

**NEW ISSUE – Book Entry Only**

**Ratings: Fitch Ratings: AA  
Moody's: Aa2  
Standard & Poor's: AA  
(See "RATINGS")**

*In the opinion of Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Series A Bonds and the Series B Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Interest on the Series B Bonds is included in the gross income of the owners thereof for federal income tax purposes. (See "TAX MATTERS" and Appendix A herein.)*

**STATE OF NEW HAMPSHIRE**

**\$15,000,000  
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS  
2005 SERIES A**

**AND**

**\$42,800,000  
GENERAL OBLIGATION BONDS  
2005 SERIES B (FEDERALLY TAXABLE)**

Dated: Date of Delivery

Due: as shown on the inside cover hereof

The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. (See "THE BONDS--Book-Entry Only System" herein.)

Interest on the Series A Bonds will be payable semiannually on April 15 and October 15 of each year, commencing April 15, 2005 until maturity or redemption prior to maturity. Interest on the Series B Bonds will be payable semiannually on May 15 and November 15 of each year, commencing May 15, 2005 until maturity. The Series A Bonds are subject to redemption prior to maturity as provided herein. The Series B Bonds are not subject to redemption prior to maturity.

*The Bonds are offered subject to the final approving opinions of Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to in the Notices of Sale. Public Resources Advisory Group has acted as Financial Advisor to the State with respect to the Bonds. Delivery of the Bonds to DTC is expected on or about January 27, 2005.*

January 19, 2005

**\$15,000,000**  
**STATE OF NEW HAMPSHIRE**  
**GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS**  
**2005 SERIES A**

<u>Due</u> <u>April 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u>	<u>Due</u> <u>April 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u>
2006	\$900,000	3.00%	2.10%	644682SA5	2016	\$600,000	4.00%	3.71%*	644682SL1
2007	900,000	3.00	2.28	644682SB3	2017	600,000	4.00	3.82*	644682SM9
2008	900,000	3.00	2.45	644682SC1	2018	600,000	4.00	3.90*	644682SN7
2009	900,000	3.00	2.60	644682SD9	2019	600,000	4.00	3.97*	644682SP2
2010	900,000	3.00	2.81	644682SE7	2020	600,000	4.00	4.03	644682SQ0
2011	900,000	3.125	3.02	644682SF4	2021	600,000	4.00	4.08	644682SR8
2012	900,000	3.50	3.20	644682SG2	2022	600,000	4.00	4.15	644682SS6
2013	900,000	3.50	3.34	644682SH0	2023	600,000	4.125	4.22	644682ST4
2014	900,000	3.75	3.45	644682SJ6	2024	600,000	4.20	4.27	644682SU1
2015	900,000	3.75	3.56	644682SK3	2025	600,000	4.25	4.32	644682SV9

\*Priced to the optional redemption date of April 15, 2015.

**\$42,800,000**  
**STATE OF NEW HAMPSHIRE**  
**GENERAL OBLIGATION BONDS**  
**2005 SERIES B (FEDERALLY TAXABLE)**

<u>Due</u> <u>May 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u>	<u>Due</u> <u>May 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u>
2006	\$4,280,000	3.40%	3.34%	644682SW7	2011	\$4,280,000	4.30%	4.31%	644682TB2
2007	4,280,000	3.60	100	644682SX5	2012	4,280,000	4.40	4.39	644682TC0
2008	4,280,000	4.00	3.78	644682SY3	2013	4,280,000	4.50	4.46	644682TD8
2009	4,280,000	4.00	3.97	644682SZ0	2014	4,280,000	4.60	4.58	644682TE6
2010	4,280,000	4.20	4.18	644682TA4	2015	4,280,000	4.65	100	644682TF3

No dealer, broker, salesperson or other person has been authorized by the State of New Hampshire to give any information or to make any representations with respect to the State or the Bonds, 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 the State of New Hampshire.

This Official Statement is not to be construed as a contract or agreement between the State of New Hampshire and the purchasers or owners of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion contained 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 any of the information set forth herein since the date hereof.

This Official Statement is provided only in connection with the sale of the Bonds by the State of New Hampshire pursuant to the Notices of Sale each dated January 12, 2005 and may not be reproduced or used in whole or in part for any other purpose without the express written consent of the State Treasurer. Reference is made to the Notices of Sale for a description of the terms and conditions of the sale of the Bonds to the original purchasers thereof.

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### PART II. STATE OF NEW HAMPSHIRE INFORMATION STATEMENT DATED DECEMBER 10, 2004, AS SUPPLEMENTED BY THE INFORMATION STATEMENT SUPPLEMENT DATED JANUARY 19, 2005.

**Statement pursuant to New Hampshire revised statutes annotated 421-b:20:**

**In making an investment decision investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities 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.**

**STATE OF NEW HAMPSHIRE**

**GOVERNOR**  
JOHN H. LYNCH

**EXECUTIVE COUNCIL**  
RAYMOND S. BURTON  
RUTH L. GRIFFIN  
DEBORA PIGNATELLI  
PETER J. SPAULDING  
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MICHAEL A. ABLOWICH

**SECRETARY OF STATE**  
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**OFFICIAL STATEMENT**  
**OF**  
**THE STATE OF NEW HAMPSHIRE**  
**pertaining to its**  
**\$15,000,000**  
**GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS**  
**2005 SERIES A**  
**and**  
**\$42,800,000**  
**GENERAL OBLIGATION BONDS**  
**2005 SERIES B (FEDERALLY TAXABLE)**

**PART I: INFORMATION CONCERNING THE BONDS**

This Official Statement, including the cover page, is provided for the purpose of presenting certain information relating to the State of New Hampshire (the "State") in connection with the sale of \$15,000,000 aggregate principal amount of its General Obligation Capital Improvement Bonds, 2005 Series A, dated their date of delivery (the "Series A Bonds") and \$42,800,000 aggregate principal amount of its General Obligation Bonds, 2005 Series B (Federally Taxable), dated their date of delivery (the "Series B Bonds" and collectively with the Series A Bonds, the "Bonds").

