

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the notes described herein. The invitation for such bids is being made by means of this Official Notice of Sale, the Official Bid Forms on the website described below and the Preliminary Official Statement.

OFFICIAL NOTICE OF SALE

\$4,600,000,000*

State of Texas

Tax and Revenue Anticipation Notes

Series 2006

Time and Place of Sale

Electronic bids for the purchase of State of Texas Tax and Revenue Anticipation Notes, Series 2006 (the "Series 2006 Notes"), to be issued in the aggregate principal amount of \$4,600,000,000* will be received by the Comptroller of Public Accounts of the State of Texas (the "Comptroller") through the website operated by Grant Street Group accessible at <https://www.TRANTEXAS.com> (the "TRANTEXAS website") on Tuesday, August 22, 2006, between 9:00 a.m. and 10:00 a.m. CDT, subject to postponement as hereinafter described. Bidding for the Notes will begin at 9:00 a.m. and end at 10:00 a.m. CDT on Tuesday, August 22, 2006.

To participate, bidders must have:

- (1) submitted the good faith deposit and executed the Bid Commitment provided in Attachment A to the Comptroller as provided herein on or before 5:00 p.m. CDT on Monday, August 21, 2006 (as described under "Bid Commitment" and "Good Faith Deposit" hereinafter);
- (2) completed the registration form on the TRANTEXAS website; and
- (3) requested, qualified for and received admission to the Comptroller's bidding area on the TRANTEXAS website (as described under "General Bidding Procedures" hereinafter).

The Comptroller shall not be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate or untimely bid submitted by Internet transmission by such bidder, including, without limitation, by reason of corrupted or incomplete transmissions, mechanical failure, engaged telephone or telecommunications lines or any other cause arising from delivery by Internet transmission. The use of the TRANTEXAS website, specifically including bids submitted through such medium, shall be at the bidder's risk and expense, the Comptroller shall have no liability with respect thereto.

The Comptroller reserves the right to extend the date and/or time for the receipt of sealed bids, or to change the aggregate principal amount of the Series 2006 Notes subject to bidding, by giving notice of the new date and time for receipt of sealed bids or new principal amount of Series 2006 Notes by posting on the TRANTEXAS website, not later than 3:00 p.m., CDT, on the day preceding the date previously fixed for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

Purpose of the Series 2006 Notes

The Series 2006 Notes are part of the plan of the State of Texas ("State") to provide for payment of authorized expenditures during fiscal year 2007 pending receipt of the budgeted general purpose revenue. Although

* Preliminary, subject to change.

the State's budget for fiscal year 2007 is balanced, the unrestricted accounts in the State's General Revenue Fund have historically been subject to temporary cash shortfalls during each fiscal year because taxes and other revenues are received more slowly than expenditures are paid through the first eight months of each fiscal year. To meet, in part, the temporary cash shortfalls in the unrestricted accounts in the General Revenue Fund anticipated during fiscal year 2007, on August 31, 2006, the Comptroller will issue the Series 2006 Notes, which will mature on August 31, 2007. The combined aggregate principal amount of the Series 2006 Notes, plus the premium received as part of the purchase price thereof, may not exceed the amount of tax and revenue anticipation notes authorized for fiscal year 2007 by the Cash Management Committee. The temporary cash shortfall anticipated during fiscal year 2007 is expected to be met through the combined use of proceeds of the Series 2006 Notes and borrowings from other funds and accounts managed by or in the custody of the Comptroller.

Description of Series 2006 Notes

The Series 2006 Notes will be issued pursuant to an order issued by the Comptroller (the "Note Order"), on the date of public sale of the Series 2006 Notes by competitive bid. The Series 2006 Notes will be valid and binding limited obligations of the State, will be dated August 31, 2006, and will be issued as fully registered notes, without interest coupons, registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2006 Notes. Beneficial interests in the Series 2006 Notes will be available only in book-entry form in denominations of \$5,000 or any integral multiple thereof. The Series 2006 Notes shall mature on August 31, 2007, and the Series 2006 Notes are not subject to redemption prior to maturity.

The Series 2006 Notes will bear interest at the rate established by the Comptroller and made available through the TRANTEXAS website no later than noon CDT on the day preceding bidding. The interest rate so established also may be obtained after that time by calling (512) 463-4751. Bidders must acknowledge such interest rate when submitting their bids through the TRANTEXAS website.

Payment

Principal of and interest on the Series 2006 Notes will be payable at maturity, in immediately available funds, to DTC. DTC will then be responsible for distributing such payments to DTC participants for subsequent remittance to the owners of beneficial interests in the Series 2006 Notes.

