[4]	65.0[6]	231.3
2005	167.3	56.9[6] [7]	224.3
2006[5]	170.8	65.4[8]	236.2

(1) Line items may not add to totals due to rounding. As a result of the exclusion of transfers from the General Fund of a portion of the motor carrier fees, which are not constitutionally restricted, and investment earnings, Total Revenues shown above do not equal Total Revenues for the Comprehensive Transportation Fund in Appendix I.

(2) Pursuant to Executive Order #2001-9 of the Governor, $48 million in Transportation Fund revenues were allocated for billings from the Departments of Treasury ($8 million) and State ($40 million) to cover collection costs previously paid from the State's General Fund. Actual expenditures were $47 million, resulting in a $4.7 million reduction of revenue to the Comprehensive Transportation Fund. The $48 million was also included in the Fiscal Year 2003 budget.

(3) Amount reflects decreases pursuant to Executive Order #2001-9. See paragraph immediately following Table 8 herein.

(4) The apportionment of Michigan Transportation Fund (MTF) money distributed to the Comprehensive Transportation Fund was reduced by $10 million in Fiscal Year 2004 in accordance with Act 151 P.A. of 2003. The $10 million was given to the State Trunk Line Fund for capacity improvements to state trunk lines.

(5) Estimated. There can be no assurance that actual revenues will be generated in the amounts shown.

(6) Act 139 P.A. of 2003 ("Act 139") reduced the percentage of sales tax given to the Comprehensive Transportation Fund from 27.9% to 24% of 25% of the sales tax imposed at a rate of 4% for the fiscal years 2004 and 2005. This resulted in $10.6 and $10.9 million sales tax revenue reductions to the Comprehensive Transportation Fund in Fiscal Years 2004 and 2005, respectively.

(7) The sales tax revenue distributed to the Comprehensive Transportation Fund was reduced by an additional $10 million in Fiscal Year 2005 in accordance with Act 544 P.A. of 2004 ("Act 544").

(8) Act 69 P.A. of 2006 ("Act 69") will reduce the amount deposited into the Comprehensive Transportation Fund by $11.1 million in Fiscal Year 2006.

SOURCE: Fiscal years 2001-2005: Michigan Department of Management and Budget, Annual Financial Reports and annual reports of MDOT.
Fiscal year 2006: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

NOTE: This is a summary table. See footnotes to component tables that follow in this section.

Sources of Constitutionally Restricted Revenues of the Transportation Fund

This section describes the sources of constitutionally restricted revenues allocated by Act 51 to the Transportation Fund. The money credited to the Transportation Fund is held by the Michigan Department of Treasury as part of the State Treasurer's Common Cash Fund. A portion of the revenue of the Transportation Fund is credited to the Comprehensive Transportation Fund and, together with other constitutionally restricted moneys credited to the Comprehensive Transportation Fund, is irrevocably pledged on a first lien basis for debt service on the Bonds, the Outstanding Bonds, and any Additional Bonds. (See "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION.")

The sources of constitutionally restricted revenues allocated by Act 51 to the Transportation Fund include motor vehicle fuel taxes, motor vehicle registration taxes, and miscellaneous fees. The sources of constitutionally restricted revenues of the Transportation Fund, including amounts transferred from the Transportation Fund to the Comprehensive Transportation Fund, but excluding investment earnings, for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for the fiscal year ending September 30, 2006, are set forth in Table 2. Each revenue source is described in more detail in the subsections which follow the table.

Table 2

Constitutionally Restricted Revenues of the Michigan Transportation Fund Fiscal Years 2001-2006 (in millions)

Fiscal Year Ended September 30	Motor Fuel Taxes	Registration Taxes	Misc. Fees	Total Revenues(1)	Portion Transferred to Comprehensive Transportation Fund(2)
2001	$1,067.6	$777.9	$54.7	$1,900.2	$159.2
2002	1,082.8	827.3	58.0	1,968.1	160.5(3)
2003	1,093.2	844.7	56.7	1,994.5	162.3(3)
2004	1,073.3	933.8	51.4	2,058.4	166.4
2005	1,069.1	863.4	37.3(4)	1,968.8	167.3
2006(5)	1,071.6	892.0	42.5	2,006.2	170.8

(1) Line items may not add to totals due to rounding. As a result of the exclusion of transfers from the General Fund of a portion of the motor carrier fees, which are not constitutionally restricted, and investment earnings, Total Revenues shown above do not equal Total Revenues for the Michigan Transportation Fund shown in Appendix I.
(2) Excludes investment earnings.
(3) Pursuant to Executive Order #2001-9 of the Governor, $48 million in Transportation Fund revenues were allocated for billings from the Departments of Treasury ($8 million) and State ($40 million) to cover collection costs previously paid from the State's General Fund. Actual expenditures were $47 million, resulting in a $4.7 million reduction of revenue to the Comprehensive Transportation Fund. The $48 million was also included in Fiscal Year 2003 budget.
(4) The expeditious treatment fee and the registration fees deposited into the Michigan Transportation Fund were redirected to the transportation administration collection fund in accordance with Act 141 P.A. of 2005 ("Act 141"), to pay costs of collection of these fees and taxes.
(5) Estimated. There can be no assurance that actual revenues will be generated in the amounts shown.

SOURCE: Fiscal years 2001-2005: Michigan Department of Management and Budget, Annual Financial Reports and annual reports of MDOT.
Fiscal year 2006: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

NOTE: This is a summary table. See footnotes to component tables that follow in this Section.

Each of the sources of constitutionally restricted revenues of the Transportation Fund is described below.

Motor Fuel Taxes

Motor fuel taxes ("Motor Fuel Taxes") include specific State taxes imposed upon the sale of gasoline, diesel fuel and liquefied petroleum gas ("LPG") used to propel motor vehicles on highways (collectively "Motor Fuel") but do not include general sales and use taxes imposed on Motor Fuel. Prior to January 1, 1993, Motor Fuel Taxes were collected from licensed wholesale distributors of gasoline and retailers of diesel fuel. Legislation was adopted on October 15, 1992, which modified the method of imposing and collecting Motor Fuel Taxes (other than "LPG") and which became effective January 1, 1993. Under this legislation "suppliers" (which include importers of Motor Fuel into the State via pipeline into terminals and refiners who produce Motor Fuel within the State) are required to file monthly reports with the Michigan Department of Treasury on or before the 20th day of each month following the close of the report period, showing the number of gallons of gasoline or diesel motor fuel received from the terminal in this State, the amount sold tax-exempt to wholesale distributors with exemption certificates and other purchasers, and other supporting information. Suppliers are responsible for payment of these taxes net of exempt sales. In computing the tax, an evaporation and loss allowance of 2% of the quantity of gasoline received by the supplier before October 1, 1997 and 1.5% received by the supplier after September 30, 1997 is deducted by the supplier. A deduction for certain uncollectible sales to wholesale distributors, retail dealers or other purchasers is also permitted in certain situations. There are approximately 67 licensed suppliers in the State. The forms and other supporting information filed by such suppliers are subject to monthly internal review by the Department of Treasury. The Department of Treasury is empowered to audit those suppliers, which for the most part, represent major oil companies and distribute approximately 95% of the Motor Fuel sold in Michigan. Taxes on LPG will continue to be collected and paid on a quarterly basis (by the 20th of the month following the close of the report period) at the retail level by the licensed dealer.

The Motor Fuel Tax is imposed at a cents-per-gallon rate. Effective August 1, 1997, in accordance with Act 83 of the Michigan Public Acts of 1997, the tax imposed on gasoline was increased from 15 cents to 19 cents per gallon, and the tax imposed on diesel motor fuel was set at a flat 15 cents per gallon rate. The Comprehensive Transportation Fund does not receive any portion of the August 1997 gas tax increase.

Effective April 1, 2001, Act 403 of 2000 repealed and replaced Act 150 of 1927. Act 403 neither increased nor decreased motor fuel tax rates. It did, however, implement a dyed diesel fuel program, clarify the manner of imposition and collection of motor fuel taxes, and impose additional licensing and reporting requirements.

Effective April 1, 2003, the motor fuel carrier tax rate under Act 119 of 1980 as amended was lowered to 15 cents per gallon and the sales tax credit for motor carriers was repealed. The 6-cent per gallon discount under Act 403 of 2000, as amended, on the diesel tax at the pump for motor carriers also ended. The 6-cent reduction in the Motor Carrier Fuel Tax Act is offset by a new 6 percent use tax on diesel fuel purchases by interstate motor carriers. Originally, the 6 percent use tax was earmarked to the use tax. However, pursuant to changes in the Streamlined Sales Tax Agreement, the 6 percent tax on interstate motor carrier diesel fuel purchases can no longer be earmarked to the use tax. Beginning September 1, 2004, the 6 percent use tax is now earmarked to the Michigan Transportation Fund.

Motor Fuel Tax rates and revenues for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for the fiscal year ending September 30, 2006, are set forth below.

Table 3

Motor Fuel Tax Revenues
Fiscal Years 2001-2006
(in millions)

Fiscal Year Ended September 30	Gasoline Tax Revenue	Diesel Tax Revenue	LPG Tax Revenue	Total Motor Fuel Tax Revenues[(2)]
2001	$933.5	$133.1	$1.0	$1,067.6
2002	938.9	143.0	0.9	1,082.8
2003	935.7	156.9	0.6	1,093.2
2004	932.1	140.5	0.6	1,073.3
2005	922.4	146.3	0.5	1,069.1
2006[(1)]	918.0	153.0	0.6	1,071.6

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(1) Estimated. There can be no assurance that actual revenues will be generated in the amount shown. A number of factors, including but not limited to consumption changes resulting from increased gasoline prices, could impact future results.
(2) Line items may not add to total due to rounding.

SOURCE: Fiscal years 2001-2005: Michigan Department of Management and Budget, Annual Financial Reports and annual reports of MDOT.
Fiscal year 2006: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

A number of factors, including but not limited to consumption changes resulting from increased gasoline prices, could impact future motor fuel tax revenues.