This Official Statement consists of two parts: Part I (including the cover and Appendices A, B, C, and D) and Part II, the State's Information Statement dated December 10, 2004 (the "December Information Statement"), as supplemented by the Information Statement Supplement dated January 19, 2005 (the "January Supplement" and collectively, the "Information Statement"). The December Information Statement has been provided to the nationally recognized municipal securities information repositories ("NRMSIRs") currently recognized by the Securities and Exchange Commission for purposes of Rule 15c2-12. The Information Statement includes as Exhibit A the State's audited financial statements for fiscal year 2003. The State's audited financial statements for fiscal year 2004 have become available, and the State has filed them with the NRMSIRs.

**THE BONDS**

**Description of the Bonds**

The Series A Bonds will be dated their date of delivery and will bear interest payable semiannually on April 15 and October 15 of each year, commencing April 15, 2005, until maturity or redemption prior to maturity. The Series B Bonds will be dated their date of delivery and will bear interest payable semiannually on May 15 and November 15 of each year, commencing May 15, 2005, until maturity. The record date with respect to each payment of interest shall be the last day of the month preceding such interest payment date. The Bonds will mature in the years and in the principal amounts shown on the inside cover page of this Official Statement. The Series A Bonds are subject to redemption prior to maturity as described below.

The Bonds are being issued only as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondowner, payments of principal and interest will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial

Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. (See “Book-Entry Only System” herein.)

## **Redemption Provisions**

### *Optional Redemption*

#### Series A Bonds

The Series A Bonds maturing on and before April 15, 2015 are not subject to redemption prior to maturity. The Series A Bonds maturing after April 15, 2015 are subject to redemption at the option of the State on and after April 15, 2015 in whole or in part at any time, with maturities to be designated by the State (and by lot within any maturity), at par, plus accrued interest to the redemption date.

If less than all of the Series A Bonds are called for redemption, the Series A Bonds to be redeemed shall be selected in such manner as may be determined by the State Treasurer to be in the best interests of the State.

#### Series B Bonds

The Series B Bonds are not subject to redemption prior to maturity.

### *Notice of Redemption*

So long as DTC is the registered owner of the Series A Bonds, notice of any redemption of Series A Bonds prior to their maturities, specifying the Series A Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. Following proper notice of the redemption of any Series A Bonds, if sufficient moneys are deposited with U.S. Bank National Association as Paying Agent (the “Paying Agent”) for redemption, interest thereon ceases to accrue as of the redemption date.

## **Security for the Bonds**

In the opinion of Bond Counsel, the Bonds when duly issued will constitute valid general obligations of the State and the full faith and credit of the State will be pledged for the punctual payment of the principal of and interest on the Bonds.

Each Bond when duly issued and paid for will constitute a contract between the State and the owner of the Bond. While the doctrine of sovereign immunity (the sovereign right of a state not to be sued without its consent) applies to the State, the Legislature has conferred jurisdiction on the Superior Court to enter judgment against the State founded upon any express or implied contract. The Supreme Court of New Hampshire has stated that that statutory provision constitutes a waiver of the State’s right of sovereign immunity in such a case. Although a bond of the State constitutes a contract with the owner of the bond, the State Supreme Court has not considered the issue of sovereign immunity in a case expressly involving the enforceability of a bond. Under State law, the Attorney General of the State is directed to present any claim founded upon a judgment against the State to the department or agency which entered into the contract for payment from available appropriations or, if such appropriations are insufficient, to present the claim to the Legislature. Payment of a claim against the State for which available appropriated funds are insufficient would require appropriation by the Legislature. Enforcement of a claim for payment of principal of or interest on the Bonds may also be subject to the provisions of federal or State statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as those provisions may be constitutionally applied.

The State Constitution provides that the public charges of government may be raised by taxation upon polls, estates and other classes of property including franchises and property when passing by will or inheritance,

and authorizes the Legislature to impose and levy proportional and reasonable assessments, rates and taxes upon all the inhabitants of, and residents within, the State and upon all property within the State.

### **Authorization, Purpose and Application of Proceeds**

The Bonds are being issued pursuant to votes of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated ("RSA") and various other laws. Proceeds from the sale of the Series A Bonds are expected to be used to finance all or a portion of the costs of a number of capital projects and to pay issuance costs.

Proceeds from the sale of the Series B Bonds are to be used to fund the unfunded accrued liability attributable to a newly established retirement plan for State judges. See "Capital Budget" in the December Information Statement and "State Retirement System" in the January Supplement.

### **Book-Entry Only System**

The Depository Trust Company ("DTC"), New York, NY, 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 each series of the Bonds, 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 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. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("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, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, 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 ("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](http://www.dtcc.com).

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security ("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, however, expected 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 securities 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 interests in the Bonds, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as 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 securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities 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.

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 to vote with respect to Securities 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 Securities 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 or the Agent, 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 (nor its nominee), the State or the Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Agent, 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 Agent. Under such circumstances, in the event that a successor 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

## **TAX MATTERS**

In the opinion of Palmer & Dodge LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Bonds. Failure to comply with these requirements may result in interest on the Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series A Bonds. The State has covenanted to comply with such



requirements to ensure that interest on the Series A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may adversely affect the value of, or the tax status of interest on, the Series A Bonds. Further, no assurance can be given that any pending, proposed or future legislation, including amendments to the Code, if enacted into law, or any regulatory or administrative development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Series A Bonds. Prospective holders of the Series A Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds may otherwise affect the federal or state tax liability of a holder of the Series A Bonds. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series A Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the holder or the holder's other items of income or deduction. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any such other tax consequences, and holders of the Series A Bonds should consult with their own tax advisors with respect to such consequences.

