SUPPLEMENT DATED NOVEMBER 2, 2012 TO THE PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 25, 2012

$11,445,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS
2012 SERIES P
(POLLUTION CONTROL PROJECTS)

This Supplement dated November 2, 2012 (the "Supplement") amends and supplements the Preliminary Official Statement dated October 25, 2012 (the "Original Preliminary Official Statement," and together with the Supplement, the "Preliminary Official Statement") relating to the above-referenced bonds (the "Bonds") and constitutes an integral part of the Preliminary Official Statement. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Preliminary Official Statement.

This Supplement adds a new subsection titled "Multistate Tax Compact" as set forth below to the section titled "LITIGATION" as it appeared in the Original Preliminary Official Statement, but does not make any other changes to the Preliminary Official Statement.

Multistate Tax Compact

A case is pending in the Oregon Tax Court that challenges the State's departure from provisions in the Multistate Tax Compact ("MTC") when apportioning income attributable to corporations operating in more than one state. Under the MTC, the income of a multi-state corporation is apportioned to a state using an equally weighted three-factor formula. The formula compares in-state payroll, property and sales to the corporation's overall payroll, property and sales. Many states, including Oregon, have diverged from equally weighting each of the three elements to determine the amount of income in a particular state. Currently, the State uses only sales in Oregon and does not use the other two factors to apportion corporate income. See APPENDIX A—"REVENUES—General Fund Revenues – Taxes – Corporate Excise and Income Taxes." The taxpayer in *Health Net v. Dept. of Revenue* asserts that the MTC is a binding contractual arrangement that cannot be unilaterally changed by a participating state. Therefore, the taxpayer argues, the State must apportion multi-state corporate income based only on the formula in the MTC. The amount at issue in *Health Net* is approximately $350,000. If the taxpayer prevails, however, and a court determines that the State must use the MTC formula, other corporations may seek refunds based on the same theory and the State may collect less corporate income tax in the future. The State has insufficient data to accurately predict the amounts it could be required to refund or the overall impact on future revenues. Those amounts would depend on the circumstances of individual corporations that may, or may not, seek refunds and actions the Legislative Assembly may take in response to an adverse ruling. Such actions could include withdrawing from the MTC or adopting legislative changes to apportionment statutes. Preliminary estimates, however, indicate that potential maximum refund liability and reductions in corporate income tax revenues, without any legislative action, would exceed the materiality threshold stated above of $50 million. The State anticipates that the Oregon Tax Court's ruling will be appealed to the Oregon Supreme Court by the State or the taxpayer. Similar litigation is pending in the California appellate court.

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* Preliminary, subject to change.