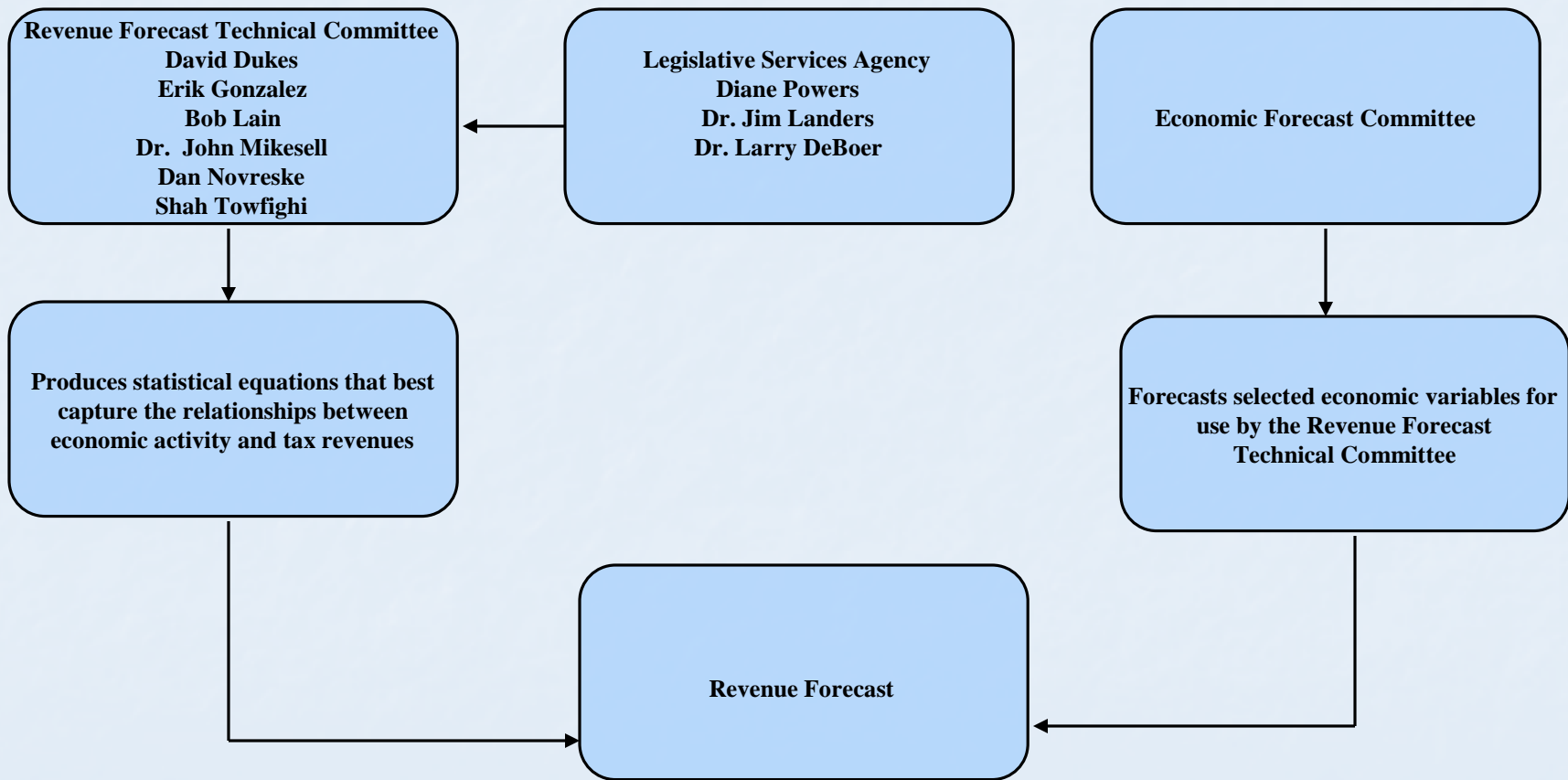


GENERAL FUND AND PROPERTY TAX REPLACEMENT FUND
REVENUE FORECAST UPDATE

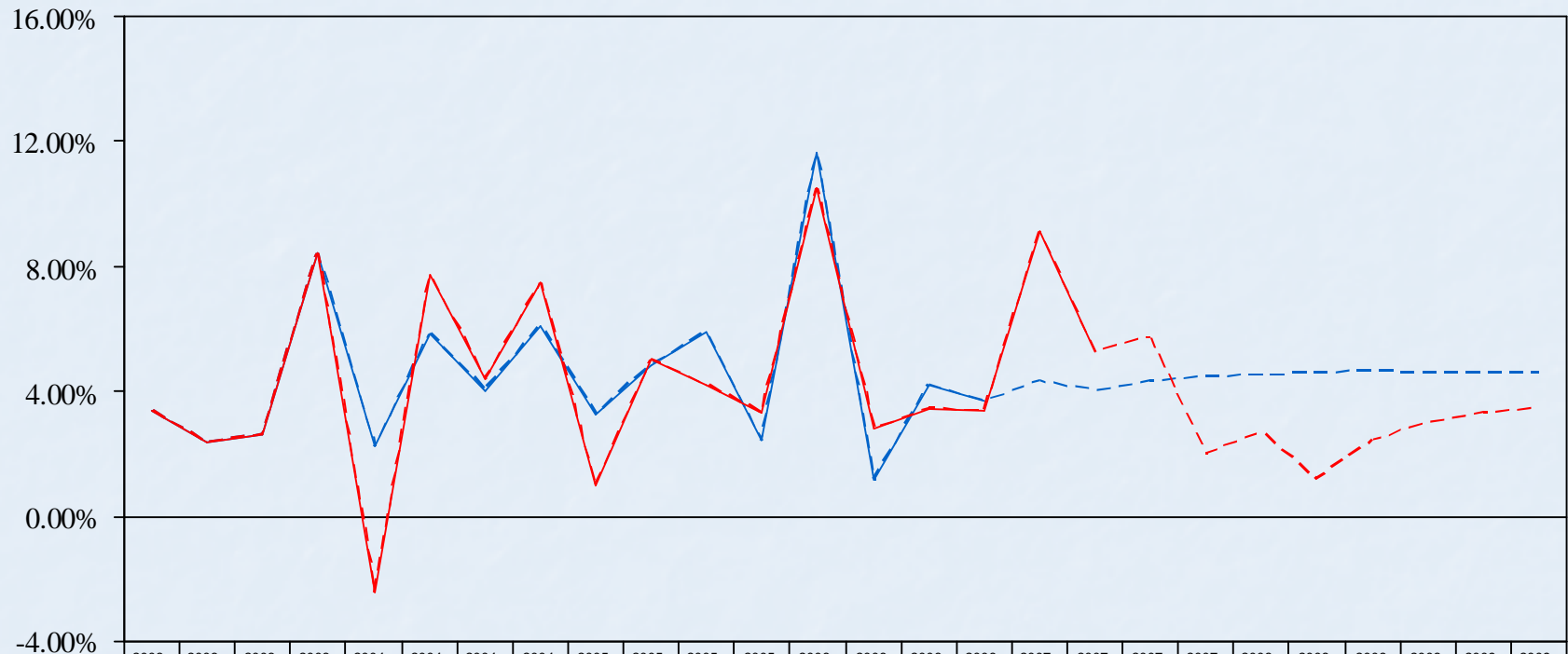
REVENUE FORECAST TECHNICAL COMMITTEE
DECEMBER 13, 2007

GENERAL FUND AND PROPERTY TAX REPLACEMENT FUND REVENUE FORECAST PROCESS



INDIANA NONFARM PERSONAL INCOME COMPARISON OF APRIL 2007 FORECAST AND DECEMBER 2007 FORECAST

(Quarterly percent change at annual rates)