Bond Counsel is also of the opinion that, under existing law, interest on the Series A Bonds and the Series B Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel has not opined as to other New Hampshire tax consequences arising with respect to the Bonds or as to the taxability of the Bonds or the income therefrom under the laws of any state other than New Hampshire. Complete copies of the proposed forms of opinion of Bond Counsel are set forth in Appendix A hereto.

***Interest on the Series B Bonds is includable in the gross income of the owners thereof for federal income tax purposes.***

## **LEGAL MATTERS**

Legal matters incident to the authorization and sale of the Bonds are subject to the approval of Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel. The proposed forms of the approving opinions of Palmer & Dodge LLP are set forth in Appendix A. The opinions will be dated the date of the issuance of the Bonds and will speak only as of that date.

## **FINANCIAL ADVISOR**

Public Resources Advisory Group has acted as financial advisor to the State with respect to the issuance of the Bonds.

## **RATINGS**

Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's have assigned the Bonds the ratings of AA, Aa2, and AA, respectively. An explanation of the significance of each such rating may be obtained from the rating agency furnishing the same. There is no assurance that those ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their or its judgment circumstances so warrant. Any such downward change in or withdrawal of any of the ratings may have an adverse effect on the market price of the Bonds.

## **COMPETITIVE SALE OF BONDS**

After competitive bidding on January 19, 2005, the Series A Bonds were awarded to a group of underwriters managed by ABN AMRO Financial Services, Inc. (the "Series A Underwriters"). The Series A

Underwriters have supplied the information as to the public offering yields or prices of the Series A Bonds set forth on the inside cover hereof. The Underwriters have informed the State that if all of the Series A Bonds are resold to the public at those yields or prices, they anticipate the total Underwriters' compensation to be \$95,250. The Underwriters may change the public offering yields or prices from time to time.

After competitive bidding on January 19, 2005, the Series B Bonds were awarded to a group of underwriters managed by UBS Financial Services Inc. (the "Series B Underwriters"). The Series B Underwriters have supplied the information as to the public offering yields or prices of the Series B Bonds set forth on the inside cover hereof. The Underwriters have informed the State that if all of the Series B Bonds are resold to the public at those yields or prices, they anticipate the total Underwriters' compensation to be \$28,676. The Underwriters may change the public offering yields or prices from time to time.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the State will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the State (the "Annual Report"), by not later than 270 days after the end of each fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix B. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The State has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of material events in accordance with the Rule.

STATE OF NEW HAMPSHIRE

By: /s/ Michael A. Ablowich  
*State Treasurer*

January 19, 2005

PROPOSED FORM OF OPINION OF BOND COUNSEL - SERIES A BONDS



(Date of Delivery)

The Honorable Michael A. Ablowich  
State Treasurer  
State House Annex  
Concord, New Hampshire 03301

\$15,000,000  
State of New Hampshire  
General Obligation Capital Improvement Bonds, 2005 Series A  
Dated \_\_\_\_\_, 2005

We have acted as Bond Counsel to the State of New Hampshire (the "State") in connection with the issuance by the State of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on this examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the State, and the full faith and credit of the State are pledged for the punctual payment of the principal of and interest on the Bonds.
2. The interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.
3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the State with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with all such requirements. Failure by the State to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

PALMER & DODGE LLP

**PROPOSED FORM OF OPINION OF BOND COUNSEL – SERIES B BONDS**



(Date of Delivery)

The Honorable Michael A. Ablowich  
State Treasurer  
State House Annex  
Concord, New Hampshire 03301

\$42,800,000  
State of New Hampshire  
General Obligation Bonds, 2005 Series B (Federally Taxable)  
Dated \_\_\_\_\_, 2005

We have acted as Bond Counsel to the State of New Hampshire (the “State”) in connection with the issuance by the State of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on this examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the State, and the full faith and credit of the State are pledged for the punctual payment of the principal of and interest on the Bonds.
2. The interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.
3. Interest on the Bonds is included in the gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

PALMER & DODGE LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the State of New Hampshire (the “Issuer”) in connection with the issuance of its \$15,000,000 General Obligation Capital Improvement Bonds, 2005 Series A (the “Series A Bonds”), dated their date of delivery, and \$42,800,000 General Obligation Bonds, 2005 Series B (Federally Taxable) (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”), dated their date of delivery. The State covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the State for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

**SECTION 2. Definitions.** For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean any nationally recognized municipal securities information repository for purposes of the Rule. The current National Repositories are listed on Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Depository.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Depository” shall mean any public or private depository or entity designated by the State of New Hampshire as a state information depository for the purpose of the Rule. (As of the date of this Disclosure Certificate there is no State Depository).

“Transmission Agent” shall mean any central filing office, conduit or similar entity which undertakes responsibility for accepting filings under the Rule for submission to each Repository. The current Transmission Agent is listed on Exhibit A attached hereto.

**SECTION 3. Provision of Annual Reports.**

(a) The State shall, not later than 270 days after the end of each fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the State may be submitted when available separately from the balance of the Annual Report.

(b) If the State is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the State shall send a notice to the Municipal Securities Rulemaking Board and the State Depository, if any, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The State's Annual Report shall contain or incorporate by reference the following:

- (a) quantitative information for the preceding fiscal year of the type presented in the State's Information Statement dated December 10, 2004 regarding (i) the revenues and expenditures of the State relating to its General Fund and Education Fund, (ii) capital expenditures, (iii) fund balances, (iv) revenue information, (v) indebtedness of the State, and (vi) pension obligations of the State, and
- (b) the most recently available audited financial statements of the State, prepared in accordance with generally accepted accounting principles.

If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements for debt issues of the State or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The State shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Material Events.