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Motor vehicle fuel consumption (excluding LPG) for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for the fiscal year ending September 30, 2006, are set forth below.

Table 4

Motor Vehicle Fuel Consumption[1]
Fiscal Years 2001-2006
(millions of gallons taxed)

Fiscal Year Ended September 30	Gasoline[2]	% Annual Increase	Diesel Fuel	% Annual Increase	Total Fuels	% Annual Increase	Diesel Fuel as % of Total Fuel Consumed
2001	5,041.3	1.7%	901.9	(0.9)%	5,943.2	1.3%	15.2%
2002	4,998.0	(0.9)	913.3	1.3	5,911.3	(0.5)	15.5
2003	5,049.7	1.0	972.1	6.4	6,021.8	1.9	16.1
2004	4,993.7	(1.1)	1,076.1	10.7	6,069.8	0.8	17.7
2005	4,927.5	(1.3)	944.4	(2.6)	5,871.9	(1.5)	16.1
2006[3]	4,904.2	(0.5)	987.6	4.6	5,891.8	0.3	16.8

(1) The fuel consumption reported in this table when multiplied by the tax per gallon does not precisely track the tax revenues reported in Table 2 and Table 12 because of timing differences and refunds paid out.
(2) Gallons of gasoline taxed includes gasohol.
(3) Estimated. There can be no assurance that actual consumption will be realized in the amount shown. A number of factors, including but not limited to consumption changes resulting from increased gasoline prices, could impact future results.

SOURCE: Fiscal years 2001-2005: MDOT, based on Michigan Department of Treasury, Motor Fuel Consumption Report.
Fiscal year 2006: MDOT.

A number of factors, including but not limited to consumption changes resulting from increased gasoline prices, could impact future motor fuel tax revenues.

Motor Vehicle Registration Taxes

A Motor Vehicle Registration Tax (the "Registration Tax") is paid by the owner of each registered motor vehicle at the time license plates are issued by the Michigan Department of State. Registration Tax receipts are deposited daily and promptly credited to the Transportation Fund. The Registration Taxes on trucks and other commercial vehicles are established by legislative formulae generally based on vehicle weight.

Since October 1, 1983, the tax basis for passenger vehicles has been a value basis. Such vehicles are taxed at the rate of 0.5% of base purchase price, or value if purchased out of State, with a descending scale for the second, third and fourth years at 90% of the previous year's rate and with the rate thereafter fixed at the rate for the fourth year. Reduced Registration Taxes are charged on farm vehicles, hearses, ambulances, public service vehicles and historical vehicles, among others.

The number of registered vehicles for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for fiscal year ending September 30, 2006, are set forth below.

Table 5

Registered Motor Vehicles
Fiscal Years 2001-2006
(in thousands)

Fiscal Year Ended September 30	Passenger Vehicles	Commercial Vehicles	Other Vehicles[1]	Total Vehicles[2]	% Annual Increase
2001	6,403	1,991	1,364	9,758	0.6%
2002	6,462	2,013	1,411	9,886	1.3
2003	6,481	2,003	1,442	9,926	0.4
2004	6,646	1,692	1,353	9,692	(2.4)
2005	6,907	1,281	508	8,695	(10.3)
2006[3]	6,659	1,113	525	8,297	(4.6)

(1) Act 152 P.A. of 2003 ("Act 152") replaced the annual registration of trailers with a one-time permanent registration.
(2) Line items may not add to total due to rounding.
(3) Estimated. There can be no assurance that actual registrations will be realized in the amounts shown.

SOURCE: Fiscal years 2001-2005: MDOT and Michigan Department of State Annual Motor Vehicle Registration Report.
Fiscal year 2006: MDOT and Michigan Department of State.

The Registration Tax revenues for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for fiscal year ending September 30, 2006, are set forth below. PA 152 of 2003 instituted a permanent lifetime trailer fee effective in fiscal year 2004. This resulted in a one-time increase in registration fees in fiscal year 2004. The revenue for fiscal year 2005 and estimated revenue for fiscal year 2006 are lower than fiscal year 2004 for trailer registration revenue.

Table 6

Motor Vehicle Registration Tax Revenues[1]
Fiscal Years 2001-2006
(in millions)

Fiscal Year Ended September 30	Passenger Vehicles	Commercial Vehicles	Other Vehicles[2]	Total Vehicles	% Annual Increase
2001	$483.6	$262.5	$30.6	$776.7	2.5%
2002	506.9	283.9	34.0	824.8	6.2
2003	528.0	286.1	33.4	847.5	2.8
2004	541.2	266.9	126.2	934.3	10.3
2005	585.5	243.5	33.1	862.1	(7.7)
2006[3]	614.6	249.4	28.0	892.0	3.5

(1) Registration Tax Revenues shown above differ from Registration Taxes as shown in Table 2 and Table 12 due to the Michigan Department of State reporting on a cash basis in contrast to the State Department of Management and Budget reporting on an accrual basis.
(2) Act 152 replaced the annual registration of trailers with a one-time permanent registration.
(3) Estimated. There can be no assurance that the actual revenues will be generated in the amounts shown.

SOURCE: Fiscal years 2001-2005: MDOT and Michigan Department of State Annual Vehicle Registration Report.
Fiscal year 2006: MDOT and Michigan Department of State.

Miscellaneous Fees

Miscellaneous Fees include motor vehicle title fees, special license plate registration taxes (not based on vehicle weight, purchase price or value), and license plate transfer fees paid by the vehicle owner to the Michigan Department of State. The title and license plate transfer fees are usually occasioned by the purchase of a new or used vehicle. Upon receipt by the Michigan Department of State, such funds are deposited daily and promptly credited to the Transportation Fund. Miscellaneous fees for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for the fiscal year ending September 30, 2006, are set forth below.

Table 7

Miscellaneous Fee Revenues
Fiscal Years 2001-2006
(in millions)

Fiscal Year Ended September 30	Miscellaneous Fees
2001	$54.7
2002	58.0
2003	56.7
2004	51.4
2005	37.3[(1)]
2006[(2)]	42.5

(1) The expeditious treatment fee and the registration fees deposited into the Michigan Transportation Fund were redirected to the transportation administration collection fund in accordance with Act 141, to pay costs of collection of these fees and taxes.
(2) Estimated. There can be no assurance that the actual revenues will be generated in the amount shown.

SOURCE: Fiscal years 2001-2005: Michigan Department of Management and Budget, Annual Financial Report and annual reports of MDOT.
Fiscal year 2006: MDOT.

Sources of Motor Vehicle Related Sales Tax

On the 20th day of each month, the Department of Treasury collects a 6% sales tax on all retail sales, except sales of food and prescription drugs. Of this 6%, 2% is constitutionally allocated for aid to education. A portion of the remaining sales tax collected on sales of motor vehicles, motor vehicle fuels and motor vehicle parts and accessories ("Motor Vehicle Related Sales Tax") by car dealerships, dealers of motor vehicle accessories, and gasoline station owners and operators is deposited in the Comprehensive Transportation Fund. The Department of Treasury lists Motor Vehicle Related Sales Taxes by the following business classifications: new and used cars, accessory dealers and gasoline stations. Motor Vehicle Related Sales Tax revenues for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for the fiscal year ending September 30, 2006, all reported on a cash basis, are set forth below.

Table 8

Motor Vehicle Related Sales Taxes
Fiscal Years 2001-2006(1)
(in millions)

Fiscal Year Ended September 30	New and Used Cars	Accessory Dealers	Gasoline Stations	Total(2)
2001	$668.5	$51.0	$337.5	$1,057.0
2002	761.5	53.0	315.5	1,130.0
2003	750.3	53.7	334.9	1,138.9
2004	662.0	55.6	365.1	1,082.7
2005	610.2	57.8	447.3	1,115.4
2006(3)	683.1	54.1	359.6	1,096.8

(1) Excludes additional 2% Sales Tax constitutionally allocated to education purposes.
(2) Line items may not add to total due to rounding.
(3) Estimated. There can be no assurance that actual revenues will be generated in the amounts shown.

SOURCE: Fiscal years 2001-2005: MDOT and Michigan Department of Treasury, Sales Tax Collection by Type of Business Report.
Fiscal year 2006: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

Act 167 P.A. of 1933, as amended ("Act 167"), provides that, after deducting the costs of collections and 75% of the total sales tax collections to be transferred to certain specified funds and accounts (other than the Comprehensive Transportation Fund) pursuant to said Act, 27.9% of the remaining balance of the Motor Vehicle Related Sales Tax revenues will be deposited in the State Treasury and credited to the Comprehensive Transportation Fund. For fiscal year 2001-2002 only, this 27.9% was reduced by $12,750,000 pursuant to Executive Order #2001-9 issued by the Governor as part of the Governor's actions taken to balance the State's fiscal year budget. The sales tax deposited in the Comprehensive Transportation Fund reflects the $12,750,000 reduction in the tables throughout this document; the sales tax reported in the State of Michigan Comprehensive Annual Financial Report does not.

Act 139 P.A. of 2003 ("Act 139") reduced the percentage of sales tax given to the Comprehensive Transportation Fund. The previous formula required that not less than 27.9% of 25% of the sales tax imposed at a rate of 4% be given to the Comprehensive Transportation Fund. Act 139 changed the percentage from 27.9% to 24% for the fiscal years 2004 and 2005. This resulted in $10.6 and $10.9 million sales tax revenue reductions to the Comprehensive Transportation Fund in Fiscal Years 2004 and 2005. The current proposal is to extend the sunset date of Act 139 to September 30, 2007.

Act 544 P.A. of 2004 included an additional $10.0 million sales tax revenue reduction to the Comprehensive Transportation Fund in Fiscal Year 2005.

The following table illustrates the trend of Motor Vehicle Related Sales Taxes, the amounts available for allocation and the amounts credited to the Comprehensive Transportation Fund for the fiscal years ended September 30, 2001 through September 30, 2005 and estimates for the fiscal year ending September 30, 2006.

