

In the opinion of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Authority, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein (i) interest on the 2003 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2003 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest however, is includable in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. See TAX EXEMPTION herein for a description of certain other provisions of law which may affect the Federal tax treatment of interest on the 2003 Bonds. In the opinion of Hawkins, Delafield & Wood, under the existing laws of the State of Tennessee, the 2003 Bonds and the interest thereon are free from taxation by the State of Tennessee or any local governmental unit or other political corporations or subdivisions thereof, except for inheritance, transfer and estate taxes, and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to State law.

\$8,295,000
TENNESSEE LOCAL DEVELOPMENT AUTHORITY
State Loan Programs Revenue Bonds
2003 Refunding Series A

Dated: Date of Delivery

Due: March 1 As Shown Below

The State Loan Programs Revenue Bonds, 2003 Refunding Series A (the "2003 Bonds") will be issued in denominations of \$5,000 and integral multiples thereof. Interest on the 2003 Bonds is payable on September 1, 2003 and semi-annually on each March 1 and September 1 thereafter as more fully described herein. Certain of the 2003 Bonds are subject to redemption prior to maturity as more fully described herein.

The 2003 Bonds are being issued by the Tennessee Local Development Authority (the "Authority") pursuant to the Tennessee Local Development Authority Act, Title 4, Chapter 31, Tennessee Code Annotated, as amended, for the purpose of refunding portions of the Authority's outstanding State Loan Programs Revenue Bonds, 1986 Refunding Series A, and State Loan Program Revenue Bonds, 1993 Refunding Series A, heretofore issued for the purpose of refinancing loans to Local Government Units to pay the cost of certain sewage treatment works, waterworks and energy recovery and resource recovery facilities.

The 2003 Bonds will be payable from Revenues of the Authority and other moneys and securities pledged under the Resolution. Revenues include amounts derived from payments required to be made by Local Government Units under Loan Program Agreements and derived from certain State Shared Taxes but only when such taxes have been withheld pursuant to law and have become the property of the Authority, on a parity with Bonds heretofore and hereafter issued and interest on Notes of the Authority heretofore and hereafter issued. As more fully described herein, Revenues also include, and principal of and interest on the 2003 Bonds also may be payable from, amounts withdrawn by the Authority from the Local Development Authority Statutory Reserve Fund.

The 2003 Bonds will constitute limited special obligations of the Authority. The Authority has no taxing power. The State of Tennessee is not liable on the Bonds and Notes of the Authority, including the 2003 Bonds, and such Bonds and Notes are not a debt of the State of Tennessee.

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS
AND CUSIP NUMBERS**

| <u>Due March 1</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number[^]</u> |
|--------------------|---------------|----------------------|--------------|---------------------------------|
| 2004 | \$960,000 | 3.00% | 1.30% | 880550HA9 |
| 2005 | \$1,015,000 | 3.00% | 1.62% | 880550HB7 |
| 2006 | \$810,000 | 1.95% | 2.01% | 880550HC5 |
| 2007 | \$825,000 | 2.40% | 2.45% | 880550HD3 |
| 2008 | \$845,000 | 4.00% | 2.85% | 880550HE1 |
| 2009 | \$875,000 | 3.15% | 3.26% | 880550HF8 |
| 2010 | \$905,000 | 3.45% | 3.56% | 880550HG6 |
| 2011 | \$650,000 | 3.75% | 3.85% | 880550HH4 |
| 2012 | \$565,000 | 4.00% | 3.98% | 880550HJ0 |
| 2013 | \$345,000 | 4.00% | 4.11% | 880550HK7 |
| 2014 | \$350,000 | 4.00% | 4.24% | 880550HL5 |
| 2015 | \$150,000 | 4.00% | 4.36% | 880550HM3 |

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

The 2003 Bonds are offered when, as and if issued by the Authority, subject to the receipt of an opinion as to the validity of the 2003 Bonds by Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its counsel, the Attorney General and Reporter of the State of Tennessee, Nashville, Tennessee, and for the Underwriter by its counsel, Boulton, Cummings, Connors & Berry, PLC, Nashville, Tennessee. The Authority expects that delivery of the 2003 Bonds will be made to DTC in New York, New York, on or about January 30, 2003.

M. R. BEAL & COMPANY

January 22, 2003

[^] These CUSIP numbers have been assigned to this issue by an organization not affiliated with the Authority and are included solely for the convenience of the Bondholders. The Authority shall not be responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the 2003 Bonds or as indicated herein.