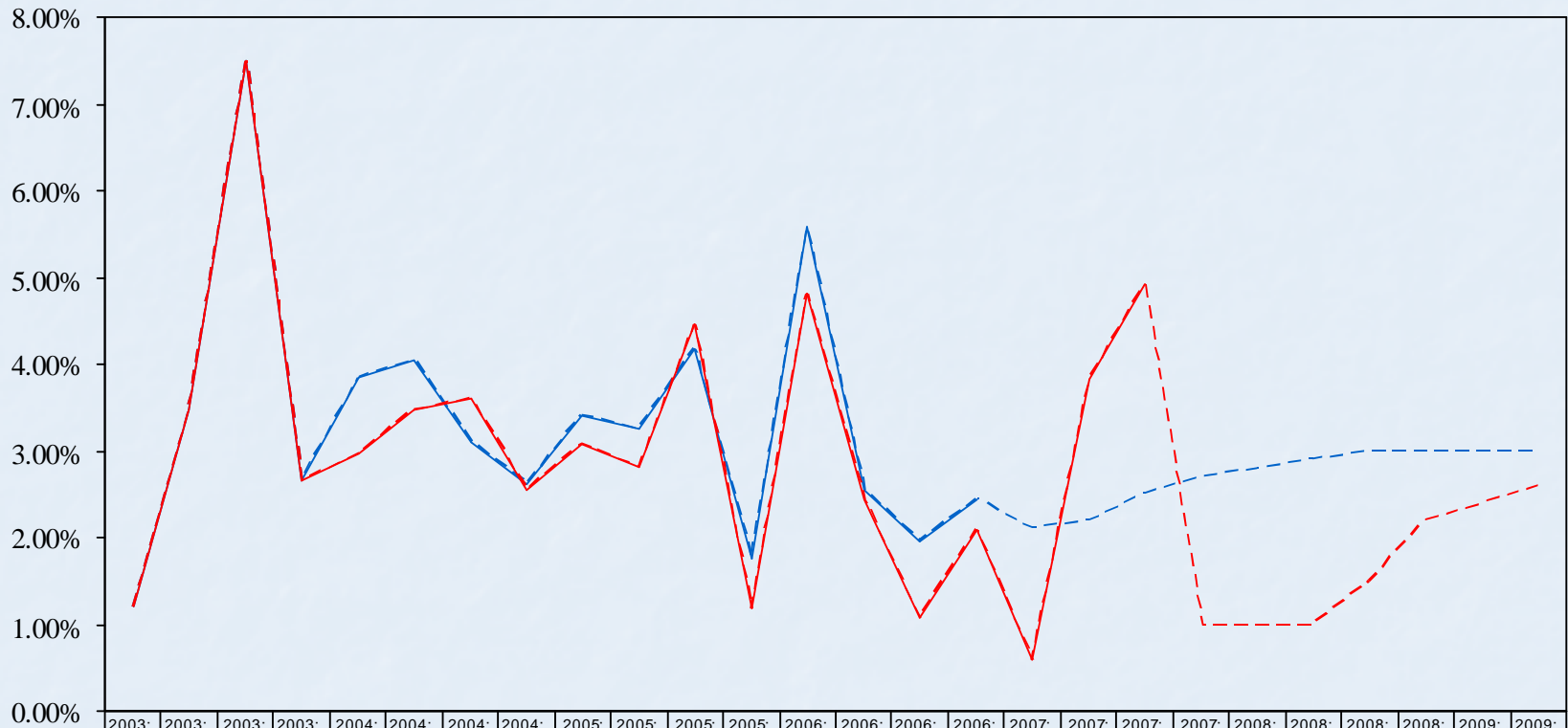


	2003: Q1	2003: Q2	2003: Q3	2003: Q4	2004: Q1	2004: Q2	2004: Q3	2004: Q4	2005: Q1	2005: Q2	2005: Q3	2005: Q4	2006: Q1	2006: Q2	2006: Q3	2006: Q4	2007: Q1	2007: Q2	2007: Q3	2007: Q4	2008: Q1	2008: Q2	2008: Q3	2008: Q4	2009: Q1	2009: Q2
Apr. Actual	3.41%	2.37%	2.60%	8.42%	2.23%	5.84%	3.99%	6.11%	3.24%	4.86%	5.92%	2.41%	11.62%	1.16%	4.21%	3.70%										
Apr. 2007 Forum	3.41%	2.37%	2.60%	8.42%	2.23%	5.84%	3.99%	6.11%	3.24%	4.86%	5.92%	2.41%	11.62%	1.16%	4.21%	3.70%	4.32%	4.00%	4.35%	4.47%	4.52%	4.57%	4.63%	4.55%	4.57%	4.55%
Dec. Actual	3.41%	2.37%	2.60%	8.42%	-2.40%	7.72%	4.41%	7.46%	0.99%	5.01%	4.18%	3.29%	10.52%	2.82%	3.42%	3.36%	9.13%	5.27%								
Dec. 2007 Forum	3.41%	2.37%	2.60%	8.42%	-2.40%	7.72%	4.41%	7.46%	0.99%	5.01%	4.18%	3.29%	10.52%	2.82%	3.42%	3.36%	9.13%	5.27%	5.73%	2.00%	2.71%	1.17%	2.41%	3.01%	3.29%	3.43%