Table 9

**Allocation of
Motor Vehicle Related Sales Tax Revenues
Fiscal Years 2001-2006
(in millions)**

Fiscal Year Ended September 30	Motor Vehicle Related Sales Taxes(1)	Amount Available for Allocation(2)	Amount Allocated to Comprehensive Transportation Fund
2001	$1,057.0	$264.3	$73.7
2002	1,130.0	282.5	66.1(3)
2003	1,138.9	284.7	79.4
2004	1,082.7	270.7	65.0(4)
2005	1,115.4	278.8	56.9(4) (5)
2006(6)	1,096.8	274.2	65.4(7) (8)

(1) Excludes additional 2% Sales Tax constitutionally allocated to education purposes.
(2) Twenty-five percent of total Motor Vehicle Related Sales Taxes is available for allocation to the Comprehensive Transportation Fund.
(3) Amount reflects decreases pursuant to Executive Order #2001-9. See paragraph immediately following Table 8 herein.
(4) Act 139 reduced the percentage of sales tax given to the Comprehensive Transportation Fund from 27.9% to 24% of 25% of the sales tax imposed at a rate of 4% for the fiscal years 2004 and 2005. This resulted in $10.6 and $10.9 million sales tax revenue reductions to the Comprehensive Transportation Fund in Fiscal Year 2004 and 2005, respectively.
(5) The sales tax distributed to the Comprehensive Transportation Fund was reduced by an additional $10.0 million in Fiscal Year 2005 in accordance with Act 544.
(6) Estimated. There can be no assurance that actual revenues will be generated in the amounts shown.
(7) For Fiscal Year 2006, not less than 27.9% of the money available for allocation shall be deposited into the Comprehensive Transportation Fund.
(8) Act 69 will reduce the amount deposited into the Comprehensive Transportation Fund by $11.1 million in Fiscal Year 2006.

SOURCE: Fiscal years 2001-2005: MDOT and Michigan Department of Treasury, Sales Tax Collection by Type of Business Report.
Fiscal year 2006: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

STATEMENT OF OUTSTANDING BONDS

The following table shows the amounts of State bonds issued under Section 18b of Act 51 payable from the Comprehensive Transportation Fund and the State Trunk Line Fund and outstanding as of the close of fiscal years ended September 30, 2001 through September 30, 2005 and estimates as of June 1, 2006, assuming the Bonds have been issued. The table excludes the Refunded Bonds:

Table 10

Act 51 Bonds as of September 30, 2001-2005 and Pro Forma as of June 1, 2006[(6)] (in thousands)[(1)]

Amounts Outstanding September 30[(2)]

	2001	2002	2003	2004	2005	Pro Forma as of June 1, 2006[(6)]
Comprehensive Transportation Bonds[(3)]						
Outstanding Bonds[(4)]	$ 193,445	$ 260,615	$ 283,980	$ 267,655	$ 249,170	$ 213,340
The Bonds	--	--	--	--	--	53,685
State Trunk Line Fund Bonds[(5)]	928,052	912,596	891,770	1,055,645	1,402,587	1,382,012
Total	$1,121,497	$1,173,211	$1,175,750	$1,323,300	$1,651,757	$1,649,037

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(1) The numbers in this table differ from the debt numbers shown in Appendix I because the numbers shown here include the accreted value of capital appreciation bonds, while those in Appendix I show the original principal amount of capital appreciation bonds.
(2) Does not include $172 million in grant anticipation notes outstanding in four series as of September 30, 2005 secured by Federal Highway Administration Grant revenues and amortizing on September 15 in the years 2006 through 2009.
(3) Secured by Comprehensive Transportation Fund revenues.
(4) Not including the Refunded Bonds.
(5) Secured by State Trunk Line Fund revenues. Does not include previously refunded bonds.
(6) Not including the Prior Bonds.

SOURCE: MDOT.

DEBT SERVICE ON THE OUTSTANDING BONDS AND THE BONDS

The debt service requirements for the Bonds and the Outstanding Bonds (excluding the Prior Bonds* and the Refunded Bonds) which will constitute all bond debt service payable from the Comprehensive Transportation Fund upon the issuance of the Bonds are set forth on the table below.

Table 11

Comprehensive Transportation Fund
Annual Debt Service Requirements for the Outstanding Bonds and the Bonds
Fiscal Years 2006-2031

Ending September 30	Debt Service on Outstanding Bonds	Debt Service on Prior Bonds(2)	The Bonds			Total Debt Service on the Outstanding Bonds (Excluding the Prior Bonds) and the Bonds(1)
			Principal Requirements	Interest	Total Debt Service	
2006	$31,607,232	$ 468,709				$31,138,523
2007	31,628,996	2,192,418	$1,410,000	$2,313,064	$3,723,064	33,159,642
2008	31,678,834	984,668	215,000	2,407,219	2,622,219	33,316,385
2009	31,687,866	984,168	220,000	2,398,619	2,618,619	33,322,317
2010	31,678,977	983,303	230,000	2,389,819	2,619,819	33,315,493
2011	31,675,022	982,063	235,000	2,380,619	2,615,619	33,308,578
2012	18,227,401	6,000,500	5,265,000	2,371,219	7,636,219	19,863,119
2013	18,144,588	5,970,125	5,445,000	2,160,619	7,605,619	19,780,081
2014	18,129,950	5,957,150	5,650,000	1,942,819	7,592,819	19,765,619
2015	12,177,025		1,105,000	1,716,819	2,821,819	14,998,844
2016	12,171,075		1,155,000	1,672,619	2,827,619	14,998,694
2017	12,174,213		1,195,000	1,626,419	2,821,419	14,995,631
2018	12,170,175		1,250,000	1,577,125	2,827,125	14,997,300
2019	12,168,037		1,315,000	1,514,625	2,829,625	14,997,662
2020	12,171,475		1,375,000	1,448,875	2,823,875	14,995,350
2021	12,178,363		1,440,000	1,380,125	2,820,125	14,998,488
2022	12,171,550		1,520,000	1,308,125	2,828,125	14,999,675
2023	2,618,512		140,000	1,232,125	1,372,125	3,990,637
2024			2,770,000	1,226,000	3,996,000	3,996,000
2025			2,910,000	1,087,500	3,997,500	3,997,500
2026			3,055,000	942,000	3,997,000	3,997,000
2027			3,210,000	789,250	3,999,250	3,999,250
2028			3,370,000	628,750	3,998,750	3,998,750
2029			3,535,000	460,250	3,995,250	3,995,250
2030			3,715,000	283,500	3,998,500	3,998,500
2031			1,955,000	97,750	2,052,750	2,052,750

(1) Excludes the Refunded Bonds and the Prior Bonds as defined under "SECURITY FOR THE BONDS – Outstanding Bonds and Additional Bonds."
(2) Includes only debt service which has been refunded by the Bonds. Debt service on the Prior Bonds for the 2006 fiscal year, which has already been paid, is included in the immediately preceding column.
Note: Totals may not add due to rounding.

SOURCE: MDOT.

*Upon the issuance of the Bonds, the Prior Bonds will be economically defeased, but not legally defeased under the resolutions authorizing their issuance. See "PLAN OF REFUNDING" and "SECURITY FOR THE BONDS" herein.

HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE ON THE BONDS AND THE OUTSTANDING BONDS

The following tables show the estimated coverage of maximum future annual debt service on the Bonds and the Outstanding Bonds (excluding the Prior Bonds* and the Refunded Bonds) by the audited revenues credited to the Comprehensive Transportation Fund, and the amounts of non-federal funds available, after payment of actual debt service, for the transportation programs of the Comprehensive Transportation Fund during the fiscal years ended September 30, 2001 through 2005 and estimates for the fiscal year ending September 30, 2006. (See "SECURITY FOR THE BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51 AND THE RESOLUTION.")

Table 12

Comprehensive Transportation Fund Historical Pro Forma Debt Service Coverage on the Bonds and the Outstanding Bonds (in millions)

	Fiscal Year Ended September 30					
Constitutionally Restricted Transportation Fund Revenues:	2001	2002	2003	2004	2005	2006[1]
Motor Fuel Taxes	$1,067.6	$1,082.8	$1,093.2	$1,073.3	$1,069.1	$1,071.6
Registration Taxes	777.9	827.3	844.7	933.8	863.4	892.0
Miscellaneous Fees	54.7	58.0	56.7	51.4	37.3	42.5
Total	$1,900.2	$1,968.1	$1,994.5	$2,058.4	$1,969.8	$2,006.2
Less Deductions:	132.0	173.4	176.8	110.9	125.4	113.4
Remaining Balance	$1,768.2	$1,794.7	$1,817.8	$1,947.6	$1,844.4	$1,892.7
Portion of Balance Credited to Comprehensive Transportation Fund (excluding interest)	$ 159.2	$ 160.5[2]	$ 162.3[2]	$ 166.4	$ 167.3	$ 170.8
Motor Vehicle Related Sales Taxes	$1,057.0	$1,130.0	$1,138.9	$1,082.7	$1,115.4	$1,096.8
Allocation to Comprehensive Transportation Fund	$ 73.7	$ 66.1[3]	$ 79.4	$ 65.0[6]	$ 56.9[6][7]	$ 65.4[8]
Constitutionally Restricted Revenues Available for Debt Service	$ 232.9	$ 226.6	$ 241.8	$ 231.3	$ 224.3	$ 236.2
Maximum Future Annual Debt Service on the Bonds and the Outstanding Bonds [4]	$33.3	$33.3	$33.3	$33.3	$33.3	$33.3
Debt Service Coverage	7.0x	6.8x	7.3x	6.9x	6.7x	7.1x[5]

(1) Estimated. There can be no assurance that the actual revenues will be realized in the amounts shown.
(2) Pursuant to Executive Order #2001-9 of the Governor, $48 million in Transportation Fund revenues were allocated for billings from the Departments of Treasury ($8 million) and State ($40 million) to cover collection costs previously paid from the State's General Fund. Actual expenditures were $47 million, resulting in a $4.7 million reduction of revenue to the Comprehensive Transportation Fund. The $48 million was also included in the Fiscal Year 2003 budget.
(3) Amount reflects decreases pursuant to Executive Order #2001-9. See paragraph immediately following Table 8 herein.
(4) Excludes the Prior Bonds and the Refunded Bonds as defined under "SECURITY FOR THE BONDS-Outstanding Bonds and Additional Bonds."
(5) Estimated.
(6) Act 139 reduced the percentage of sales tax given to the Comprehensive Transportation Fund from 27.9% to 24% of 25% of the sales tax imposed at a rate of 4% for the fiscal years 2004 and 2005. This resulted in $10.6 and $10.9 million sales tax revenue reductions to the Comprehensive Transportation Fund in Fiscal Years 2004 and 2005, respectively.
(7) The sales tax distributed to the Comprehensive Transportation Fund was reduced by an additional $10 million in Fiscal Year 2005 in accordance with Act 544.
(8) Act 69 will reduce the amount deposited into the Comprehensive Transportation Fund by $11.1 million in Fiscal Year 2006.