Security

The Series 2006 Notes are authorized by Subchapter H, Chapter 404 of the Texas Government Code, as amended (the "Act"). The Series 2006 Notes are valid and binding limited obligations of the State, payable solely from and to the extent of amounts from time to time on deposit in the proceeds account, payment account and sinking account established for the Series 2006 Notes within the tax and revenue anticipation note fund authorized by the Act, and any warrant drawn on the State's General Revenue Fund as required for that purpose, subject to certain limitations described in the Preliminary Official Statement dated August 15, 2006 and prepared in connection with the sale of the Series 2006 Notes (the "Preliminary Official Statement"). The Comptroller covenants to make payments into the tax and revenue anticipation note fund from certain specified sources to the extent available and as necessary to provide for the full payment of the principal of and interest on the Series 2006 Notes and any additional parity obligations when due. Other terms and security for the Series 2006 Notes are described in the Note Order and the Preliminary Official Statement, and all terms of the Series 2006 Notes and the Note Order described in this Official Notice of Sale are subject to the more detailed descriptions contained in the Preliminary Official Statement.

Interest Rate and Basis of Award

Bids may be for all or up to any part of the offering, provided that bids by historically underutilized businesses for the HUB Notes (as defined and further described below) may only be for all or up to any part of the HUB Notes. No bid for less than par value, or for less than \$5,000,000 principal amount, or which is not an integral multiple of \$5,000,000 principal amount, of the Series 2006 Notes will be considered except as set forth further

below under “Historically Underutilized Business Allocation.” The successful bidder or bidders shall be obligated to pay the respective prices they bid, including accrued interest, if any, from the dated date of the Series 2006 Notes to the date of delivery.

The Series 2006 Notes will be awarded to the bidder or bidders offering to purchase the Series 2006 Notes at the lowest net interest cost per Series 2006 Note (except as set forth below under “Historically Underutilized Business Allocation”). The net interest cost (expressed as an interest rate) per Series 2006 Note under each bid shall be determined by computing the total amount of interest payable on the Series 2006 Notes at the rate established by the Comptroller as described above, from and including the dated date and to and excluding the maturity date based on a term of 365 days calculated on the basis of a 365-day year for actual days elapsed, deducting therefrom the premium bid, if any, and dividing the result by the product of the principal amount of Series 2006 Notes offered to be purchased in such bid and 365/365, reflecting the term to maturity.

The State reserves the right to award all or any part of the Series 2006 Notes to any bidder in a principal amount less than the principal amount stated in the bid, in which event any premium bid shall be proportionately reduced. In the event one or more bids specify the same net interest cost and the award to such bidders would exceed the aggregate principal amount of the Series 2006 Notes offered for sale after award of bids specifying lower net interest costs, then selection for award for such tied bids will be made by the Comptroller on a pro rata basis to the greatest extent practicable up to the maximum principal amount of Series 2006 Notes remaining to be awarded. No award will be made for less than \$5,000,000 principal amount of the Series 2006 Notes (except as set forth below under “Historically Underutilized Business Allocation”), unless such an award is required as a result of a proration of the Series 2006 Notes as described in the immediately preceding sentence, or if as a result of the HUB allocation process, there remains less than \$5,000,000 in principal amount of Series 2006 Notes to be awarded through the Regular Bidding Process.

The Comptroller reserves the right to reject any or all bids. The Comptroller also reserves the right to waive, without limitation, any irregularity or informality with respect to any bid, except the time of receipt of sealed bids. If the Comptroller rejects all bids, the Comptroller reserves the right to establish a new time for receipt of bids for up to 48 hours after the time of receipt of sealed bids set forth in this Official Notice of Sale by posting the new time for receipt of sealed bids on the TRANTEXAS website. The Comptroller further reserves the right to issue the Series 2006 Notes in a principal amount less than that stated in this Official Notice of Sale. Any such change shall be considered an amendment to this Official Notice of Sale.

Historically Underutilized Business Allocation

Historically underutilized businesses as herein defined (“HUBs”) are encouraged to respond to this invitation for bids. To encourage participation by HUBs, the Comptroller has allocated a principal amount of the Series 2006 Notes equal to the lesser of (i) \$100,000,000 or (ii) the par amount of winning HUB bids (the “HUB Notes”) for purchase by HUBs. HUBs may submit bids for the HUB Notes singly or as a syndicate; provided that such syndicate is comprised only of HUBs. “HUB,” as used herein, means:

- (1) a corporation formed for the purpose of making a profit in which 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation’s control, operation and management;
- (2) a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by an economically disadvantaged person;
- (3) a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership’s control, operation, and management; or

(4) a joint venture in which each entity in the venture is a historically underutilized business, as determined under another subparagraph of this paragraph.