(a) The State shall give notice, in accordance with subsection 5(b) below, of the occurrence of any of the following events with respect to the Bonds, if material:

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 Bonds.
7. Modifications to rights of the Owners of the Bonds.
8. Bond calls.
9. Defeasance of the Bonds or any portion thereof.
10. Release, substitution or sale of property securing repayment of the Bonds.
11. Rating changes.

As of the date of this Disclosure Certificate events of the types listed in paragraphs 2, 3, 4, 5 and 10 above are not applicable to the Bonds.

(b) Whenever the State obtains knowledge of the occurrence of a Listed Event, the State shall as soon as possible determine if such an event would be material under applicable federal securities laws and if so, the State shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Depository, if any.



SECTION 6. Alternative Methods for Reporting. The State may satisfy its obligations to make a filing with each Repository hereunder by transmitting the same to a Transmission Agent if and to the extent such Transmission Agent has received an interpretive advice from the SEC, which has not been withdrawn, to the effect that an undertaking to transmit a filing to such Transmission Agent for submission to each Repository is an undertaking described in the Rule.

SECTION 7. Termination of Reporting Obligation. The State's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may also include bond counsel to the State), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the State to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to each Repository.

SECTION 9. Default. In the event of a failure of the State to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the State of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the State to comply with this Disclosure Certificate shall be an action for specific performance of the State's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2005

STATE OF NEW HAMPSHIRE

By: \_\_\_\_\_  
State Treasurer

\_\_\_\_\_  
Governor

[EXHIBIT A: List of National Repositories and Transmission Agent – to be attached]

[EXHIBIT B: Form of Notice of Failure to File Annual Report – to be attached]

**NOTICE OF SALE – SERIES A BONDS****\$15,000,000****STATE OF NEW HAMPSHIRE  
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS  
2005 SERIES A**

Notice is hereby given that electronic bids will be received until 10:30 a.m. (local Concord, New Hampshire time) on Wednesday, January 19, 2005, by Michael A. Ablowich, State Treasurer of the State of New Hampshire, for the purchase of \$15,000,000 State of New Hampshire General Obligation Capital Improvement Bonds, 2005 Series A (the "Bonds").

**Description of the Bonds**

The Bonds will be issued only as fully registered bonds in book-entry form. The Bonds will be dated their date of delivery and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on April 15 and October 15, commencing April 15, 2005.

Principal on the Bonds will be paid (subject to prior redemption) on April 15 in the following years and amounts:

<u>Year</u>	<u>Principal Amount<sup>(1)</sup></u>	<u>Year</u>	<u>Principal Amount<sup>(1)</sup></u>
2006	\$900,000	2016	\$600,000
2007	900,000	2017	600,000
2008	900,000	2018	600,000
2009	900,000	2019	600,000
2010	900,000	2020	600,000
2011	900,000	2021	600,000
2012	900,000	2022	600,000
2013	900,000	2023	600,000
2014	900,000	2024	600,000
2015	900,000	2025	600,000

(1) May represent mandatory sinking fund redemption amount or portion of stated maturity if Term Bonds (as defined herein) are specified.

**Authorization and Security**

The Bonds will be general obligations of the State of New Hampshire and the full faith and credit of the State will be pledged for the punctual payment of the principal and interest on the Bonds. The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated and various other laws.

**Optional Redemption**

Bonds maturing on and before April 15, 2015 are not subject to redemption prior to maturity. Bonds maturing after April 15, 2015 are subject to redemption at the option of the State on and after April 15, 2015 in whole or in part at any time, with maturities or mandatory redemption installments to be designated by the State, at par plus accrued interest to the redemption date.

Whenever Bonds are to be redeemed, the State Treasurer shall cause notice of the call for redemption to be sent by registered or certified mail not less than 30 nor more than 60 days before the redemption date, to the registered owner of any Bond to be redeemed. If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected in such manner as may be determined by the State Treasurer to be in the best interests of the State. If less than all of the Bonds of a single maturity are called for redemption, the Bonds to be redeemed shall be selected by lot. During the period that DTC or its nominee is registered owner of the Bonds, the State Treasurer shall not be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners.

### **Mandatory Redemption**

If the successful bidder designates principal amounts of the Bonds to be combined into one or more term bonds each such term bond shall be subject to mandatory redemption commencing on April 15 of the first year which has been combined to form such term bond and continuing on April 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for such year set forth in the foregoing maturity schedule. Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and selected by lot from among the Bonds of the same maturity. The State Treasurer may credit against any mandatory redemption requirement term bonds of the maturity then subject to redemption which have been purchased and canceled by the State or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

### **Book-Entry Only**

Initially, one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC") or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of and interest on the Bonds will be payable in lawful money of the United States of America by U.S. Bank National Association, as Paying Agent. Transfers of principal and interest payments to beneficial owners (the "Beneficial Owners") will be the responsibility of such participants and other nominees of the Beneficial Owners. The State will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, (b) the State determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interests of the State or (c) the State determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interests of the State or the Beneficial Owners, the State will discontinue the book-entry system with DTC. If the State fails to identify another qualified securities depository to replace DTC, the State will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

### **Electronic Bidding Procedures**

Proposals to purchase bonds (all or none) must be submitted electronically via *PARITY*. Bids will be communicated electronically to the State at 10:30 a.m., local Concord, New Hampshire time, on Wednesday, January 19, 2005. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via *PARITY*, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via *PARITY* to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY* shall constitute the official time. The State will not accept bids by any means other than electronically via *PARITY*.

## **Disclaimer**

Each prospective bidder shall be solely responsible to submit its bid via *PARITY* as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY* for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor *PARITY* shall have any duty or obligation to provide or assure access to *PARITY* to any prospective bidder, and neither the State nor *PARITY* shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*. The State is using *PARITY* as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Bonds. The State is not bound by any advice and determination of *PARITY* to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their submission of bids via *PARITY* are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, the bidder should telephone *PARITY* at i-Deal (212) 404-8102 and notify the State's Financial Advisor, Public Resources Advisory Group, by facsimile at (212) 566-7816. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at i-Deal (212) 404-8102.

