

NEW MONEY ISSUE - BOOK-ENTRY-ONLY

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by The Commonwealth of Massachusetts described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

THE COMMONWEALTH OF MASSACHUSETTS



\$469,635,000

**General Obligation Bonds
Consolidated Loan of 2011**

**\$462,840,000
Series B**

**\$6,795,000
Series C (BuildMassBonds)**

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The Bonds will be issued by means of a book-entry-only system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants. Details of payment of the Bonds are more fully described in this Official Statement. The Series B Bonds will bear interest from their date of delivery and interest will be payable on February 1, 2012 and semiannually thereafter on August 1 and February 1 and at maturity, calculated on the basis of a 360-day year of twelve 30-day months. The Series C Bonds will not pay current interest. The Series B Bonds are subject to redemption prior to maturity as more fully described herein. The Series C Bonds are not subject to redemption prior to maturity.

The Bonds will constitute general obligations of The Commonwealth of Massachusetts (the "Commonwealth"), and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and on expenditures for debt service, see "SECURITY FOR THE BONDS" (herein) and the Commonwealth Information Statement (described herein) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*"

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the unqualified approving opinion as to legality of Nixon Peabody LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Commonwealth by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCarter & English, LLP, Boston, Massachusetts. The Bonds are expected to be available for delivery at DTC in New York, New York, on or about June 1, 2011.

J.P. Morgan

**BofA Merrill Lynch
Fidelity Capital Markets
Ramirez & Co., Inc.**

**Barclays Capital
Jefferies & Company**

**Citi
Morgan Stanley
Siebert Brandford Shank & Co., LLC**

**BB&T Capital Markets
Edward Jones
KeyBanc Capital Markets
M.R. Beal & Company
Prager, Sealy & Co., LLC
Roosevelt & Cross, Inc.**

**Cabrera Capital Markets, LLC
Jackson Securities
Loop Capital Markets, LLC
Oppenheimer & Co. Inc.
RBC Capital Markets**

**Eastern Bank
Janney Montgomery Scott
Morgan Keegan
Piper Jaffray & Co.
Raymond James & Associates, Inc.
Stone & Youngberg**

THE COMMONWEALTH OF MASSACHUSETTS

\$469,635,000

**General Obligation Bonds
Consolidated Loan of 2011**

\$462,840,000 Series B

Dated: Date of Delivery

Due: August 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number</u> *	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number</u> *
2012	\$50,970,000	3.000%	0.24%	57582PYH7	2019	\$5,945,000	4.000%	2.48%	57582PZD5
2013	3,375,000	2.000	0.52	57582PYJ3	2019	21,520,000	5.000	2.48	57582PZM5
2013	2,550,000	3.000	0.52	57582PYX2	2020	3,050,000	3.000	2.73	57582PYR5
2013	49,410,000	4.000	0.52	57582PZF0	2020	3,885,000	4.000	2.73	57582PZE3
2014	4,395,000	2.000	0.94	57582PYK0	2020	23,065,000	5.000	2.73	57582PZN3
2014	975,000	3.000	0.94	57582PYY0	2021	6,695,000	3.000	2.97 ^C	57582PYS3
2014	23,250,000	5.000	0.94	57582PZG8	2021	2,015,000	3.500	2.97 ^C	57582PZP8
2015	4,300,000	2.000	1.27	57582PYL8	2021	16,290,000	5.000	2.97 ^C	57582PZU7
2015	3,425,000	3.000	1.27	57582PYZ7	2022	10,075,000	3.000	3.15	57582PYT1
2015	34,275,000	5.000	1.27	57582PZH6	2022	625,000	3.500	3.15 ^C	57582PZQ6
2016	4,920,000	2.000	1.46	57582PYM6	2022	14,300,000	5.000	3.15 ^C	57582PZV5
2016	1,620,000	3.000	1.46	57582PZA1	2023	7,265,000	3.250	3.32	57582PYU8
2016	14,725,000	5.000	1.46	57582PZJ2	2023	530,000	4.000	3.29 ^C	57582PZR4
2017	4,410,000	3.000	1.85	57582PYN4	2023	17,205,000	5.000	3.29 ^C	57582PZW3
2017	5,395,000	4.000	1.85	57582PZB9	2024	5,860,000	3.375	3.50	57582PYV6
2017	43,195,000	5.000	1.85	57582PZK9	2024	1,055,000	4.000	3.47 ^C	57582PZS2
2018	5,455,000	3.000	2.20	57582PYP9	2024	5,085,000	5.000	3.44 ^C	57582PZX1
2018	3,790,000	4.000	2.20	57582PZC7	2025	6,580,000	3.500	3.66	57582PYW4
2018	22,155,000	5.000	2.20	57582PZL7	2025	885,000	4.000	3.63 ^C	57582PZT0
2019	2,535,000	3.000	2.48	57582PYQ7	2025	25,785,000	5.000	3.59 ^C	57582PZY9