SOURCE: Fiscal Years 2001-2005: Michigan Annual Financial Report and annual reports of MDOT.
Fiscal year 2006: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

NOTE: Line items may not add to totals due to rounding.

Table 13

Comprehensive Transportation Fund
Funds Available For Program After Debt Service
(in millions)

	Fiscal year Ended September 30					
	2001	2002	2003	2004	2005	2006[1]
Constitutionally Restricted Revenues Available for Debt Service	$232.9	$226.6[3][4]	$241.8[4]	$231.3[5]	$224.3[5][6]	$236.2[7]
Actual Debt Service	21.7	21.4	23.6	30.3	28.9	31.1
Constitutionally Restricted Revenues Available After Debt Service	$211.2	$205.2	$218.2	$201.0	$195.3	$205.1
Additional Non-Federal Revenues [2]	3.5	1.1	1.4	3.6	5.0	2.3
Total Non-Federal Revenues Available After Debt Service for Program	$214.7	$206.3	$219.6	$204.6	$200.3	$202.8

(1) Estimated. There can be no assurance that the actual results will be realized in the amount shown.
(2) Includes investment earnings, loan repayments and miscellaneous revenues.
(3) Amount reflects decreases pursuant to Executive Order #2001-9. See paragraph immediately following Table 8 herein.
(4) Pursuant to Executive Order #2001-9 of the Governor, $48 million in Transportation Fund revenues were allocated for billings from the Departments of Treasury ($8 million) and State ($40 million) to cover collection costs previously paid from the State's General Fund. Actual expenditures were $47 million, resulting in a $4.7 million reduction of revenue to the Comprehensive Transportation Fund. The $48 million was also included in the Fiscal Year 2003 budget.
(5) Act 139 reduced the percentage of sales tax given to the Comprehensive Transportation Fund from 27.9% to 24% of 25% of the sales tax imposed at a rate of 4% for the fiscal years 2004 and 2005. This resulted in $10.6 and $10.9 million sales tax revenue reductions to the Comprehensive Transportation Fund in Fiscal Years 2004 and 2005, respectively.
(6) The sales tax distributed to the Comprehensive Transportation Fund was reduced by an additional $10 million in Fiscal year 2005 in accordance with Act 544.
(7) Act 69 will reduce the amount deposited into the Comprehensive Transportation Fund by $11.1 million in Fiscal Year 2006.

SOURCE: MDOT and Michigan Department of Treasury, Economic and Revenue Forecasting Division, Michigan Transportation Revenue Estimates.

SUMMARY OF CERTAIN PROVISIONS OF THE MICHIGAN CONSTITUTION, ACT 51, AND THE RESOLUTION

The following is a summary of certain provisions of the Michigan Constitution of 1963, Act 51, and the Resolution. This summary does not purport to be a complete statement of all provisions of the documents, and reference is made to said documents for a complete statement of the provisions thereof.

Transportation Tax Provisions of the Michigan Constitution

Section 9 of Article IX of the Michigan Constitution provides as follows:

> All specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and to propel aircraft and on registered motor vehicles and aircraft shall, after the payment of necessary collection expenses, be used exclusively for transportation purposes as set forth in this section.
>
> Not less than 90 percent of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and on registered motor vehicles shall, after the payment of necessary collection expenses, be used exclusively for the transportation purposes of planning, administering, constructing, reconstructing, financing, and maintaining state, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those state, county, city and village roads, streets and bridges.
>
> The balance, if any, of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and on registered motor vehicles, after the payment of necessary collection expenses; 100 percent of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel aircraft and on registered aircraft, after the payment of necessary collection expenses; and not more than 25 percent of the general sales taxes, imposed directly or indirectly on fuels sold to propel motor vehicles upon highways, on the sale of motor vehicles, and on the sale of the parts and accessories of motor vehicles, after the payment of necessary collection expenses; shall be used exclusively for the transportation purposes of comprehensive transportation purposes as defined by law.
>
> The legislature may authorize the incurrence of indebtedness and the issuance of obligations pledging the taxes allocated or authorized to be allocated by this section, which obligations shall not be construed to be evidence of State indebtedness under this constitution.

Act 51

Allocation of Tax Proceeds

Act 51 provides for the distribution of funds received by the State for transportation purposes. Section 10 of Act 51 requires that all moneys received and collected under: (a) Act 150, Public Acts of Michigan, 1927, as amended, being gasoline, diesel fuel and liquified petroleum gas taxes (see "SOURCES OF CONSTITUTIONALLY RESTRICTED REVENUES OF THE COMPREHENSIVE TRANSPORTATION FUND"), except a license fee provided in that act; (b) Sections 801 to 810 of Act 300, Public Acts of Michigan, 1949, as amended (Registration Taxes, title fees, special registration taxes and transfer fees) except a truck safety fund fee; and (c) Act 254, Public Acts of Michigan, 1933, as amended (taxes on trailers and common carriers) be deposited into the State Treasury to the credit of the Transportation Fund. Except for investment income or profit from investing moneys of the

Transportation Fund which are deposited therein, no other moneys from any source are deposited into the Transportation Fund. Act 51 also provides that the legislatively allocated portion of sales taxes on motor vehicle fuels, motor vehicles and motor vehicle parts and accessories be deposited directly into the Comprehensive Transportation Fund. Act No. 167 of the Public Acts of 1933, as amended, provides for the deposit into the Comprehensive Transportation Fund of 6.975% of the sales taxes on motor vehicle fuels, motor vehicles and motor vehicle parts and accessories. Such allocation is subject to reduction for the purposes, among others, of balancing the State's general fund budget.

Before distributions are made from the Transportation Fund pursuant to the formula outlined below, the following distributions must be made: (a) payment of the amounts appropriated by the legislature for the necessary expenses incurred in the collection and administration of the transportation taxes and enforcement of the statutes described in the section hereof entitled "SOURCES OF CONSTITUTIONALLY RESTRICTED REVENUES OF THE COMPREHENSIVE TRANSPORTATION FUND"; (b) payment of amounts equal to 2.0% of the net gasoline tax (excluding aircraft gasoline taxes), which are credited to the Recreational Improvement Fund and used to improve recreational facilities; and (c) payment of certain administration costs of the State's transportation system.

Subsequent to these initial distributions, moneys remaining in the Transportation Fund are apportioned and appropriated each fiscal year (except as otherwise provided) as follows:

(a) Not more than $3,000,000 as may be annually appropriated each fiscal year to the State Trunk Line Fund for subsequent deposit in the Railroad Grade Crossing Account.

(b) Not less than $3,000,000 each year to the Local Bridge Fund created pursuant to PA 384 of 2004 for the purpose of payment of the principal, interest and redemption premium on any notes or bonds issued by the State Transportation Commission under Section 11b of Act 51.

(c) Revenue from 3 cents of the tax levied under section 8(1)(a) of 2000 PA 403, MCL 207.1008, to the State Trunk Line Fund, county road commissions, and cities and villages in the percentages provided in subdivision (i).

(d) Revenue from 1 cent of the tax levied under section 8 of 2000 PA 403, MCL 207.1008, to the State Trunk Line Fund for repair of state bridges under Section 11 of Act 51; provided, however that for fiscal year 2005, a quarter-cent of the tax shall be redirected to the Local Bridge Fund for distribution to cities, villages and county road commissions and for subsequent fiscal years, a half-cent of the tax shall be redirected to the Local Bridge Fund for distribution to cities, villages and county road commissions.

(e) $43,000,000.00 to the State Trunk Line Fund for debt service costs on state of Michigan projects.

(f) 10% to the Comprehensive Transportation Fund.*

(g) $5,000,000 to the Local Bridge Fund.

(h) $36,775,000 to the State Trunk Line Fund for subsequent deposit in the Transportation Economic Development Fund, and with first priority for allocation to debt service on bonds issued to fund Transportation Economic Development Fund Projects. In addition, $3,500,000.00 is appropriated from the Michigan Transportation Fund to the State Trunk Line Fund for subsequent deposit in the Transportation Economic Development Fund to be used for

* Public Act 151 of 2003 provided for a one-time $10,000,000 transfer in fiscal year 2004 to the State Trunk Line Fund for capacity improvements to State Trunk Line highways.

economic development road projects in any of the targeted industries described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

(i) Not less than $33,000,000 as may be annually appropriated each fiscal year to the Local Program Fund created in Section 11e of Act 51.

(j) The balance of the Michigan Transportation Fund as follows, after deduction of the amounts appropriated in subparagraphs (a) through (i):

(i) 39.1% to the State Trunk Line Fund for purposes described in Section 11 of Act 51.

(ii) 39.1% to the county road commissions of the State.

(iii) 21.8% to the cities and villages of the State.