For purposes of the definition of HUB, an “economically disadvantaged person” means a person who is economically disadvantaged because of the person’s identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, and Native Americans, and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.

Each HUB or HUB syndicate submitting a bid on any HUB Notes must certify on the HUB Bid Commitment as follows:

“(1) Bidder is aware that only a HUB or a HUB syndicate may submit bids on the HUB Notes.

(2) Bidder and each member of the syndicate, if applicable, is a HUB as defined in the Official Notice of Sale.”

Bids for the HUB Notes will only be accepted from HUBs and HUB syndicates and must be submitted on the HUB Official Bid screen on the TRANTEXAS website. Bids may be for all or any part of the HUB Notes. **Any HUB or HUB syndicate submitting a bid for the HUB Notes must agree to purchase the HUB Notes at the price that would result in a net interest cost per HUB Note equal to the weighted average net interest cost per Series 2006 Note (the “Weighted Average Net Interest Cost”) of successful bids awarded in the regular bidding process for the Series 2006 Notes, which process does not include the HUB Notes (the “Regular Bidding Process”); provided that a HUB or a HUB syndicate may specify for each HUB Note bid a minimum net interest cost (expressed as an interest rate) per HUB Note below which such HUB or HUB syndicate will not agree to purchase any HUB Notes pursuant to such bid. For purposes of the HUB bidding process, no bid for less than \$1,000,000 principal amount, or which is not an integral multiple of \$1,000,000 principal amount, of the Series 2006 Notes will be considered. Bidder must indicate on the HUB Official Bid screen on the website either a “W” to represent Weighed Average Net Interest Cost or its minimum net interest cost. Failure to do so will cause such bid to be disqualified.**

The HUB Notes will be awarded to the HUB bidder or bidders at the price that would result in the Weighted Average Net Interest Cost, which will be computed or recomputed by the Comptroller as described below pursuant to the Regular Bidding Process. The HUB bidder or bidders awarded HUB Notes shall be obligated to purchase at such price all of the HUB Notes awarded to such HUB bidder or bidders. The Comptroller will eliminate any bid or bids with respect to which the HUB bidder specified a minimum net interest cost per HUB Note which exceeds the Weighted Average Net Interest Cost computed by the Comptroller and once so eliminated, a HUB Note bid will not be reconsidered regardless of the results of recomputation of the Weighted Average Net Interest Cost. The HUB Notes attributable to the bid or bids rejected as a result of the foregoing provision will be returned to the Regular Bidding Process. Thereafter, the Comptroller will recompute the Weighted Average Net Interest Cost, taking into consideration the Series 2006 Notes returned to the Regular Bidding Process.

Should the HUB Notes be over subscribed by HUBs or HUB syndicates, then selection for award of such bids will be made by the Comptroller on a pro rata basis to the greatest extent practicable up to the maximum principal amount of the HUB Notes; **provided that up to \$25,000,000 of HUB Notes shall be reserved for, and awarded, on a pro rata basis to the greatest extent practicable, to HUBs with a principal place of business in the State (within the meaning of Section 2161.001, Texas Government Code) and to syndicates comprised solely of such HUBs.** Should the HUB Notes be under subscribed by HUBs, then the Series 2006 Notes not subscribed for will be returned to the Regular Bidding Process and will be included in the recomputation of the Weighted Average Net Interest Cost. **The Comptroller reserves the right to reject any or all bids for the HUB Notes. The Comptroller also reserves the right to waive, without limitation, any irregularity or informality with respect to any bid for the HUB Notes, except the time of receipt of sealed bids.**

In addition to or in lieu of submitting a bid for any HUB Notes, a HUB or HUB syndicate may submit a bid for Series 2006 Notes, other than HUB Notes, through the Regular Bidding Process by using the Official Bid screen on the TRANTEXAS website for the Regular Bidding Process. After the time set for receipt of

bids, no bid, whether it be a bid for HUB Notes or for Series 2006 Notes other than HUB Notes, may be withdrawn, and any and all bids shall remain firm for four (4) hours after the time for the receipt of the bids.

General Bidding Procedures

Each bid must be in accordance with the terms and conditions set forth in this Official Notice of Sale.

The rules of the auction can be viewed on the TRANTEXAS website and, as amended and supplemented from time to time, are incorporated herein by reference. Bidders will be required to verify that they have read such rules prior to submitting bids. In the event of a conflict between such rules and this Official Notice of Sale, the provisions of this Official Notice of Sale shall prevail.

In order to ensure that there is sufficient time to verify a bidder's eligibility to bid, bidders must visit the TRANTEXAS website on or before 2:00 p.m. CDT on Monday, August 21, 2006, where, if a bidder has never registered with Grant Street Group, a bidder may register and then request admission to bid. Each bidder will be notified prior to the scheduled bidding time of its eligibility to bid. Each bidder who has already registered with Grant Street Group may call auction support at (412) 391-5555, ext. 370 between the hours of 7:30 a.m. and 5:00 p.m. CDT to confirm its ID number and password.