\$6,795,000 Series C (BuildMassBonds)

Dated: Date of Delivery

Due: February 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number</u> *
2014	\$6,795,000	0.00%	0.94%	57582PZZ6

^C Priced at the stated yield to the August 1, 2020 optional redemption date at a redemption price of 100%. See "The Bonds – Redemption" herein.

* Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds and the Commonwealth does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by The Commonwealth of Massachusetts or the Underwriters to give any information or to make any representations, 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 either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein or included by reference herein has been furnished by the Commonwealth and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters or, as to information from other sources, the Commonwealth. The information and expressions of opinion herein or included by reference 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 the affairs of the Commonwealth, or its agencies, authorities or political subdivisions, since the date hereof, except as expressly set forth herein.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. Murray..... Lieutenant Governor
William F. Galvin..... Secretary of the Commonwealth
Martha Coakley..... Attorney General
Steven Grossman..... Treasurer and Receiver-General
Suzanne M. Bump..... Auditor

LEGISLATIVE OFFICERS

Therese Murray.....President of the Senate
Robert A. DeLeo.....Speaker of the House

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

\$469,635,000
General Obligation Bonds
Consolidated Loan of 2011
\$462,840,000 Series B
\$6,795,000 Series C (BuildMassBonds)

INTRODUCTION

This Official Statement (including the cover page and Appendices A through C attached hereto) provides certain information in connection with the issuance by The Commonwealth of Massachusetts (the “Commonwealth”) of its \$462,840,000 General Obligation Bonds, Consolidated Loan of 2011, Series B (the “Series B Bonds”) and its \$6,795,000 General Obligation Bonds, Consolidated Loan of 2011, Series C (BuildMassBonds) (the “Series C Bonds,” and together with the Series B Bonds, the “Bonds”). The Bonds will be general obligations of the Commonwealth, and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and expenditures for debt service, see “SECURITY FOR THE BONDS” and the Commonwealth Information Statement (described below) under the headings “COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues” and “LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*”

The Bonds are being issued to finance certain authorized capital projects of the Commonwealth. See “THE BONDS – Application of Proceeds of the Bonds.”

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through C. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document.

Specific reference is made to the Commonwealth’s Information Statement dated March 15, 2011 (the “March Information Statement”), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A (the “March Official Statement”). A copy of the March Official Statement has been filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system. The information contained in the March Information Statement has been supplemented by the Commonwealth’s Information Statement Supplement dated May 6, 2011 (the “May Supplement”), which is attached hereto as Appendix A. The March Information Statement and the May Supplement are referred to herein collectively as the “Information Statement.” Subsequent filings by the Commonwealth to the EMMA system, prior to the sale of the Bonds, of continuing disclosure documents identified as “other financial/operating data” are hereby deemed to be included by reference in the Information Statement. The Information Statement contains certain fiscal, budgetary, financial and other general information concerning the Commonwealth. Exhibit A to the Information Statement contains certain economic information concerning the Commonwealth. Exhibit B to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a statutory basis. Exhibit C to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a GAAP basis. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with EMMA. The financial statements are also available at the website of the Comptroller of the Commonwealth.