— Apr. Actual
 - - - Apr. 2007 Forum
 — Dec. Actual
 - - - Dec. 2007 Forum

U.S. REAL GROSS DOMESTIC PRODUCT COMPARISON OF APRIL 2007 FORECAST AND DECEMBER 2007 FORECAST

(Quarterly percent change at annual rates)



	2003: Q1	2003: Q2	2003: Q3	2003: Q4	2004: Q1	2004: Q2	2004: Q3	2004: Q4	2005: Q1	2005: Q2	2005: Q3	2005: Q4	2006: Q1	2006: Q2	2006: Q3	2006: Q4	2007: Q1	2007: Q2	2007: Q3	2007: Q4	2008: Q1	2008: Q2	2008: Q3	2008: Q4	2009: Q1	2009: Q2
Apr. Actual	1.20%	3.47%	7.49%	2.65%	3.85%	4.04%	3.10%	2.61%	3.40%	3.26%	4.18%	1.76%	5.58%	2.56%	1.96%	2.45%										
Apr. 2007 Forum	1.20%	3.47%	7.49%	2.65%	3.85%	4.04%	3.10%	2.61%	3.40%	3.26%	4.18%	1.76%	5.58%	2.56%	1.96%	2.45%	2.10%	2.20%	2.50%	2.70%	2.80%	2.90%	3.00%	3.00%	3.00%	3.00%
Dec. Actual	1.20%	3.47%	7.49%	2.65%	2.96%	3.48%	3.60%	2.55%	3.07%	2.81%	4.46%	1.19%	4.82%	2.44%	1.07%	2.09%	0.60%	3.82%	4.92%							
Dec. 2007 Forum	1.20%	3.47%	7.49%	2.65%	2.96%	3.48%	3.60%	2.55%	3.07%	2.81%	4.46%	1.19%	4.82%	2.44%	1.07%	2.09%	0.60%	3.82%	4.92%	1.00%	1.00%	1.00%	1.50%	2.20%	2.40%	2.60%

— Apr. Actual
 - - - Apr. 2007 Forum
 — Dec. Actual
 - - - Dec. 2007 Forum

COMPARISON OF FORECAST ECONOMIC DRIVERS

Indiana Nonfarm Personal Income

	April 16, 2007	December 13, 2007	
	Forecast	Forecast	
FY 2007	4.31%	4.97%	Actual
FY 2008	4.30%	4.52%	
FY 2009	4.57%	2.48%	

Real Gross Domestic Product

	April 16, 2007	December 13, 2007	
	Forecast	Forecast	
FY 2007	2.63%	2.10%	Actual
FY 2008	2.49%	2.51%	
FY 2009	2.94%	1.63%	

FORECAST UPDATE OVERVIEW

- **The FY 2008 forecast**
 - **Forecasted growth over FY 2007 = 2.2% or \$272.4M**
 - **Change from April 16, 2007 forecast = 0.6% or \$81.0M**
 - **Forecasted growth over FY 2007 excluding new cigarette taxes = 1.8% or \$225.3M**
 - **Change from April 16, 2007 forecast = 0.3% or \$33.9M**
- **The FY 2009 forecast**
 - **Forecasted growth over FY 2008 = 2.1% or \$264.6M**
 - **Change from April 16, 2007 forecast = -1.6% or -\$213.8M**
 - **Forecasted growth over FY 2008 excluding new cigarette taxes = 2.0% or \$260.4M**
 - **Change from April 16, 2007 forecast = -2.0% or -\$265.1M**

STATE REVENUE FORECAST
Combined General Fund and Property Tax Replacement Fund
Fiscal Years 2008 and 2009
December 13, 2007
(in millions)