All bids must be unconditional and submitted on the TRANTEXAS website accessible at <https://www.TRANTEXAS.com>. **NO BIDS DELIVERED BY ANY OTHER METHOD WILL BE ACCEPTED.** Separate proposals to purchase any part of the Series 2006 Notes may be contained in the same electronic bid as a convenience to the bidder. If more than one electronic bid is submitted by the same bidder for any part of the Series 2006 Notes, each such bid shall be considered a separate proposal for purchase of such part. Any bid may be withdrawn by a bidder at any time prior to the time set for receipt of bids. Thereafter, no bid may be withdrawn and all bids shall remain firm for four (4) hours after the time for the receipt of bids. During the time for receipt of bids, all bids and the identities of the bidders will remain confidential and sealed. The bid process will not be conducted using a "reverse auction" methodology.

Each bid submitted shall be deemed an irrevocable offer to purchase the Series 2006 Notes on the terms provided in this Official Notice of Sale and shall be binding upon the bidder.

List of Winning Bids

As soon as practicable after bidding for the Series 2006 Notes ends, a list of winning bids and bidders will be posted on the TRANTEXAS website accessible at <https://www.TRANTEXAS.com>. **Winning bidders shall treat the website posting of winning bids and bidders as official acceptance of the winning bids so listed;** however, following such posting, each winning bidder will receive a facsimile copy of its winning bid manually executed by or on behalf of the Comptroller.

Bid Commitment

To qualify as a bidder, the Bid Commitment provided in Attachment A must be **manually executed and shall be submitted on or before 5:00 p.m. CDT on Monday, August 21, 2006** to:

Comptroller of Public Accounts of the State of Texas
Rusk State Office Building
208 East 10th Street
Room 239
Austin, Texas 78701
Attention: Robert Coalter

Good Faith Deposit

Each bidder must provide, at **or before 5:00 p.m. CDT on Monday, August 21, 2006**, a good faith deposit in the form of a bank cashier's check or bank certified check of or upon a bank doing business in the State payable **in immediately available funds** or a financial surety bond payable to the order of "Comptroller of Public Accounts of the State of Texas," or a wire transfer of funds to Texas Comptroller Austin, Rt.#: 1149-0016-4, Acct.#: 463600001, Ref: TRAN GOOD FAITH DEPOSIT FOR (FIRM SUBMITTING BID) in any amount not less than 1% of the aggregate par value of the Series 2006 Notes bid (hereinafter "Good Faith Deposit"). Checks and financial surety bonds shall be submitted to:

Comptroller of Public Accounts of the State of Texas
Rusk State Office Building
208 East 10th Street
Room 239
Austin, Texas 78701
Attention: Robert Coalter

If a check is used, the check should be in an envelope clearly marked with the name of the bidder and the notation "Good Faith Deposit for Series 2006 Note Sale." Additionally, the check shall be accompanied by instructions from the issuing bank authorizing its use as a Good Faith Deposit by the bidder, who shall be named in such instructions.

If a financial surety bond is used, it (1) must be from an insurance company qualified to provide such insurance in the State of Texas, and (2) shall be accompanied by instructions from the insurance company authorizing its use as a Good Faith Deposit by the bidder which shall be named in such instructions. If the Series 2006 Notes are awarded to a bidder utilizing a financial surety bond, then that purchaser or purchasers of Series 2006 Notes must submit its Good Faith Deposit in the form of a bank cashier's check (or wire transfer such amount as instructed above) not later than 2:00 p.m. CDT, on the day of the award of the Series 2006 Notes. If such Good Faith Deposit is not received by the established deadline, the financial surety bond may be drawn upon by the Comptroller to satisfy the Good Faith Deposit.

One check, financial surety bond or wire transfer may be used as the Good Faith Deposit for more than one bid of the same bidder provided that the check, financial surety bond or wire transfer equals at least 1% of the total amount bid, or \$46,000,000, whichever is less. No interest will be paid or otherwise allowed on the Good Faith Deposit submitted with the bid. The portion of the Good Faith Deposit attributable to any bid for Series 2006 Notes not accepted shall be returned to the bidder. The Good Faith Deposit of the successful bidder or bidders will be deposited in a special account of the Comptroller and shall be used as partial payment for purchase of each successful bid of Series 2006 Notes or in the event of the failure of a successful bidder to take up and pay the purchase price for Series 2006 Notes awarded, at the option of the Comptroller, the Good Faith Deposit may be retained as liquidated damages or, at the option of the Comptroller, the Comptroller may return such Good Faith Deposit and file suit or pursue any other remedy available to the Comptroller. If any bidder submitting a cashier's or certified check is awarded Series 2006 Notes in an amount less than the aggregate principal amount of Series 2006 Notes bid, such bidder will be allowed until 2:00 p.m. CDT on the day of the selection of the winning bids to exchange its bid deposit check for a similar check in the appropriate bid deposit amount. If an exchange check in the appropriate bid deposit amount is not received by such time, the Comptroller will wire to the bidder an amount equal to the excess of the amount of the bid deposit check over the required bid deposit amount.