Use of Pledged Specific Taxes and Limitations

Section 10e of Act 51 provides that moneys deposited in the Comprehensive Transportation Fund are appropriated for specific purposes in order of priority and that the first priority is to pay, but only from money restricted as to use by Section 9 of Article IX of the Michigan Constitution, the principal of and interest on bonds or notes issued under Section 18b of Act 51 for Comprehensive Transportation Purposes which have pledged for their payment monies deposited in the Comprehensive Transportation Fund. A sufficient portion of the Comprehensive Transportation Fund is irrevocably appropriated to pay, when due, the principal of and interest on those bonds and notes.

Issuance of Bonds and Notes

The State may borrow money and issue bonds or notes pursuant to Section 18b of Act 51 for the following transportation purposes:

(a) To pay all or any portion of, or to make loans, grants, or contract payments to pay all or any portion of any capital costs for the purposes described in Section 9 of Article IX of the Michigan Constitution, including Comprehensive Transportation Purposes.

(b) To pay the principal or the principal and interest on notes issued for transportation purposes.

(c) If the Commission considers refunding to be expedient, to refund bonds payable from moneys in the State Trunk Line Fund or the Comprehensive Transportation Fund or received or to be received from the Transportation Fund regardless of when the refunded bonds were issued, by the issuance of new bonds, whether or not the bonds to be refunded have matured or are subject to prior redemption or are to be paid, redeemed, or surrendered at the time of issuance of the refunding bonds; and to issue new bonds partly to refund bonds or pay notes then outstanding and partly for any other transportation purpose authorized by Act 51.

(d) To pay all costs relating to the issuance of bonds permitted by Section 18b of Act 51 including funding debt service reserves.

In addition Act 51 permits issuance by the State of notes payable from moneys deposited in the Comprehensive Transportation Fund subject to the same limitations on the amount that may be issued as are applicable to the issuance of bonds. The State may issue notes in anticipation of the issuance of bonds, and in anticipation of grants which, to the extent they do not pledge the deposits in the Comprehensive Transportation Fund, are not subject to the debt service limitations described below. Any bonds to be issued to pay such notes would, however, be subject to such limitations.

Bonds or notes issued for Comprehensive Transportation Purposes under Section 18b can be issued only after authorization by resolution of the Commission, which resolution shall contain, among other items, an irrevocable pledge providing for the payment of all or part of the principal and interest on such bonds or notes from moneys restricted as to use by Section 9 of Article IX of the Michigan Constitution and which are deposited or to be deposited in the Comprehensive Transportation Fund.

The State may issue bonds or notes under Section 18b for Comprehensive Transportation Purposes and payable from moneys deposited to the Comprehensive Transportation Fund, only to the extent that the maximum annual debt service on bonds or notes issued under Section 18b for Comprehensive Transportation Purposes (excluding any bonds which have been refunded or for the refunding of which refunding bonds have been sold, and excluding debt service not payable from the Comprehensive Transportation Fund) does not exceed 50% of the total amount of money constitutionally restricted to use for transportation purposes and deposited in the Comprehensive Transportation Fund during the State fiscal year (October 1 to September 30) immediately preceding the issuance of the bonds or notes.

Act 51 allows the State to utilize techniques such as grant anticipation notes and variable rate demand bonds in its transportation financing program. If such bonds or notes are subject to payment or purchase on demand or prior to maturity at the option of the holder, and the obligation of the State to make payment or effect purchases on demand or prior to maturity, at the option of the holder is limited to the proceeds of one or more additional security devices (such as letters of credit or bond purchase agreements) and is not payable from constitutionally restricted funds deposited in the Comprehensive Transportation Fund, then, for purposes of computing maximum annual principal and interest requirements as described in the preceding paragraph, the principal and interest on the bonds or notes subject to payment or purchase on demand or prior redemption at the option of the holder shall be disregarded and the maximum annual principal and interest requirements which would arise with respect to the repayment of the proceeds of the additional security device shall be substituted therefor.

Section 18l of the Act permits the borrowing of funds in anticipation of the receipt of federal aid under the Intermodal Surface Transportation Efficiency Act of 1991, also under a resolution consistent with the requirements of Section 18b.

The Resolution

Establishment of Funds

The Resolution requires the establishment of the following funds and accounts in the State Treasury: (a) the 2006 Comprehensive Transportation Bond Proceeds Fund (the "2006 Bond Proceeds Fund") and (b) the "2006 Bond Payment Account" in the combined Comprehensive Transportation Bond and Interest Redemption Fund (the "Bond Payment Fund"). The Resolution provides that the proceeds of the sale of the Bonds shall be deposited as follows:

A. All accrued interest received on delivery of the Bonds shall be deposited in the 2006 Bond Payment Account and used to pay interest on the Bonds on the first interest payment date.

B. The balance of the net proceeds shall be deposited in the 2006 Bond Proceeds Fund and used, together with investment earnings thereon, to pay costs related to the issuance of the Bonds, the costs of the Comprehensive Projects and the refunding of the Prior Bonds and, as the Director may direct, rebate obligations to the United States Government.

In accordance with Act 51, the Resolution creates an irrevocable pledge for the payment of the principal of and interest on the Bonds as the same become due, of sufficient moneys restricted as to use by Section 9 of Article IX of the Michigan Constitution and deposited by law in the Comprehensive Transportation Fund. The pledge creates a first lien against the moneys so deposited in the Comprehensive Transportation Fund for the payment of principal of and interest on the Bonds, on a parity with the debt service requirements on the Outstanding Bonds and any Additional Bonds which may hereafter be issued under the conditions and limitations prescribed in Act 51. The Resolution provides that there shall be deposited into the 2006 Bond Payment Account sufficient moneys (together with funds then on deposit in the account) allocated to the Comprehensive Transportation Fund to pay, as the same become due by maturity or redemption prior to maturity or otherwise, the principal, redemption premiums, if any, and interest on the Bonds, and sufficient amounts to pay the fees and expenses of the Transfer Agent. On or before each date specified for the payment of principal, premium, if any, and/or interest on the Bonds, the State Treasurer shall transfer from the 2006 Bond Payment Account sufficient immediately available funds to pay the principal, premium, if any, and/or interest, respectively, due, whether by maturity, redemption prior to maturity, or otherwise, on such date, to the Transfer Agent or the holders of the Bonds if the State Treasurer is the acting Transfer Agent. Periodically, the State Treasurer shall pay the fees and expenses of the Transfer Agent, if any, from the 2006 Bond Payment Account.

Moneys in the 2006 Bond Payment Account shall, if deposited therein prior to the date they are required to be transferred to the Transfer Agent or paid to the holders of the Bonds, be held as part of the State's Common Cash Fund, and as nearly as may be practicable, be continuously invested and reinvested by the State Treasurer in such investments as are permitted and authorized by law and described below. Investments of moneys in the 2006 Bond Payment Account shall be deemed at all times to be part of the 2006 Bond Payment Account, and the interest accruing thereon and any loss or profit realized from such investment shall be applied to the 2006 Bond Payment Account. Permitted investments include:

(1) Certificates of deposit of eligible financial institutions.

(2) Bonds, notes, and other evidences of indebtedness of the United States Government and its agencies (or funds composed of such obligations or fully collateralized repurchase agreements with respect thereto).

(3) Prime commercial paper.

(4) Emergency loans to municipalities.

Investments of money in the 2006 Bond Proceeds Fund and the interest accruing thereon and any loss or profit realized from such investment shall be applied to the appropriate account in the 2006 Bond Proceeds Fund.

Designation, Removal, Resignation and Replacement of Transfer Agent

The Resolution provides that so long as the Bonds remain in the book-entry-only system, the State Treasurer (or a bank or trust company appointed by the State Treasurer) shall perform the duties of Transfer Agent for the Bonds. In the event DTC discontinues the book-entry-only system or the Director determines that the continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners of the Bonds, or the State, the Director will notify the Transfer Agent and the Transfer Agent will direct DTC to make Bond certificates available to the Beneficial Owners through DTC. In such event, the Transfer Agent shall transfer and exchange Bonds as requested by DTC of like tenor, principal amount, series, maturity and interest rate in authorized denominations to the identifiable Beneficial Owners in replacement of the beneficial interests of such Beneficial Owners in the Bonds. In addition, the State Treasurer shall, in such event, appoint a successor Transfer Agent.

Any Transfer Agent other than the State Treasurer may resign by giving not less than 90 days prior written notice to the State Treasurer, and the State Treasurer may remove the successor Transfer Agent by giving not less than 90 days prior written notice to the successor Transfer Agent, but no resignation shall be effective until the appointment of a successor Transfer Agent. In such event, the State Treasurer shall designate a successor Transfer Agent and shall mail notice of the appointment of the successor Transfer Agent to each registered owner of the Bonds not less than 60 days prior to the first interest payment date for which the appointment is effective. Upon the appointment of a successor Transfer Agent, the predecessor Transfer Agent shall transfer all money and funds, the registration books, and all other documents and instruments relating to the Bonds held by it as Transfer Agent to the successor Transfer Agent.

Amendment of the Resolution

The Resolution provides that the Commission and the Director may amend the Resolution, without the consent of the holders of any Bonds, (i) to increase or decrease the amount of Bonds which may be issued thereunder, (ii) to provide for the issuance of Bonds thereunder to refund any Bonds then outstanding thereunder (iii) to cure any ambiguity or formal defect in the form of the Resolution, (iv) to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes and (v) to make any other changes therein determined in good faith by the Commission to be not to the detriment of the holders of the Bonds.

Exclusive of amendments undertaken pursuant to the preceding paragraph, the holders of not less than 51% in the aggregate principal amount of the Bonds outstanding shall have the right to consent to the adoption by the Commission and the Director of such amendments to the Resolution as shall be deemed necessary and desirable by the Commission and the Director, provided, however, that nothing contained in the Resolution permits, or should be construed as permitting, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest or principal appreciation thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to an amendment to the Resolution. With respect to any Insured Bond, the Resolution provides that the consent of the Bond Insurer shall constitute consent of the holder of such Insured Bond for purposes of this paragraph.