	Actual 2006	Actual 2007	Change	Percent Growth Over 2006	Prior Forecast 2008	Updated Forecast 2008	Diff. From Prior Forecast	Percent Diff. From Prior Forecast	Percent Growth Over 2007	Prior Forecast 2009	Updated Forecast 2009	Diff. From Prior Forecast	Percent Diff. From Prior Forecast	Percent Growth Over 2008
General & PTR Funds														
Sales	5,226.3	5,379.1	152.8	2.9%	5,577.5	5,601.3	23.8	0.4%	4.1%	5,827.1	5,737.7	-89.4	-1.5%	2.4%
Individual	4,322.4	4,615.6	293.2	6.8%	4,681.4	4,680.7	-0.7	0.0%	1.4%	4,933.6	4,781.0	-152.6	-3.1%	2.1%
Corporate	925.4	987.1	61.7	6.7%	924.3	956.6	32.3	3.5%	-3.1%	947.1	969.8	22.7	2.4%	1.4%
Subtotal "Big Three"	10,474.1	10,981.8	507.7	4.8%	11,183.2	11,238.6	55.4	0.5%	2.3%	11,707.8	11,488.4	-219.4	-1.9%	2.2%
Gaming	589.9	625.3	35.4	6.0%	647.3	619.1	-28.2	-4.4%	-1.0%	677.9	634.7	-43.2	-6.4%	2.5%
Cigarette	298.3	308.5	10.2	3.4%	303.9	358.0	54.1	17.8%	16.0%	307.8	356.9	49.1	16.0%	-0.3%
AB Taxes	15.0	14.7	-0.3	-1.9%	15.4	15.1	-0.3	-1.9%	2.9%	15.7	15.4	-0.3	-1.9%	2.0%
Inheritance	148.9	150.3	1.4	0.9%	147.5	147.5	0.0	0.0%	-1.9%	147.5	147.5	0.0	0.0%	0.0%
Insurance	174.1	187.1	13.0	7.4%	177.2	177.2	0.0	0.0%	-5.3%	177.2	177.2	0.0	0.0%	0.0%
Interest	84.5	139.2	54.6	64.6%	130.6	130.6	0.0	0.0%	-6.2%	130.6	130.6	0.0	0.0%	0.0%
Other	275.8	219.3	-56.5	-20.5%	212.5	212.5	0.0	0.0%	-3.1%	212.5	212.5	0.0	0.0%	0.0%
Subtotal	996.6	1,019.1	22.4	2.3%	987.1	1,040.9	53.8	5.5%	2.1%	991.3	1,040.1	48.8	4.9%	-0.1%
Total General & PTR Funds	12,060.7	12,626.2	565.6	4.7%	12,817.6	12,898.6	81.0	0.6%	2.2%	13,377.0	13,163.2	-213.8	-1.6%	2.1%
Cigarette-GF	298.3	308.5	10.2	3.4%	303.9	310.9	7.0	2.3%	0.8%	307.8	305.6	-2.2	-0.7%	-1.7%
Cigarette-Retiree Health	N.A.	N.A.	N.A.	N.A.	0.0	21.4	21.4	N.A.	N.A.	0.0	23.3	23.3	N.A.	8.9%
Cigarette-Medicaid	N.A.	N.A.	N.A.	N.A.	0.0	12.9	12.9	N.A.	N.A.	0.0	14.0	14.0	N.A.	8.9%
Cigarette-Flex 125 Plan	N.A.	N.A.	N.A.	N.A.	0.0	12.9	12.9	N.A.	N.A.	0.0	14.0	14.0	N.A.	8.9%
Cigarette - Total	298.3	308.5	10.2	3.4%	303.9	358.0	54.1	17.8%	16.0%	307.8	356.9	49.1	16.0%	-0.3%
Total GF & PTRF without new Cigarette Funds under HEA 1678-2007	12,060.7	12,626.2	565.6	4.7%	12,817.6	12,851.5	33.9	0.3%	1.8%	13,377.0	13,111.9	-265.1	-2.0%	2.0%

STATE REVENUE FORECAST
Detail for General Fund and Property Tax Replacement Fund
Fiscal Years 2008 and 2009
December 13, 2007
(in millions)