Legal Opinion

The Attorney General of the State will deliver an opinion as to the validity of the Series 2006 Notes under State law. The successful bidder or bidders will be furnished, without cost, with the opinion of the law firm of Vinson & Elkins L.L.P., Austin and Houston, Texas ("Bond Counsel"), to the effect that the Series 2006 Notes are valid and binding limited obligations of the State, and that the interest on the Series 2006 Notes is excludable from gross income of the owners thereof for federal income tax purposes under existing law and is not an item of tax preference for purposes of the federal alternative minimum tax for individuals, assuming continuing compliance with certain covenants contained in the Note Order.

Delivery of Series 2006 Notes; No Litigation

The Series 2006 Notes will be delivered against payment without further cost to the successful bidder or bidders at the expense of the State, on or about August 31, 2006, by the registration of the Series 2006 Notes in the name of Cede & Co. and delivery to DTC. Payment for the Series 2006 Notes shall be made **in immediately available funds** wired to a bank designated by the Comptroller. Upon written request, the successful bidder or bidders will be provided with a transcript of proceedings in connection with the issuance of the Series 2006 Notes, including a no-litigation opinion of the Attorney General of the State (as described in the Preliminary Official Statement), a certificate of the Comptroller to the effect that the Official Statement prepared in connection with the sale of the Series 2006 Notes, as of the date of the Official Statement and as of the date of delivery of the Series 2006 Notes, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and a statement from the Comptroller to the effect that the Appendix A attached to the Official Statement did not as of its date and does not, as of the date of delivery of the Series 2006 Notes, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

The delivery of the Series 2006 Notes is conditioned upon the receipt by the Comptroller of the certificates, substantially in the form and to the effect attached hereto as Attachment B, executed and delivered by the successful bidder or bidders at or before delivery of the Series 2006 Notes stating the prices at which a substantial amount of the Series 2006 Notes have been, and as of the date of bidding were expected to be, sold to the public. See “Certification of Issue Price.”

Certification of Issue Price

In order to provide the Comptroller with information required to enable her to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exclusion of interest on the Series 2006 Notes from the gross income of their owners, each of the successful bidders will be required to complete, execute, and deliver to Bond Counsel (**by the close of business on the next business day after the sale of the Series 2006 Notes**) a certification as to their “issue price” substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale. In the event a successful bidder will not reoffer the Series 2006 Notes for sale to the public, such certificate may be modified in a manner approved by the Comptroller and Bond Counsel. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate within the next business day after the sale of the Series 2006 Notes, if its bid is accepted by the Comptroller. In the case of a bidder that is a syndicate, it will be the responsibility of the senior managing underwriter to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

Additional HUB Participation Goals

To encourage the involvement of HUBs, the Comptroller has established a HUB allocation for the purchase of Series 2006 Notes by HUBs. See “Historically Underutilized Businesses Allocation.” Notwithstanding the fact that the Comptroller has provided a HUB allocation, all bidders (including HUBs and HUB syndicates) must certify awareness of the Comptroller’s goal for participation of HUBs in this competitive bidding process, and that a good faith effort was made to comply with the Comptroller’s goal. Each of the successful bidders will be required to submit a report after the sale and delivery describing to the Comptroller its outreach efforts toward HUBs and, in the case of successful bidders in the Regular Bidding Process, the amount of actual HUB participation in transactions related to the offer and sale of the Series 2006 Notes.

Bid Commitments submitted by HUBs shall contain the following certification which shall be executed by the bidder (the senior managing underwriter may make the certification on behalf of a bidder that is a syndicate):

“(1) Bidder is aware of the Comptroller’s goal to encourage HUB participation in the sale of the Series 2006 Notes.

(2) Bidder is aware that it must demonstrate a good faith effort toward the Comptroller's participation goals for HUBs.