If the Commission and the Director shall propose to adopt an amendment to the Resolution requiring consent of the Bondholders, the Director shall have notice of the proposed adoption of the amendment mailed to each registered holder at the registered address as shown on the registration books kept by the Transfer Agent. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal office of the Transfer Agent for inspection by all Bondholders. If within six months following the mailing of such notice, the Bond Insurer and the holders of not less than 51% in aggregate principal amount of the Bonds outstanding (determined as provided in the Resolution) at the time of the mailing of such notice consent in writing to the adoption thereof, upon the adoption of the Amendment to the Resolution, the Resolution will then be so amended.

Nothing contained in the Resolution shall in any way be construed to prevent the issuance of bonds or notes for any purpose authorized by law, within and subject to the limitations provided by Act 51.

Defeasance of the Bonds

If all the Bonds (i) shall have become due and payable in accordance with their terms or (ii) are to be paid at their maturity or maturities or, (iii) if to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given to the Transfer Agent by the Director and the whole amount of the principal of and the interest and the premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid or sufficient cash, or cash and non-callable direct obligations of or non-callable obligations fully guaranteed by, the United States Treasury and non-callable obligations of agencies of the United States of America, including, without limitations, obligations of the Federal National Mortgage Association, Government National Mortgage Association, Federal Financing Bank, Federal Intermediate Credit Banks, Federal Bank for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Export-Import Bank of the United States, Student Loan Marketing Association, United States Postal

Service, Tennessee Valley Authority or Federal Home Loan Mortgage Corporation or any other agency or corporation which has been or is hereafter created pursuant to an act of Congress of the United States as an agency or instrumentality of the United States of America ("Government Obligations") or specifically maturing interests in a fund composed entirely of Government Obligations, the principal of and the interest on which without reinvestment, when due and payable, will provide sufficient moneys for such payment, shall be segregated and held by the State Treasurer in the 2006 Bond Payment Account or by the Transfer Agent or other escrow agent in trust for the benefit of the holders of the Bonds, then and in that case the Resolution shall be defeased and terminated and all obligations of the State of Michigan, the Commission and the Director thereunder and under Act 51 with respect to the Bonds shall thereupon cease; provided, that the applicable provisions of the Resolution pertaining to the payment of the principal of and interest and redemption premium, if any, on the Bonds, to redemption of the Bonds and to transfer of Bonds and the covenant regarding the tax-exempt status of the Bonds shall be continued in force until such have been fully paid. On demand of the Director, any surplus in the 2006 Bond Payment Account other than money held for redemption or payment of the Bonds shall be transferred to the Comprehensive Transportation Fund.

Bonds or portions of Bonds for which cash or cash and Government Obligations or specifically maturing interests in a fund composed entirely of Government Obligations (including principal of and interest thereon) shall be segregated and held by the State Treasurer, Transfer Agent or other escrow agent in trust for the holders of said Bonds or portions of Bonds sufficient to pay all principal, premium, if any, and interest through maturity or earlier specified redemption date for which notice shall have been duly given, or irrevocable instructions to give such notice shall have been given by the Director to the Transfer Agent, shall no longer be outstanding under the Resolution, and shall be deemed to be refunded, and the holders thereof shall have no further rights thereunder or under the Bonds except the right to receive payment from the cash or cash and Government Obligations held in trust as specified above. Bonds and interest payments on Bonds which have become due, and for the payment of which funds shall be held by the Transfer Agent, or segregated and held in the 2006 Bond Payment Account by the State Treasurer, in trust for the holders of the Bonds or the persons entitled to receive said interest payments shall, on the date of maturity thereof, be deemed to be paid, and the holders of the Bonds and the persons entitled to receive such interest shall have no further rights under the Resolution or under the Bonds except the right to receive payment from the funds held in trust as specified above.

All moneys and Government Obligations held by the State Treasurer, Transfer Agent or other escrow agent as described above shall be segregated and held in trust and applied to the payment, when due, of the Bonds and interest thereon payable therewith. If funds are held for the payment of Bonds, as described in the preceding two paragraphs, by the State Treasurer, the Resolution shall only be defeased, or the lien of the Resolution only be released with respect to such Bonds, if (i) such money and Government Obligations are held in trust for the sole and exclusive benefit of the registered owners of the Bonds (subject to the right of the State to require the release of moneys therefrom to the extent such moneys are not required for the payment of the applicable Bonds) and (ii) the registered owners of such Bonds have a valid and binding first lien on and security interest in such money and Government Obligations held by the State Treasurer.

LEGAL MATTERS

Litigation

MDOT is a party to various legal proceedings seeking damages and other relief, including injunctive or mandatory relief. Such cases typically include, but are not limited to, cases alleging negligence in maintenance and design of State highways and cases seeking damages arising out of operations or from alleged changes or alteration of construction contract terms. The ultimate disposition of such legal proceedings is not presently determinable. In the opinion of the Attorney General, such legal proceedings appear unrelated to the issuance of the Bonds or the security therefor and are not expected to have a materially adverse effect upon the Bonds or security therefor.

The State of Michigan Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005 ("CAFR"), incorporated in this Official Statement by reference, describes certain litigation and other legal proceedings against the State. The ultimate disposition of the legal proceedings described in the CAFR, and the potential impact thereof on the State's General Fund and cash position, is not presently determinable. In the opinion of the Attorney General, all such legal proceedings appear unrelated to the issuance of the Bonds or the security therefor and are not expected to have an adverse effect on the Bonds or security therefor.

Legality for Investment in Michigan

The Bonds are eligible for investment in the State by State banks, savings and loan associations and insurance companies.

Approval of Legality and Counsel Responsibility

The delivery of the Bonds is conditioned upon receiving, at the time of delivery, the approving opinions of the Attorney General of the State and of Dickinson Wright PLLC, Lansing, Michigan and Miller, Canfield, Paddock and Stone, P.L.C., Detroit and Lansing, Michigan ("Bond Counsel") substantially in the forms attached hereto as Appendices II and III. Dickinson Wright PLLC and Miller, Canfield, Paddock and Stone, P.L.C. have in the past, are now, and may in the future represent the State of Michigan, the Michigan Department of Transportation and/or one or more of the Underwriters of the Bonds with respect to matters unrelated to the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Dykema Gossett PLLC, Lansing, Michigan.

TAX MATTERS

General

In the opinion of the Attorney General of the State of Michigan and in the opinion of Bond Counsel, based on their examination of the documents described in their opinions, under existing law, as presently interpreted, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Their opinions are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements include rebating certain earnings to the United States. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The State has covenanted in the Resolution to comply with all such requirements. They will express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon. They are further of the opinion that under existing law, as presently interpreted, the Bonds and the interest thereon are exempt from all taxation provided by the laws of the State of Michigan except for estate taxes and taxes on gains realized on the sale, payment or other disposition thereof.

There are additional federal tax consequences relative to the Bonds and the interest thereon. The following is a general description of some of these consequences but is not intended to be complete or exhaustive and investors should consult their tax advisors with respect to these matters. For federal income tax purposes: (a) tax-exempt interest, including interest on the Bonds, is included in the calculation of modified adjusted gross income required to determine the taxability of social security or railroad retirement benefits; (b) the receipt of tax-exempt interest, including interest on the Bonds, by life insurance companies may affect the federal income tax liabilities of such companies; (c) the amount of certain loss deductions otherwise allowable to property and casualty insurance companies will be reduced (in certain instances below zero) by 15% of, among other things, tax-exempt interest, including interest on the Bonds; (d) interest incurred or continued to purchase or carry the Bonds may not be deducted in determining federal income tax; (e) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations such as the Bonds; (f) interest on the Bonds will be included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States; (g) passive investment income, including interest on the Bonds, may be subject to federal income taxation for Subchapter S Corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S Corporation is passive investment income; (h) holders acquiring the Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income; and (i) the receipt or accrual of interest on the Bonds may cause disallowance of the earned income credit under Section 32 of the Code.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, WILL NOT CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULTS OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

Treatment of Discount and Premium

Original Issue Discount

Under existing law as presently interpreted, if the initial offering yield of a Bond as shown on the cover of this Official Statement is greater than the stated interest rate (such Bonds are hereinafter referred to as the "OID Bonds"), the difference between the initial offering prices to the public (excluding bond houses and brokers) of the OID Bonds and the amount payable at their maturity constitutes "original issue discount" for federal income tax purposes. Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner of an OID Bond. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during such period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of purchasers of the OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount of the OID Bonds. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors as to the tax consequences of the purchase of such OID Bonds. All holders of OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, if the initial offering yield of a Bond as shown on the cover of this Official Statement is less than the stated interest rate (such Bonds are hereinafter referred to as "Premium Bonds"), then the difference between an initial purchaser's cost basis of the Premium Bonds and the amounts payable on the Premium Bonds (other than the payment of the stated interest thereon) constitutes an amortizable bond premium. Bonds other than the original Premium Bonds may also be subject to amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on sale or exchange) and the amount payable at maturity, or, in certain cases, on an earlier redemption date (such Bonds also being hereinafter referred to as "Premium Bonds".) Such amortizable bond premium is not deductible from gross income, but is treated for federal income tax purposes as an offset of the amount of stated tax-exempt interest paid on the Premium Bonds, and is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code.

In general, the amount of amortizable bond premium allocated to each "accrual period" is the excess of the stated interest on a Premium Bond allocable to such accrual period over the product of the bond purchaser's adjusted acquisition price at the beginning of the accrual period multiplied by the discount rate that, which used in computing the present value of all remaining payments to be made on such Premium Bond (including stated interest) produces an amount equal to the holder's basis in the Premium Bond. For purposes of this calculation, the adjusted acquisition price at the beginning of any accrual period is equal to the purchaser's original basis in the Premium Bond decreased by (i) the amount of the bond premium amortized in prior accrual periods and (ii) the amount of any payments previously made on the Premium Bond other than payments of stated interest on such Premium Bond.