Appendix B attached hereto contains the proposed form of legal opinion of Bond Counsel with respect to the Bonds. Appendix C attached hereto contains the proposed form of the Commonwealth's continuing disclosure undertaking to be included in the form of the Bonds to facilitate compliance by the Underwriters with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General

The Series B Bonds will mature on the dates and in the aggregate principal amounts, and shall bear interest at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months), as set forth on the inside cover page of this Official Statement. The Series C Bonds will mature on the date as set forth on the inside cover page of this Official Statement. The Bonds will be dated their date of delivery and the Series B Bonds will bear interest from such date. Interest on the Series B Bonds will be payable semiannually on February 1 and August 1 of each year, and at maturity, commencing February 1, 2012, until the principal amount is paid. The Series C Bonds will not pay current interest. The Commonwealth will act as its own paying agent with respect to the Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents or bond registrar for the Bonds.

Book-Entry-Only System. The Bonds will be issued by means of a book-entry-only system, with one bond certificate for each maturity of each series bearing a particular interest rate of each series immobilized at The Depository Trust Company, New York, New York ("DTC"). The certificates will not be available for distribution to the public and will evidence ownership of the Series B Bonds in principal amounts of \$5,000 or integral multiples thereof, and the Series C Bonds in principal amounts of \$1,000 or integral multiples thereof. Transfers of ownership will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest and principal due on the Bonds will be paid in federal funds to DTC or its nominee as registered owner of the Bonds. As long as the book-entry-only system remains in effect, DTC or its nominee will be recognized as the owner of the Bonds for all purposes, including notices and voting. The Commonwealth will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption

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

Optional Redemption – Series B Bonds. The Series B Bonds will be subject to redemption on any date prior to their stated maturity dates on and after August 1, 2020 at the option of the Commonwealth from any monies legally available therefor, in whole or in part at any time, by lot, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

Notice of Redemption. The Commonwealth shall give notice of redemption to the owners of the applicable Series B Bonds not less than 30 days prior to the date fixed for redemption. So long as the book-entry-only system remains in effect for such Series B Bonds, notices of redemption will be sent by the Commonwealth only to DTC or its nominee. Any failure on the part of DTC, any DTC participant or any nominee of a beneficial owner of any such Series B Bond (having received notice from a DTC participant or otherwise) to notify the beneficial owner so affected, shall not affect the validity of the redemption.

On the specified redemption date, all Series B Bonds called for redemption shall cease to bear interest, provided the Commonwealth has monies on hand to pay such redemption in full.

Selection for Redemption. In the event that less than all of any maturity of any Series B Bonds is to be redeemed, and so long as the book-entry-only system remains in effect for such Series B Bonds, the particular Series B Bonds or portion of any such Series B Bonds of a particular maturity to be redeemed will be selected by DTC by lot. If the book-entry-only system no longer remains in effect for the Series B Bonds, selection for redemption of less than all of any one maturity of the Series B Bonds will be made by the Commonwealth by

lot in such manner as in its discretion it shall deem appropriate and fair. For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Series B Bond will be considered a separate Series B Bond.

Application of Proceeds of the Bonds

The Bonds are being issued pursuant to the provisions of Section 49 of Chapter 29 of the Massachusetts General Laws and specific bond authorizations enacted by the Legislature. The net proceeds of the sale of the Bonds, including any premium received by the Commonwealth upon original delivery of the Bonds, will be applied by the Treasurer and Receiver-General of the Commonwealth (the “State Treasurer”) to the various purposes for which the issuance of bonds has been authorized pursuant to such special laws, or to reimburse the Commonwealth’s treasury for expenditures previously made pursuant to such laws. Any remaining premium received by the Commonwealth upon original delivery of the Bonds and not applied to the various purposes for which bonds have been authorized will be applied to the costs of issuance thereof.