(3) Bidder agrees that if it is awarded any or all of the Series 2006 Notes, it will file within seven (7) days after the closing with the Comptroller a post-closing disclosure form which must include, but is not limited to, (a) its efforts in obtaining participation of HUBs in the syndicate, (b) the actual level of participation of HUBs in the syndicate, and (c) in the case of a syndicate, the list of participating underwriters, the amount of Series 2006 Notes allocated to and sold by each participating underwriter, the syndicate profits and losses, and a copy of any agreement entered into by and among the underwriting syndicate."

Blue Sky Laws and Limitations on Bidders

By submission of its bid, each bidder represents that it will offer and sell Series 2006 Notes or beneficial interests therein in states other than the State only pursuant to exemptions from registration or, where necessary, will register the Series 2006 Notes or beneficial interests therein in accordance with the securities law of the states in which the Series 2006 Notes or beneficial interests therein are offered or sold. The Comptroller agrees to cooperate with the successful bidders, at their written request and expense, in registering the Series 2006 Notes or beneficial interests therein or obtaining an exemption from registration in any state where such action is necessary; provided, however, that the Comptroller will not consent to service of process in any state other than the State.

The State has not investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Series 2006 Notes under any applicable legal, investment, insurance, banking or other laws, except as set forth in the Preliminary Official Statement.

Municipal Bond Insurance

In the event a successful bidder desires to purchase municipal bond insurance with respect to any of the Series 2006 Notes that it is awarded, the cost therefor will be paid by such successful bidder. It will be the responsibility of the successful bidder to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of such Series 2006 Notes.

Financial Advisor

RBC Capital Markets (the "Financial Advisor") is employed as financial advisor in connection with the issuance of the Series 2006 Notes, and payment of its fees for services rendered with respect to the sale of the Series 2006 Notes is contingent upon the issuance and delivery of the Series 2006 Notes. The Financial Advisor has agreed, in its Financial Advisory contract, not to bid for the Series 2006 Notes, either independently or as a member of a syndicate organized to submit a bid for the Series 2006 Notes.

The Official Statement and Compliance with SEC Rule 15c2-12

The Preliminary Official Statement as it will be supplemented by publication of the interest rate on the Series 2006 Notes as described above, is deemed final within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for items permitted to be excluded by paragraph (b)(1) of such rule. The State will furnish to the successful bidder(s) at the expense of the State within seven (7) business days of the date of sale a sufficient number of copies of the Official Statement to enable the bidder(s) to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

Continuing Disclosure Agreement

The State will agree in the Note Order to provide notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Preliminary Official Statement under "Continuing Disclosure of Information." The successful bidder's obligation to accept and pay for the Series 2006 Notes is

conditioned upon delivery to the successful bidder or its agent of a certified copy of the Note Order containing the agreement described under such heading.

Additional Information

Copies of the final Official Statement, including the form of opinion of Bond Counsel, may be obtained from the TRANTEXAS website.

August 15, 2006

ATTACHMENT A

**BID COMMITMENT
PROPOSAL FOR PURCHASE
\$4,600,000,000*
STATE OF TEXAS TAX AND REVENUE ANTICIPATION NOTES
SERIES 2006**

NOTE: This Bid Commitment should not be used to bid on HUB Notes.

The Honorable Carole Keeton Strayhorn
Comptroller of Public Accounts
of the State of Texas
Rusk State Office Building
208 E. 10th Street, Room 239
Treasury Operations
Austin, Texas 78701

We agree to purchase State of Texas Tax and Revenue Anticipation Notes, Series 2006 (the "Series 2006 Notes") in accordance with the terms of this bid. The Series 2006 Notes are described in the Official Notice of Sale, dated August 15, 2006, which is incorporated herein by reference and is made a part of this bid and the Preliminary Official Statement dated August 15, 2006. Interest on the Series 2006 Notes shall be calculated on the basis of a 365-day year for 365 actual days elapsed.

In accordance with the terms of the Official Notice of Sale, there is submitted a certified check or cashier's check payable to the order of the Comptroller **in immediately available funds**, of or upon a bank doing business in the State of Texas, a financial surety bond, or a confirmation by the Comptroller of receipt of a wire transfer, **for \$_____**, (**amount required, if not bidding on total par value**) representing an amount not less than 1% of the aggregate par value of this bid, or \$46,000,000, whichever is less. The proceeds of such check or wire transfer or the financial surety bond are to be applied in accordance with the terms of the Official Notice of Sale if Series 2006 Notes are awarded to us, or such check, wire transfer or financial surety bond, is to be returned to us, in accordance with the Official Notice of Sale, if any of the Series 2006 Notes are not awarded to us.

Our bid is submitted in accordance with and subject to all provisions contained in the Official Notice of Sale, which is made a part of the bid. If our bid is accepted in whole or in part, we will comply with the obligations of the successful bidder specified in the Official Notice of Sale.