## **Bid Specifications**

Bidders should state the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named, except that bonds maturing on the same date must bear interest at the same rate. Each bidder must specify in its bid the amount and maturities of bonds of each rate. No bond of any maturity may be reoffered at a price less than 95% of the principal amount of such bond. Bids must be for not less than 100% and not more than 102.5% of the par value of the aggregate principal amounts of the Bonds. No bid for other than **all** of the Bonds will be accepted.

## **Serial Bonds and Term Bonds**

The successful bidder may provide in its bid for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into term bonds. Each such term bond shall be subject to mandatory redemption as described above under "Mandatory Redemption."

## **Basis of Award**

The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest interest cost to the State. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds (January 27, 2005) and to the price bid, excluding interest accrued to the date of delivery. If there is more than one such proposal making said offer at the same lowest true interest cost, the Bonds will be sold to the bidder whose proposal is selected by the Treasurer by lot from among all such proposals at the same lowest true interest cost. It is requested that each bid be accompanied by a statement of the true interest cost computed at the interest rate or rates stated in such bid in accordance with the above method of calculation (computed to six decimal places) but such statement will not be considered as a part of the bid.

Bids will be accepted or rejected promptly after receipt and not later than 3:00 p.m. (E.S.T.) on the date of the sale.

The State reserves the right to reject any or all proposals and to reject any proposals not complying with the Notice of Sale. The State also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

## **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the State; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

## **Expenses**

The State will pay: (i) the cost of the preparation of the Bonds; (ii) the fees and expenses of Bond Counsel, and the Financial Advisor; (iii) the fees of the rating agencies relating to the Bonds, and (iv) the cost of preparation and printing of the Official Statement.

## **Undertakings of the Successful Bidder**

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes of being notified of the award of the Bonds, advise the State in writing (via facsimile transmission) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the State Treasurer within 24 hours after notification of the award, furnish the following information to Bond Counsel to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the State Treasurer that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information the State Treasurer determines is necessary to complete the Official Statement in final form.

Prior to delivery of the Bonds, the successful bidder shall furnish to the State a certificate acceptable to Bond Counsel to the effect that as of the date of acceptance of its bid, the successful bidder had sold or reasonably expected to sell a substantial amount of each maturity of the Bonds to the public (excluding bond houses, brokers or similar persons or other intermediaries) at the Initial Reoffering Prices.

## **Delivery of the Bonds**

The Bonds will be delivered on or about January 27, 2005 (unless a notice of change in the delivery date is announced on TM3 not later than 1:00 p.m. (E.S.T.) on the last business day prior to any announced date for receipt of bids) in Boston on behalf of DTC against payment of the purchase price therefor in Federal Funds.

## **Documents to be Delivered at Closing**

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that contemporaneously with or before accepting the Bonds and paying therefore, the successful bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Palmer and Dodge LLP, Boston, Massachusetts, Bond Counsel to the State, as to the validity and tax status of the Bonds, substantially in the form provided in Appendix A to the Official Statement, referred to below; (b) a certificate of the State Treasurer and the Commissioner of the Department of Administrative Services to the effect that, to the best of their respective knowledge and belief, the Official Statement referred to below, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) a certificate of the Attorney General of the State in form satisfactory to Bond Counsel, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to his or her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, in any way

affecting the validity of the Bonds or in any way contesting the power of the State Treasurer to sell the Bonds as contemplated in this Notice of Sale; and (d) a Continuing Disclosure Certificate substantially in the form described in the Preliminary Official Statement.

### **Official Statement**

The Preliminary Official Statement dated January 12, 2005 and the information contained therein have been deemed final by the State as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Official Statement in final form (the "Final Official Statement").

The State, at its expense, will make available to the successful bidder up to 200 copies of the Final Official Statement, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom the bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperate in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

### **Continuing Disclosure**

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the State will undertake to provide annual reports and notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement.

### **Right to Change the Notice of Sale and to Postpone Offering**

The State reserves the right to make changes to the Notice of Sale and also reserves the right to postpone, from time to time, the date and time established for the receipt of bids. ANY SUCH POSTPONEMENT WILL BE ANNOUNCED VIA TM3 NOT LATER THAN 1:00 P.M. (E.S.T.) ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced via TM3 at least 48 hours prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date and time of sale and except for any changes announced over TM3 at the time the sale date and time are announced.

**Additional Information**

For further information relating to the Bonds, reference is made to the Preliminary Official Statement dated January 12, 2005 prepared for and authorized by the State Treasurer. The Preliminary Official Statement may be obtained by accessing the following website: [www.networkfinancialprint.com](http://www.networkfinancialprint.com). For further information, please contact the undersigned at the Office of the State Treasurer, State House Annex, Concord, New Hampshire 03301 (telephone 603-271-2621; telecopy 603-271-3922) or from Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, Attention: Monika Conley (telephone 212-566-7800; telecopy 212-566-7816).

THE STATE OF NEW HAMPSHIRE

By Michael A. Ablowich  
*State Treasurer*

Date: January 12, 2005



**NOTICE OF SALE – SERIES B BONDS****\$42,800,000****STATE OF NEW HAMPSHIRE  
GENERAL OBLIGATION BONDS  
2005 SERIES B (FEDERALLY TAXABLE)**

Notice is hereby given that electronic bids will be received until 11:00 a.m. (local Concord, New Hampshire time) on Wednesday, January 19, 2005 by Michael A. Ablowich, State Treasurer of the State of New Hampshire, for the purchase of \$42,800,000 State of New Hampshire General Obligation Bonds, 2005 Series B (Federally Taxable) (the "Bonds").