The amount of amortizable bond premium allocable to each taxable year is deducted from the bond purchaser's adjusted basis on such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such bonds.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE TREATMENT OF ORIGINAL ISSUE DISCOUNT AND AMORTIZABLE BOND PREMIUM.

FINANCIAL INFORMATION

The financial information on the Michigan Transportation Fund and Comprehensive Transportation Fund included herein as Appendix I has been excerpted from financial statements prepared by the Michigan Department of Management and Budget and audited by the State's Auditor General. The notes to such financial statements are not included in Appendix I.

Complete financial statements of all of the State's funds as included in the State of Michigan Comprehensive Annual Financial Report prepared by the State's Department of Management and Budget are available upon request from the Department of Management and Budget, Office of Financial Management, State of Michigan, Lansing, Michigan 48909 and may be found by clicking on the "Financial Reports" button at *www.michigan.gov/budget*.

The State of Michigan Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005, which was released December 28, 2005 and speaks only as of its date, and which has been filed with each Nationally Recognized Municipal Securities Information Repository and the State Information Depository for Michigan, is incorporated herein by this reference. That portion of the State's Official Statement for its $66,830,000 Multi-Modal General Obligation School Loan Bonds, Taxable Series 2006A dated April 13, 2006, contained in Appendix I thereto labeled "RETIREMENT FUNDS" which contains information on the State's funded and unfunded retirement benefits, including pension benefits and other post-employment benefits ("OPEBs"), which official statement speaks only as of its date, has been filed with each Nationally Recognized Municipal Securities Information Repository, the State Information Depository for Michigan and the Municipal Securities Rulemaking Board is also incorporated herein by reference.

BOND RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P"), and Fitch Ratings ("Fitch") have assigned their municipal bond ratings of "Aaa," "AAA" and "AAA," respectively, to the Bonds, with the understanding that upon delivery of the Bonds, a municipal bond insurance policy will be issued by Financial Security Assurance Inc. Moody's, S&P and Fitch have also assigned an underlying municipal bond rating of "Aa3", "AA" and "AA-", respectively, to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. An explanation of the significance of a rating may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any one or more of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

General

The following is a summary of certain provisions of the Continuing Disclosure Agreement. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Continuing Disclosure Agreement.

The State will covenant for the benefit of the Bondholders and the Beneficial Owners (as defined below), pursuant to a Continuing Disclosure Agreement (the "Disclosure Agreement") to be provided at Closing to the purchasers of the Bonds, to undertake continuing disclosure with respect to the Bonds. ("Beneficial Owner" means any person or entity which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries)). These covenants are made to assist the purchasers of the Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 (the "Rule") promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

In the Disclosure Agreement, (i) the State will covenant to provide or cause to be provided each year certain financial information and operating data relating to the State (the "Annual Report") by not later than the date seven months after the close of the State's fiscal year, commencing with the Annual Report for the State's 2005/2006 fiscal year, provided, however, that if the audited financial statements of the State are not available by this date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the State will be included in the Annual Report, and (ii) the State will covenant to provide or cause to be provided timely notices of the occurrence of certain material enumerated events as set forth below (the "Notices of Material Events"). Currently, the State's fiscal year ends on September 30. The Annual Report will be filed by the State with each Nationally Recognized Municipal Securities Information Repository and with Michigan's State Information Depository, in each case as designated or recognized from time to time by the Securities and Exchange Commission. The Notices of Material Events will be filed by the State with the Municipal Securities Rulemaking Board or with each Nationally Recognized Municipal Securities Repository and with Michigan's State Information Depository. The Disclosure Agreement permits filing with the Texas Municipal Advisory Council as provided at *http://www.disclosureusa.org* to fulfill the filing obligation.

Notwithstanding any other provision of the Disclosure Agreement, the Disclosure Agreement may be amended, if the State receives an opinion of independent legal counsel to the effect that (i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the types of activities in which the State is engaged; (ii) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of the Bondholders or has been approved by a vote of Bondholders or Beneficial Owners (on whose behalf a Bondholder has not acted) of 51% of the aggregate principal amount of the then Outstanding Bonds.

If the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to the Disclosure Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change on the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

Failure to Comply

In the event of a failure of the State to comply with any provision of the Disclosure Agreement, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the State to comply with its obligations under the Disclosure Agreement. A failure to comply under the Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under the Disclosure Agreement in the event of any failure of the State to comply with the Disclosure Agreement shall be an action to compel performance. Notwithstanding the foregoing, if the alleged failure of the State to comply with the Disclosure Agreement is the inadequacy of the information disclosed pursuant to the Disclosure Agreement, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then Outstanding Bonds must take the actions described above, before the State shall be compelled to perform with respect to the adequacy of information disclosed pursuant to the Disclosure Agreement.

The Annual Report

The Annual Report will contain or incorporate by reference at least the following items:

(a) audited financial statements of the State, prepared pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles (GAAP) as applicable to governments with such changes as may be required from time to time by State law; and

(b) an update of the financial information and operating data regarding the Department of the same type as that contained in the Official Statement under the tables under the captions "SOURCES OF CONSTITUTIONALLY RESTRICTED REVENUES OF THE COMPREHENSIVE TRANSPORTATION FUND" and "HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE ON THE BONDS AND THE OUTSTANDING BONDS."

Any or all of the items listed above may be incorporated by specific reference to other documents that previously have been provided to each of the repositories identified above or filed with the Securities and Exchange Commission. Notwithstanding the foregoing, if the document is an official statement, it need only be available from the Municipal Securities Rulemaking Board.

Notices of Material Events

The State has covenanted that it will timely provide or cause to be provided notices of the following events, provided such events are material, each such notice to constitute a Notice of Material Events:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions or events affecting the tax-exempt status of the security;

(7) Modifications to rights of security holders;

(8) Bond calls;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities; and

(11) Rating changes.

Compliance

The State has never failed to comply in all material respects with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by a group of underwriters (collectively, the "Underwriters"), represented by Merrill Lynch & Co. The Purchase Contract provides for the Underwriters to purchase all of the Bonds, if any are purchased, at a discount of $173,974.47 from the original public offering prices producing the yields set forth on the cover of this Official Statement.

OTHER MATTERS

All estimates included in this Official Statement, whether or not so stated, are not to be construed as representations that the same will be realized. Section and table headings and captions are included for convenience only and should not be construed as modifying the text of this Official Statement.

The execution and delivery of this Official Statement has been duly authorized by or on behalf of the Commission and the Director.

Dated: May 25, 2006

STATE OF MICHIGAN

By /s/ Kirk T. Steudle
Kirk T. Steudle, P.E., Director
Michigan Department of Transportation

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APPENDIX I

EXCERPTED FINANCIAL STATEMENTS
(EXCLUDING NOTES TO FINANCIAL STATEMENTS)

COMPREHENSIVE TRANSPORTATION FUND

AND

MICHIGAN TRANSPORTATION FUND

The information included herein relates to the years ended September 30, 2001 through 2005. Complete financial statements of all of the State's funds, as included in the State of Michigan Comprehensive Annual Financial Report prepared by the State's Department of Management and Budget, are available upon request from the Department of Management and Budget, Office of Financial Management, State of Michigan, Lansing, Michigan 48909.

The State of Michigan Comprehensive Annual Financial Report for the year ended September 30, 2005, which was released December 28, 2005, and speaks only as of its date, is available upon request from the Department of Management and Budget, Office of Financial Management, State of Michigan, Lansing, Michigan, 48909, may also be found by clicking on the "Financial Reports" button at *www.michigan.gov/budget*, and has been filed with each Nationally Recognized Securities Information Repository and the State Information Depository of Michigan.

STATE OF MICHIGAN
COMPREHENSIVE TRANSPORTATION FUND
BALANCE SHEET
SEPTEMBER 30, 2001, 2002, 2003, 2004 and 2005
(In Thousands)*

	2001	2002	2003	2004	2005
ASSETS					
Equity in State Treasurer's					
Common Cash Fund	$ 69,654	$59,308	$56,903	$41,864	$38,440
Amounts due from other funds	12,090	12,848	11,427	11,612	11,644
Amounts receivable from					
Federal governmental agencies	12,754	6,247	8,294	8,326	5,414
Amounts receivable from local					
units of government	2,498	4,074	5,405	7,094	6,634
Amounts due from private carriers	-	-	-	-	
Other assets	3,068	3,010	2,612	3,099	1,840
TOTAL ASSETS	$100,064	$85,488	$84,640	$71,995	$63,971
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants outstanding	$ 876	$ 2,398	$ 3,720	$ 302	$ 1,455
Accounts payable	22,011	11,134	11,689	18,376	10,757
Amounts due to other funds	41	12,778	40	51	70
Deferred revenue	2,935	2,604	2,161	1,766	1,357
TOTAL LIABILITIES	$ 25,862	$28,915	$17,610	$20,495	$13,638
FUND BALANCE					
Total Fund Balances	$ 74,202	$56,573	$67,030	$51,500	$50,333
TOTAL LIABILITIES AND					
FUND BALANCES	$100,064	$85,488	$84,640	$71,995	$63,971

* Totals may not add due to rounding.