Pursuant to the provision in the Official Notice of Sale bidder certifies to all of the following:

(1) Bidder is aware of the Comptroller's goal to encourage HUB participation in the sale of the Series 2006 Notes.

* Preliminary, subject to change.

(2) Bidder is aware that it must demonstrate a good faith effort toward the Comptroller's participation goals for HUBs.

(3) Bidder agrees that if it is awarded any Series 2006 Notes, it will file **within seven (7) business days after the closing** with the Comptroller a post-closing disclosure form which must include, but is not limited to, (a) its efforts in obtaining participation of HUBs in the syndicate, (b) the actual level of participation of HUBs in the syndicate, and (c) in the case of a syndicate, the list of participating underwriters, the amount of Series 2006 Notes allocated to and sold by each participating underwriter, the syndicate profits and losses, and a copy of any agreement entered into by and among the underwriting syndicate.

The undersigned bidder agrees to complete, execute and deliver to Bond Counsel by the close of business on **the next business day after the sale of the Series 2006 Notes**, a certificate relating to the "issue price" of the Series 2006 Notes purchased by it in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the Comptroller and Bond Counsel.

The undersigned bidder hereby acknowledges that (i) its authorized representatives have received and read the Official Notice of Sale and Preliminary Official Statement referred to above and (ii) it agrees to the terms and conditions set forth in the Official Notice of Sale and the rules of the Comptroller's auction.

By: _____

Submitted on behalf of the signatory

Printed name: _____

and the following additional firms:

For: _____

Telephone: _____

Fax No: _____

<u>Information required</u> to identify a bidder's good faith deposit	Bidder's Authorized Representative(s)
	Grant Street I.D. Number(s):

The bid(s) of the above bidder listed on the schedule of winning bids attached hereto are hereby accepted this _____ day of August, 2006.

Comptroller of Public Accounts of the
State of Texas

Note: Return of the good faith deposit is hereby acknowledged.

Printed Name: _____

Note: Please provide return wiring instructions.

HUB BID COMMITMENT
PROPOSAL FOR PURCHASE
\$4,600,000,000*
STATE OF TEXAS TAX AND REVENUE ANTICIPATION NOTES
SERIES 2006

**NOTE: This HUB Bid Commitment should only be used by a HUB or HUB
syndicate to bid on HUB Notes.**

The Honorable Carole Keeton Strayhorn
Comptroller of Public Accounts
of the State of Texas
Rusk State Office Building
208 E. 10th Street, Room 239
Treasury Operations
Austin, Texas 78701

We agree to purchase State of Texas Tax and Revenue Anticipation Notes, Series 2006 (the "Series 2006 Notes") in accordance with the terms of this bid. The Series 2006 Notes are described in the Official Notice of Sale, dated August 15, 2006, which is incorporated herein by reference and is made a part of this bid and the Preliminary Official Statement dated August 15, 2006. Interest on the Series 2006 Notes shall be calculated on the basis of a 365-day year for 365 actual days elapsed.

In accordance with the terms of the Official Notice of Sale, there is submitted a certified check or cashier's check payable to the order of the Comptroller **in immediately available funds**, of or upon a bank doing business in the State of Texas, a financial surety bond, or a confirmation by the Comptroller of receipt of a wire transfer, **for \$_____**, (**amount required, if not bidding on total par value**) representing an amount not less than 1% of the aggregate par value of this bid, or \$1,000,000, whichever is less. The proceeds of such check or wire transfer or the financial surety bond are to be applied in accordance with the terms of the Official Notice of Sale if Series 2006 Notes are awarded to us, or such check, wire transfer or financial surety bond, is to be returned to us, in accordance with the Official Notice of Sale, if any of the Series 2006 Notes are not awarded to us.

Our bid is submitted in accordance with and subject to all provisions contained in the Official Notice of Sale, which is made a part of the bid. If our bid is accepted in whole or in part, we will comply with the obligations of the successful bidder specified in the Official Notice of Sale.

Pursuant to the provision in the Official Notice of Sale, bidder certifies as follows:

- (1) Bidder is aware that only a HUB or a HUB syndicate may submit bids on the HUB Notes.
- (2) Bidder and each member of the syndicate, if applicable, is a HUB as defined in the Official Notice of Sale.
- (3) Bidder is aware of the Comptroller's goal to encourage HUB participation in the sale of the Series 2006 Notes.
- (4) Bidder is aware that it must demonstrate a good faith effort toward the Comptroller's participation goals for HUBs.

* Preliminary, subject to change.

(5) Bidder agrees that if it is awarded any Series 2006 Notes, it will file **within seven (7) business days after the closing** with the Comptroller a post-closing disclosure form which must include, but is not limited to, (a) its efforts in obtaining participation of HUBs in the syndicate, and (b) in the case of a syndicate, the list of participating underwriters, the amount of Series 2006 Notes allocated to and sold by each participating underwriter, the syndicate profits and losses, and a copy of any agreement entered into by and among the underwriting syndicate.