**Description of the Bonds**

The Bonds will be issued only as fully registered bonds in book-entry form. The Bonds will be dated their date of delivery and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on May 15 and November 15, commencing May 15, 2005.

Principal on the Bonds will be paid (subject to prior redemption if any term bonds are designated by the successful bidder) on May 15 in the following years and amounts:

<u>Year</u>	<u>Principal Amount<sup>(1)</sup></u>	<u>Year</u>	<u>Principal Amount<sup>(1)</sup></u>
2006	\$4,280,000	2011	\$4,280,000
2007	4,280,000	2012	4,280,000
2008	4,280,000	2013	4,280,000
2009	4,280,000	2014	4,280,000
2010	4,280,000	2015	4,280,000

(1) May represent mandatory sinking fund redemption amount or portion of stated maturity if Term Bonds (as defined herein) are specified.

**Authorization and Security**

The Bonds will be general obligations of the State of New Hampshire and the full faith and credit of the State will be pledged for the punctual payment of the principal and interest on the Bonds. The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated for the purpose of financing the appropriation to the judicial retirement plan set forth in Section 8 of Chapter 311 of the Laws of 2003.

**Optional Redemption**

The Bonds will not be subject to redemption at the option of the State prior to maturity.

**Mandatory Redemption**

If the successful bidder designates principal amounts of the Bonds to be combined into one or more term bonds each such term bond shall be subject to mandatory redemption commencing on May 15 of the first year which has been combined to form such term bond and continuing on May 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for such year set forth in the foregoing maturity schedule. Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and selected by lot from among the Bonds of the same maturity. The State Treasurer may credit against any mandatory redemption requirement term bonds of the maturity then subject to

redemption which have been purchased and canceled by the State or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

Whenever Bonds are to be redeemed, the State Treasurer shall cause notice of the call for redemption to be sent by registered or certified mail not less than 30 nor more than 60 days before the redemption date, to the registered owner of any Bond to be redeemed. If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be selected in such manner as may be determined by the State Treasurer to be in the best interests of the State. If less than all of the Bonds of a single maturity are called for redemption, the Bonds to be redeemed shall be selected by lot. During the period that DTC or its nominee is registered owner of the Bonds, the State Treasurer shall not be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners.

### **Book-Entry Only**

Initially, one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC") or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of and interest on the Bonds will be payable in lawful money of the United States of America by U.S. Bank National Association, as Paying Agent. Transfers of principal and interest payments to beneficial owners (the "Beneficial Owners") will be the responsibility of such participants and other nominees of the Beneficial Owners. The State will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, (b) the State determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interests of the State or (c) the State determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interests of the State or the Beneficial Owners, the State will discontinue the book-entry system with DTC. If the State fails to identify another qualified securities depository to replace DTC, the State will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

### **Electronic Bidding Procedures**

Proposals to purchase bonds (all or none) must be submitted electronically via *PARITY*. Bids will be communicated electronically to the State at 11:00 a.m., local Concord, New Hampshire time, on Wednesday, January 19, 2005. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via *PARITY*, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via *PARITY* to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY* shall constitute the official time. The State will not accept bids by any means other than electronically via *PARITY*.

### **Disclaimer**

Each prospective bidder shall be solely responsible to submit its bid via *PARITY* as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY* for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor *PARITY* shall have any duty or obligation to provide or assure access to *PARITY* to any prospective bidder, and neither the State nor *PARITY* shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*. The State is using *PARITY* as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Bonds. The State is not bound by any advice and determination of *PARITY* to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in

connection with their submission of bids via *PARITY* are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, the bidder should telephone *PARITY* at i-Deal (212) 404-8102 and notify the State's Financial Advisor, Public Resources Advisory Group, by facsimile at (212) 566-7816. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at i-Deal (212) 404-8102.

### **Bid Specifications**

Bidders should state the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named, except that bonds maturing on the same date must bear interest at the same rate. Each bidder must specify in its bid the amount and maturities of bonds of each rate. No bond of any maturity may be reoffered at a price less than 95% of the principal amount of such bond. Bids must be for not less than 100% and not more than 102% of the par value of the aggregate principal amounts of the Bonds. No bid for other than **all** of the Bonds will be accepted.

### **Serial Bonds and Term Bonds**

The successful bidder may provide in its bid for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into term bonds. Each such term bond shall be subject to mandatory redemption as described above under "Mandatory Redemption."

### **Basis of Award**

The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest interest cost to the State. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds (January 27, 2005) and to the price bid, excluding interest accrued to the date of delivery. If there is more than one such proposal making said offer at the same lowest true interest cost, the Bonds will be sold to the bidder whose proposal is selected by the Treasurer by lot from among all such proposals at the same lowest true interest cost. It is requested that each bid be accompanied by a statement of the true interest cost computed at the interest rate or rates stated in such bid in accordance with the above method of calculation (computed to six decimal places) but such statement will not be considered as a part of the bid.

Bids will be accepted or rejected promptly after receipt and not later than 3:00 p.m. (E.S.T.) on the date of the sale.

The State reserves the right to reject any or all proposals and to reject any proposals not complying with the Notice of Sale. The State also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the State; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

### **Expenses**

The State will pay: (i) the cost of the preparation of the Bonds; (ii) the fees and expenses of Bond Counsel, and the Financial Advisor; (iii) the fees of the rating agencies relating to the Bonds, and (iv) the cost of preparation and printing of the Official Statement.

## **Undertakings of the Successful Bidder**

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes of being notified of the award of the Bonds, advise the State in writing (via facsimile transmission) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the State Treasurer within 24 hours after notification of the award, furnish the following information to Bond Counsel to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the State Treasurer that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information the State Treasurer determines is necessary to complete the Official Statement in final form.