STATE OF MICHIGAN
COMPREHENSIVE TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEARS ENDED SEPTEMBER 30, 2001, 2002, 2003, 2004 and 2005
(In Thousands)*

	2001	2002	2003	2004	2005
REVENUES					
Taxes	$ 73,728	$ 78,819	$ 79,440	$ 64,960	$56,924
From federal agencies	31,987	27,789	25,523	29,670	20,450
From local agencies	65	43	30	4	10
From licenses and permits	258	294	264	290	277
Miscellaneous	4,317	1,981	4,290	4,864	5,539
Total Revenues	$110,356	$108,926	$109,548	$ 99,787	$83,200
EXPENDITURES					
Current:					
Transportation	$ 257,340	$244,144	$ 240,946	$254,172	$226,964
Total Expenditures	$ 257,340	$244,144	$ 240,946	$254,172	$226,964
Excess of Revenues over (under) expenditures	$(146,984)	$(135,218)	$(131,398)	$(154,385)	$(143,764)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	$160,300	$161,769	$163,729	$168,141	$169,084
Operating transfers out	(23,781)	(44,180)	(21,874)	(29,287)	(26,487)
Total other financing sources (uses)	$136,519	$117,589	$141,855	$138,855	$142,597
Excess of Revenues and other sources over (under Expenditures and other uses after accounting change	$(10,465)	$(17,629)	$10,457	$(15,530)	$(1,167)
Fund Balances – October 1	84,667	74,202	56,573	67,030	51,500
Fund Balances – September 30	$ 74,202	$ 56,573	$67,030	$ 51,500	$ 50,333

* Totals may not add due to rounding.

STATE OF MICHIGAN
MICHIGAN TRANSPORTATION FUND
BALANCE SHEET
SEPTEMBER 30, 2001, 2002, 2003, 2004 and 2005
(In Thousands)*

ASSETS	2001	2002	2003	2004	2005
Equity in State Treasurer's Common Cash	$181,976	$208,954	$186,685	$81,974	$114,897
Taxes, interest and penalties Receivable	120,756	125,571	118,510	120,224	113,120
Amounts due from other funds	-	-	-	106,785	70,063
Other Assets	4,614	7,429	6,892	4,639	6,975
TOTAL ASSETS	$307,345	$341,954	$312,087	$313,623	$305,054
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Outstanding	$ 1,430	$ 654	$ 540	$ 3,549	$ 718
Accounts Payable	232,969	236,958	236,512	238,628	231,920
Amounts Due to Other Funds	54,634	78,060	51,641	52,475	52,619
Other Liabilities and Deferred Revenues	18,313	26,281	23,395	18,970	19,796
TOTAL LIABILITIES	$ 307,345	$ 341,954	$ 312,087	$ 313,623	$305,054
Fund Balance	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$307,345	$341,954	$312,087	$313,623	$305,054

* Totals may not add due to rounding.

STATE OF MICHIGAN
MICHIGAN TRANSPORTATION FUND
STATEMENT OF REVENUES & EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEARS ENDED SEPTEMBER 30, 2001, 2002, 2003, 2004 and 2005
(In Thousands)*

	2001	2002	2003	2004	2005
REVENUES					
Taxes	$1,845,514	$ 1,910,117	$ 1,937,851	$ 2,007,077	$ 1,932,507
From licenses and permits	54,671	58,024	56,670	51,355	34,579
Miscellaneous	11,366	4,754	3,938	3,124	9,341
Total Revenues	$1,911,550	$ 1,972,895	$ 1,998,459	$ 2,061,556	$ 1,976,427
EXPENDITURES					
Current:					
Transportation	$ 914,782	$ 920,948	$ 936,439	$ 1,017,320	$ 968,977
Total Expenditures	914,782	920,947	936,439	1,017,320	968,977
Excess of Revenues over (under) Expenditures	$ 996,768	$ 1,051,947	$ 1,062,020	$ 1,044,236	$ 1,007,451
OTHER FINANCING SOURCES (USES)					
Operating transfers in	$ 1,990	$ 1,340	$ 1,947	$ 3,027	$ 371
Operating transfers out	(998,758)	(1,053,286)	(1,063,967)	(1,047,263)	(1,007,822)
Financing Sources (Uses)	$ (996,768)	$(1,051,947)	$(1,062,020)	$(1,044,236)	$(1,007,451)
Excess of Revenues and Other Sources over (under) Expenditures	$ -	$ -	$ -	$ -	$ -
Fund Balances - October 1	-	-	-	-	-
Fund Balances - September 30	$ -	$ -	$ -	$ -	$ -

* Totals may not add due to rounding.

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APPENDIX II

FORM OF OPINION OF THE ATTORNEY GENERAL OF THE STATE OF MICHIGAN

June ____, 2006

State Transportation Commission

Kirk T. Steudle, P.E., Director
Michigan Department of Transportation

Robert J. Kleine
State Treasurer

In my capacity as Attorney General of the State of Michigan, I have caused to be examined a certified transcript of proceedings and other documents, including, in particular, the following documents, relating to the issuance by the State of Michigan (the "State") of bonds designated STATE OF MICHIGAN COMPREHENSIVE TRANSPORTATION AND REFUNDING BONDS, SERIES 2006 (the "Bonds") in the aggregate principal sum of $___________:

(1) Const 1963, art 9, § 9, and 1951 PA 51, as amended ("Act 51"), pursuant to which the Bonds are to be issued;

(2) certified copies of the resolutions adopted by the State Transportation Commission (the "Commission") and the Director of the Michigan Department of Transportation (the "Director") on March 30, 2006 (the "Resolution") authorizing the issuance of the Bonds;

(3) one Bond, as executed or a specimen thereof; and

(4) a Non-arbitrage and Tax Compliance Certificate of the State.

The Bonds are being issued to refund certain State of Michigan Comprehensive Transportation Bonds, to pay costs of certain comprehensive transportation projects, and to pay the cost of issuing the Bonds.

Based on the foregoing, I am of the opinion that, under existing law as presently interpreted:

1. The Bonds are valid and binding obligations of the State enforceable in accordance with their terms, secured by and payable solely from funds irrevocably pledged by law which are restricted as to use by Const 1963, art 9, § 9, and deposited or to be deposited in the Comprehensive Transportation Fund created pursuant to Act 51.

2. Payment of the principal of, premium, if any, and interest on the Bonds, certain outstanding bonds and any additional bonds or other obligations similarly secured, issued within the limitations provided by Const 1963, art 9, § 9 and Act 51, constitutes a first lien on and first priority use of the funds so restricted and deposited or to be deposited to the credit of the Comprehensive Transportation Fund.

3. Interest on the Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings. This opinion is subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent permitted by law. Failure to comply with certain of those requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. I express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest on the Bonds.

4. The Bonds and the interest on the Bonds are exempt from all taxation by the State or any taxing authority within the State except estate taxes and taxes on gains realized from the sale, payment, or other disposition thereof.

Enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may be subject to the exercise of judicial discretion, including the application of general principles of equity.

Sincerely yours,

____
Mike Cox
Attorney General

____

Assistant Attorney General

____

Assistant Attorney General

APPENDIX III

FORM OF BOND COUNSEL APPROVING OPINION

DICKINSON WRIGHT PLLC
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

June __, 2006

State of Michigan
Lansing, Michigan

We have examined the Constitution and statutes of the State of Michigan (the "State") and a certified transcript of proceedings for the issue by the State of bonds in the aggregate original principal sum of $_______________, designated STATE OF MICHIGAN COMPREHENSIVE TRANSPORTATION AND REFUNDING BONDS, SERIES 2006 (the "Bonds"). The Bonds are being issued for the purposes of providing funds to pay the costs of certain comprehensive transportation fund projects, to refund certain outstanding bonds of the State issued for comprehensive transportation projects and to pay costs incidental to the issuance of the Bonds and the refunding.

The Bonds are issued in fully registered form in the denominations of $5,000 or integral multiples thereof, dated as of June __, 2006, mature in the years and in the amounts, bear interest at the rates, are subject to redemption prior to maturity, and are payable at the times, all as determined in accordance with the Resolution (hereinafter defined).

The Bonds are issued pursuant to Act 51, Public Acts of Michigan, 1951, as amended ("Act 51") and resolutions and orders (collectively the "Resolution") of the State Transportation Commission and the Director of the Michigan Department of Transportation, respectively. The Bonds are of equal standing and priority of lien as to the moneys in the Comprehensive Transportation Fund with the outstanding Comprehensive Transportation Bonds of the State described in the text of the Bonds (the "Outstanding Bonds").

The State has the right to issue additional bonds of equal standing and priority of lien with the Bonds and the Outstanding Bonds as to the constitutionally restricted moneys deposited or to be deposited in the Comprehensive Transportation Fund, subject to the limitations of Section 9 of Article IX of the Michigan Constitution of 1963, as amended, and Act 51.

We have also examined one specimen Bond only.

From such examination, we are of the opinion that under existing law, as presently interpreted:

1. The Bonds are valid and legally binding obligations of the State in accordance with their tenor, secured by and payable solely from funds irrevocably pledged by law which are restricted as to use by Section 9 of Article IX of the Michigan Constitution of 1963, as amended, and deposited or to be deposited in the Comprehensive Transportation Fund, being a special fund in the State Treasury wherein a portion of certain gasoline and other motor vehicle taxes, and a portion of certain sales taxes on motor vehicle fuels, motor vehicle taxes, and a portion of certain sales taxes on motor vehicle fuels, motor vehicles, and motor vehicle parts and accessories, all as imposed by law, are required by law to be set aside.

2. Payment of the principal of, premium, if any, and interest on the Bonds, the Outstanding Bonds and any additional bonds or other obligations similarly secured, issued within the limitations provided by Section 9 of Article IX of the Michigan Constitution of 1963, as amended, and by Act 51, constitutes a first lien on and first priority use of the funds so restricted and deposited or to be deposited to the credit of the Comprehensive Transportation Fund as herein described.

3. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements include rebating certain earnings to the United States. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The State has covenanted in the Resolution to comply, to the extent permitted by law, with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

4. The Bonds and the interest thereon are exempt from all taxation provided by the laws of the State, except for estate taxes and taxes on gains realized on the sale, payment or other disposition thereof.

Enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar law affecting creditors' rights generally now existing or enacted in the future, to the extent constitutionally applicable, and may further be subject to the exercise of judicial discretion in accordance with general principles of equity, including those relating to equitable subordination.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

DICKINSON WRIGHT PLLC

FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

[Countersignature] FINANCIAL SECURITY ASSURANCE INC.

By ______________________ By ______________________
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
350 Park Avenue, New York, N.Y. 10022-6022

Form 500NY (5/90)

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