	<u>Actual 2006</u>	<u>Actual 2007</u>	<u>Change</u>	<u>Percent Growth Over 2006</u>	<u>Prior Forecast 2008</u>	<u>Updated Forecast 2008</u>	<u>Diff. From Prior Forecast</u>	<u>Percent Diff. From Prior Forecast</u>	<u>Percent Growth Over 2007</u>	<u>Prior Forecast 2009</u>	<u>Updated Forecast 2009</u>	<u>Diff. From Prior Forecast</u>	<u>Percent Diff. From Prior Forecast</u>	<u>Percent Growth Over 2008</u>
<u>General Fund</u>														
Sales	2,576.3	2,631.0	54.7	2.1%	2,766.0	2,763.1	-2.9	-0.1%	5.0%	2,889.8	2,841.8	-48.0	-1.7%	2.8%
Individual	3,706.6	3,977.4	270.8	7.3%	4,026.0	4,048.6	22.6	0.6%	1.8%	4,242.9	4,111.7	-131.2	-3.1%	1.6%
Corporate	925.4	987.1	61.7	6.7%	924.3	956.6	32.3	3.5%	-3.1%	947.1	969.8	22.7	2.4%	1.4%
Subtotal "Big Three"	7,208.3	7,595.5	387.2	5.4%	7,716.3	7,768.3	52.0	0.7%	2.3%	8,079.8	7,923.2	-156.6	-1.9%	2.0%
Cigarette	298.3	308.5	10.2	3.4%	303.9	358.0	54.1	17.8%	16.0%	307.8	356.9	49.1	16.0%	-0.3%
AB Taxes	15.0	14.7	-0.3	-1.9%	15.4	15.1	-0.3	-1.9%	2.9%	15.7	15.4	-0.3	-1.9%	2.0%
Inheritance	148.9	150.3	1.4	0.9%	147.5	147.5	0.0	0.0%	-1.9%	147.5	147.5	0.0	0.0%	0.0%
Insurance	174.1	187.1	13.0	7.4%	177.2	177.2	0.0	0.0%	-5.3%	177.2	177.2	0.0	0.0%	0.0%
Interest	84.5	139.2	54.6	64.6%	130.6	130.6	0.0	0.0%	-6.2%	130.6	130.6	0.0	0.0%	0.0%
Other	275.8	219.3	-56.5	-20.5%	212.5	212.5	0.0	0.0%	-3.1%	212.5	212.5	0.0	0.0%	0.0%
Subtotal	996.6	1,019.1	22.4	2.3%	987.1	1,040.9	53.8	5.5%	2.1%	991.3	1,040.1	48.8	4.9%	-0.1%
Total General Fund	8,204.9	8,614.6	409.6	5.0%	8,703.4	8,809.2	105.8	1.2%	2.3%	9,071.1	8,963.3	-107.8	-1.2%	1.7%
<u>PTR Fund</u>														
Sales	2,650.1	2,748.1	98.0	3.7%	2,811.5	2,838.2	26.7	0.9%	3.3%	2,937.3	2,895.9	-41.4	-1.4%	2.0%
Individual	615.7	638.2	22.5	3.6%	655.4	632.1	-23.3	-3.6%	-1.0%	690.7	669.3	-21.4	-3.1%	5.9%
Gaming	589.9	625.3	35.4	6.0%	647.3	619.1	-28.2	-4.4%	-1.0%	677.9	634.7	-43.2	-6.4%	2.5%
Total PTR Fund	3,855.7	4,011.6	155.9	4.0%	4,114.2	4,089.4	-24.8	-0.6%	1.9%	4,305.9	4,199.9	-106.0	-2.5%	2.7%
Total General & PTR Funds	12,060.7	12,626.2	565.6	4.7%	12,817.6	12,898.6	81.0	0.6%	2.2%	13,377.0	13,163.2	-213.8	-1.6%	2.1%
Cigarette-GF	298.3	308.5	10.2	3.4%	303.9	310.9	7.0	2.3%	0.8%	307.8	305.6	-2.2	-0.7%	-1.7%
Cigarette-Retiree Health	N.A.	N.A.	N.A.	N.A.	0.0	21.4	21.4	N.A.	N.A.	0.0	23.3	23.3	N.A.	8.9%
Cigarette-Medicaid	N.A.	N.A.	N.A.	N.A.	0.0	12.9	12.9	N.A.	N.A.	0.0	14.0	14.0	N.A.	8.9%
Cigarette-Flex 125 Plan	N.A.	N.A.	N.A.	N.A.	0.0	12.9	12.9	N.A.	N.A.	0.0	14.0	14.0	N.A.	8.9%
Cigarette - Total	298.3	308.5	10.2	3.4%	303.9	358.0	54.1	17.8%	16.0%	307.8	356.9	49.1	16.0%	-0.3%
Total GF & PTRF without new Cigarette Funds under HEA 1678-2007	12,060.7	12,626.2	565.6	4.7%	12,817.6	12,851.5	33.9	0.3%	1.8%	13,377.0	13,111.9	-265.1	-2.0%	2.0%

While the Revenue Forecast Technical Committee strives to produce the best possible forecasts for each revenue source, it is unlikely each component of this forecast will prove to be completely accurate. The Committee believes that in total it has produced a realistic and responsible forecast.