## **Delivery of the Bonds**

The Bonds will be delivered on or about January 27, 2005 (unless a notice of change in the delivery date is announced on TM3 not later than 1:00 p.m. (E.S.T.) on the last business day prior to any announced date for receipt of bids) in Boston on behalf of DTC against payment of the purchase price therefor in Federal Funds.

## **Documents to be Delivered at Closing**

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that contemporaneously with or before accepting the Bonds and paying therefore, the successful bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Palmer and Dodge LLP, Boston, Massachusetts, Bond Counsel to the State, as to the validity and tax status of the Bonds, substantially in the form provided in Appendix A to the Official Statement, referred to below; (b) a certificate of the State Treasurer and the Commissioner of the Department of Administrative Services to the effect that, to the best of their respective knowledge and belief, the Official Statement referred to below, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) a certificate of the Attorney General of the State in form satisfactory to Bond Counsel, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to his or her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, in any way affecting the validity of the Bonds or in any way contesting the power of the State Treasurer to sell the Bonds as contemplated in this Notice of Sale; and (d) a Continuing Disclosure Certificate substantially in the form described in the Preliminary Official Statement.

## **Official Statement**

The Preliminary Official Statement dated January 12, 2005 and the information contained therein have been deemed final by the State as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Official Statement in final form (the "Final Official Statement").

The State, at its expense, will make available to the successful bidder up to 200 copies of the Final Official Statement, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom the bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperate in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

### **Continuing Disclosure**

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the State will undertake to provide annual reports and notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement.

### **Right to Change the Notice of Sale and to Postpone Offering**

The State reserves the right to make changes to the Notice of Sale and also reserves the right to postpone, from time to time, the date and time established for the receipt of bids. ANY SUCH POSTPONEMENT WILL BE ANNOUNCED VIA TM3 NOT LATER THAN 1:00 P.M. (E.S.T.) ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced via TM3 at least 48 hours prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date and time of sale and except for any changes announced over TM3 at the time the sale date and time are announced.

**Additional Information**

For further information relating to the Bonds, reference is made to the Preliminary Official Statement dated January 12, 2005 prepared for and authorized by the State Treasurer. The Preliminary Official Statement may be obtained by accessing the following website: [www.networkfinancialprint.com](http://www.networkfinancialprint.com). For further information, please contact the undersigned at the Office of the State Treasurer, State House Annex, Concord, New Hampshire 03301 (telephone 603-271-2621; telecopy 603-271-3922) or from Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, Attention: Monika Conley (telephone 212-566-7800; telecopy 212-566-7816).

THE STATE OF NEW HAMPSHIRE

By Michael A. Ablowich  
*State Treasurer*

Date: January 12, 2005

**STATE OF NEW HAMPSHIRE**  
**INFORMATION STATEMENT SUPPLEMENT**

**DATED JANUARY 19, 2005**

*The following information is provided by the State to supplement the information contained in the State's most recent Information Statement dated December 10, 2004 (the "Information Statement"). The Information Statement is available on the New Hampshire Treasury Department website as Part II of the Official Statement entitled "State of New Hampshire General Obligation Capital Improvement Bonds 2004 Series A and 2004 Series B" at <http://www.state.nh.us/treasury/Divisions/DM/DMdocs.htm>. The headings set forth below correspond to the same headings in the Information Statement. This Supplement (the "Supplement") only sets forth additional information concerning the matters described below as of the date of this Supplement and is subject to change without notice.*

**STATE GOVERNMENT**

**Executive Branch**

On November 2, 2004, John H. Lynch was elected governor and Debora Pignatelli was elected executive councilor for District Five, each for a two-year term. The other four executive councilors were re-elected to new two-year terms. They took office on January 6, 2005.

**STATE FINANCES**

**Results of Operations**

*Fiscal Year 2004.* The State's CAFR, including its audited financial statements, for Fiscal Year 2004 was publicly released on January 12, 2005 and filed with each Nationally Recognized Municipal Securities Information Repository currently recognized under SEC Rule 15c2-12. The Fiscal Year 2004 information set forth in the various tables in this section of the Information Statement did not change as a result of the audit and accordingly such information is deemed to be audited information as of the date of this Information Statement Supplement. See also "Financial Statements" below.

**Fiscal Year 2005 Budget**

The following table compares on a cash basis, for the six months ended December 31, 2004, General Fund and Education Fund unrestricted revenues for the Fiscal Years 2004 and 2005 and a comparison to the revenue estimates for Fiscal Year 2005. The revenue estimates reflected in the plan are based on those revenues defined in Chapter 318, Laws of 2003, the State budget law for Fiscal Year 2005. Due to the combined filing of the business profits tax and business enterprise tax, it is not possible to measure accurately the individual effects of each of these taxes. They should be evaluated in their entirety. All information in this table is preliminary and unaudited.

**GENERAL FUND AND EDUCATION FUND UNRESTRICTED REVENUES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004  
(Cash Basis-In Millions)**