Note: Check the following box if applicable.

Bidder further certifies that it or each member of its syndicate, if applicable, is a HUB with a principal place of business in the State (within the meaning of Section 2161.001, Texas Government Code).

The undersigned agrees to complete, execute and deliver to Bond Counsel by the close of business on **the next business day after the sale** of the Series 2006 Notes, a certificate relating to the "issue price" of the Series 2006 Notes purchased by it in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the Comptroller and Bond Counsel.

The undersigned bidder hereby acknowledges that (i) its authorized representatives have received and read the Official Notice of Sale and Preliminary Official Statement referred to above and (ii) it agrees to the terms and conditions set forth in the Official Notice of Sale and the rules of the Comptroller's auction.

By: _____

This Bid is submitted on behalf of the
signatory and the following additional firms:

Printed name: _____

For: _____

Telephone: _____

Fax No.: _____

<p><u>Information required</u> to identify a bidder's good faith deposit</p>	<p>Bidder's Authorized Representative(s) Grant Street I.D. Number(s):</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
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The bid(s) of the above bidder listed on the schedule of winning bids attached hereto are hereby accepted this ____ day of August, 2006.

Comptroller of Public Accounts of the
State of Texas

Note: Return of the good faith deposit is hereby acknowledged.

Printed Name: _____

Note: Please provide return wiring instructions.

ATTACHMENT B

**CERTIFICATE REGARDING ISSUE PRICE OF THE STATE OF TEXAS
TAX AND REVENUE ANTICIPATION NOTES, SERIES 2006**

This certificate is required to be delivered to Bond Counsel by the close of business on the next business day after the sale of the Series 2006 Notes. Delivery to be made by facsimile to Steven H. Gerdes, Esq., Vinson & Elkins L.L.P. (Fax Number (713) 615-5503).

The undersigned hereby certifies with respect to the sale of \$4,600,000,000* State of Texas Tax and Revenue Anticipation Notes, Series 2006 (individually, a "Series 2006 Note", and collectively, the "Series 2006 Notes"), as follows:

1. The undersigned is a duly authorized representative of the underwriter or of the manager of the syndicate of underwriters that purchased \$_____ aggregate principal amount of the Series 2006 Notes (the "Underwriters' Notes") from the Comptroller of Public Accounts which authorized the issuance of the Series 2006 Notes on behalf of the State of Texas (the "State") pursuant to a competitive bid sale. (Such underwriter or syndicate of underwriters is referred to herein as the "Underwriters.") In this capacity, the undersigned is familiar with the facts stated herein.

2. The term "Initial Offering Price" means the initial offering price to the public (exclusive of accrued interest, if any) for the Underwriters' Notes (stated in terms of a percent of par) that have been purchased by the Underwriters as set forth in the following table:

Principal Amount	Offering Price
\$ _____	_____ %
\$ _____	_____ %
\$ _____	_____ %
\$ _____	_____ %
\$ _____	_____ %

3. Based on the actual facts and reasonable expectations in existence, the Initial Offering Price for each Underwriters' Note:

a. Represented the price (payable in cash, with no other consideration being included, and exclusive of accrued interest, if any), at which the Underwriters reasonably expect each such Series 2006 Note would be sold to the Public; and

* Preliminary, subject to change.

b. Did not exceed what the Underwriters believed to be the fair market value of such Series 2006 Note.

4. The Underwriters have purchased the Underwriters' Notes for contemporaneous sale to the Public and not for investment for their own account. Each of the Underwriters' Notes has actually been offered to the Public at its respective Initial Offering Price in a bona fide offering of all the Underwriters' Notes and, as of the date hereof, a substantial amount of the Underwriters' Notes (at least 10 percent) has been sold to the Public in arm's length transactions for cash prices (with no other consideration being included). Of the Underwriters' Notes sold, none were sold at prices other than the Initial Offering Price for such Underwriters' Notes, plus accrued interest, if any.

5. The term "Public" shall not include bond houses, brokers, and similar persons or organizations acting in the capacity of wholesalers or underwriters.

We understand that the State will rely on the above in making certain representations to Vinson & Elkins L.L.P., Bond Counsel, in complying with the conditions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect thereunder, necessary for interest on the Series 2006 Notes to be and remain excludable from gross income for federal income tax purposes.

EXECUTED and DELIVERED as of and on August ____, 2006.

Very truly yours,

UNDERWRITERS

Name of Underwriter or Manager of Syndicate

By: _____

Name: _____

Title: _____