Revenue Category	FY04	FY05	FY05	FY05 vs Plan		FY05 vs FY04	
	Actual	Actual	Plan	Variance	% Change	Variance	% Change
Business Profits Tax	\$65.9	\$74.2	\$93.0	\$(18.8)	(20.2)%	\$8.3	12.6%
Business Enterprise Tax	<u>102.6</u>	<u>117.5</u>	<u>81.7</u>	<u>35.8</u>	<u>43.8</u>	<u>14.9</u>	<u>14.5</u>
Subtotal	168.5	191.7	174.7	17.0	9.7	23.2	13.8
Meals & Rooms Tax	102.5	107.2	106.1	1.1	1.1	4.7	4.6
Tobacco Tax	51.8	51.9	49.7	2.2	4.4	0.1	0.2
Liquor Sales and Distribution	59.1	62.5	62.5	--	--	3.4	5.8
Interest & Dividends Tax	13.2	15.8	16.9	(1.1)	(6.6)	2.6	19.7
Insurance Tax	37.5	41.0	40.5	0.5	1.3	3.5	9.3
Communications Tax	32.5	34.3	34.5	(0.2)	(0.6)	1.8	5.5
Real Estate Transfer Tax	74.4	89.4	68.0	21.4	31.5	15.0	20.2
Estate and Legacy Tax	12.4	7.5	6.0	1.5	25.0	(4.9)	(39.5)
Transfers from Sweepstakes	31.4	31.0	29.5	1.5	5.1	(0.4)	(1.3)
Tobacco Settlement	0.4	0.5	-	0.5	100.0	0.1	25.0
Utility Property Tax	7.4	10.1	10.3	(0.2)	(1.9)	2.7	36.5
Property Tax Not Retained Locally	-	-	-	-	-	-	-
Property Tax Retained Locally	-	-	-	-	-	-	-
Flexible Grant	25.0	-	-	-	-	(25.0)	(100.0)
Other	<u>56.5</u>	<u>53.6</u>	<u>55.4</u>	<u>(1.8)</u>	<u>(3.2)</u>	<u>(2.9)</u>	<u>(5.1)</u>
Subtotal	672.6	696.5	654.1	42.4	6.5	23.9	3.6
Net Medicaid Enhancement Revenues	104.7	115.6	120.6	(5.0)	(4.1)	10.9	10.4
Recoveries	<u>5.5</u>	<u>6.8</u>	<u>7.8</u>	<u>(1.0)</u>	<u>(12.8)</u>	<u>1.3</u>	<u>23.6</u>
Subtotal	782.8	818.9	782.5	36.4	4.7	36.1	4.6
Other Medicaid Enhancement Revenues to Fund Net Appropriations	<u>8.2</u>	<u>14.8</u>	<u>11.0</u>	<u>3.8</u>	<u>34.5</u>	<u>6.6</u>	<u>80.5</u>
Total	<u>\$791.0</u>	<u>\$833.7</u>	<u>\$793.5</u>	<u>\$40.2</u>	<u>5.1%</u>	<u>\$42.7</u>	<u>5.4%</u>

Revenues for the first six months of fiscal year 2005 are \$833.7 million, or \$40.2 million or 5.1%, ahead of plan. Year-to-date revenue is ahead of fiscal year 2004 by \$42.7 million, or 5.4%, which can be attributed mainly to increased collections from aggregate business taxes and the Real Estate Transfer Tax. Business tax revenue exceeded the year-to-date plan by \$17.0 million and was \$23.2 million, or 13.8%, above fiscal year 2004. Real Estate Transfer Tax revenue exceeded the year-to-date plan by \$21.4 million and was \$15.0 million, or 20.2%, above fiscal year 2004.



## **SCHOOL FUNDING**

On January 19, 2005, the Legislative Budget Assistant (“LBA”) publicly released an audit of the Department of Education (“DOE”), which, among other matters, determined that DOE incorrectly calculated adequate education grants for school districts in Fiscal Years 2004 and 2005. LBA questioned both the years and the specific consumer price index used in calculating the amounts payable to school districts. LBA states that because DOE used different years to calculate the average of the consumer price index, the adequate education grants were \$1.8 million less in Fiscal Year 2004 than they should have been and \$1.4 million less in Fiscal Year 2005.

As of the date of this Supplement, there are no pending or threatened claims against the State alleging that it is liable to school districts or students for additional monies to pay for the cost of an adequate education pursuant to this audit observation. The State is unable to predict the likelihood of success of any such claim that might be brought.

## **STATE INDEBTEDNESS**

The State issued its \$60,000,000 General Obligation Capital Improvement Bonds, 2004 Series A and 2004 Series B, on December 21, 2004 for the purpose of financing various capital projects.

On December 30, 2004, the State issued \$75,000,000 of revenue anticipation notes. The notes were issued in part due to the obligation of the State to pay approximately \$135 million of funds to cities and towns by December 31, 2004 for adequate education grants. The notes mature June 1, 2005.

## **STATE RETIREMENT SYSTEM**

In connection with the recent establishment of the judicial pension system (see “Capital Budget”), the State engaged a consultant to prepare an actuarial valuation as of January 1, 2005, based on the finalized plan provisions and reflecting an initial funding payment of \$42.8 million, which amount will be provided from the proceeds of the State’s \$42,800,000 General Obligation Bonds, 2005 Series B (Federally Taxable) (the “2005 Series B Bonds”), expected to be issued later in January, 2005. The valuation determined the total accrued liability of the plan as of January 1, 2005 to be \$43,669,534 and the value of the net assets of the plan to be \$42,800,000, which amount is equal to the expected proceeds of the 2005 Series B Bonds. This valuation results in an unfunded liability equal to \$869,534.

Information pertaining to the State’s employee benefit plans may be found in Notes 6 and 10 to the State’s fiscal year 2004 financial statements.

## **FINANCIAL STATEMENTS**

Specific reference is made to the State’s financial statements for the fiscal year ended June 30, 2004, presented in accordance with generally accepted accounting principles, and the report of the State’s independent auditors with respect thereto, which have been filed with each Nationally Recognized Municipal Securities Information Repository currently recognized by the Securities and Exchange Commission. Copies of the fiscal year 2004 financial statements, as well as other periodic public reports relating to the financial position of the State, may also be obtained upon request from the office of the State Treasurer, State House Annex, Concord, New Hampshire. The financial statements, the Financial Review and other periodic financial information are also available at the home page for the State’s Bureau of Financial Reporting located at <http://www.state.nh.us/das/accounting>.

All Fiscal Year 2005 financial information presented in this Supplement is unaudited.

**THE STATE OF NEW HAMPSHIRE**