The purposes for which the Bonds will be issued have been authorized by the Legislature under various bond authorizations. The proceeds will be used to finance or reimburse the Commonwealth for a variety of capital expenditures that are included within the current capital spending plan established by the Executive Office for Administration and Finance. The plan, which is an administrative guideline and is subject to amendment at any time, sets forth capital spending allocations and establishes annual capital spending limits. See the Commonwealth Information Statement under the heading “COMMONWEALTH CAPITAL INVESTMENT PLAN.”

SECURITY FOR THE BONDS

The Bonds will be general obligations of the Commonwealth to which its full faith and credit will be pledged for the payment of principal and interest when due. However, it should be noted that Chapter 62F of the Massachusetts General Laws imposes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit. It should be noted further that Section 60B of Chapter 29 of the Massachusetts General Laws imposes an annual limitation on the percentage of total appropriations that may be expended for payment of interest and principal on general obligation debt of the Commonwealth. These statutes are both subject to amendment or repeal by the Legislature. Currently, both actual tax revenue growth and annual general obligation debt service are below the statutory limits. See the Commonwealth Information Statement under the headings “COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues” and “LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations.*”

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the Bonds, and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires a legislative appropriation. Enforcement of a claim for payment of principal 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 the same may be constitutionally applied. The United States Bankruptcy Code is not applicable to the Commonwealth. Under Massachusetts law, the Bonds have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code. The Bonds are not subject to acceleration.

LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the Commonwealth seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds.

There are pending in courts within the Commonwealth various suits in which the Commonwealth is a defendant. In the opinion of the Attorney General, no litigation is pending or, to her knowledge, threatened

which is likely to result, either individually or in the aggregate, in final judgments against the Commonwealth that would affect materially its financial condition. For a description of certain litigation affecting the Commonwealth, see the Commonwealth Information Statement under the heading “LEGAL MATTERS.”

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, 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 will be issued for each maturity set forth on the inside cover page hereof, each in the aggregate principal amount (initial principal amount in the case of the Series C Bonds) of such maturity, and will be deposited with DTC.

DTC 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commonwealth 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

THE COMMONWEALTH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR BY ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT OF OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OR WITH RESPECT TO ANY OTHER ACTION TAKEN BY DTC AS BOND OWNER.

The principal of and interest and premium, if any, on the Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the Bonds. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commonwealth, 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 municipal 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 or the Commonwealth, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commonwealth, 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.

The Commonwealth cannot give any assurances that Direct Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this document.

Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of such Bonds and will not be or be considered to be the registered owners thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds, except as otherwise expressly provided herein.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commonwealth. Under such circumstances, in the event that a successor depository is not obtained, Bonds will be delivered and registered as designated by the Beneficial Owners. The

Beneficial Owner, upon registration of Bonds held in the Beneficial Owner's name, will become the Bondowner. Bond certificates are required to be printed and delivered.

The Commonwealth may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, Bond certificates will be printed, delivered and registered as designated by the Beneficial Owners.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMONWEALTH BELIEVES TO BE RELIABLE, BUT THE COMMONWEALTH TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

RATINGS

The Bonds have been assigned long-term ratings of "AA+," "Aa1" and "AA" by Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("Standard & Poor's"), respectively.

Such ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Bonds.

UNDERWRITING

The Underwriters, represented by J.P. Morgan Securities LLC, have agreed, subject to certain conditions, to purchase all of the Bonds from the Commonwealth at a discount from the initial offering prices of the Bonds equal to approximately 0.432444% of the aggregate principal amount of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The principal offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters.

The following language has been provided by the underwriters named therein. The Commonwealth takes no responsibility as to the accuracy or completeness thereof.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

Piper Jaffray & Co., (“Piper”) has entered into an agreement (the “Piper Distribution Agreement”) with Advisors Asset Management, Inc. (“AAM”) for the distribution of certain municipal securities offerings, including the Bonds, allocated to Piper at the original offering prices. Under the Piper Distribution Agreement, Piper will share with AAM a portion of the fee or commission, exclusive of management fees, paid to Piper.

TAX EXEMPTION

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Bonds. The Commonwealth has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Commonwealth has made certain representations and certifications relating to the exclusion from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Commonwealth described above, interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series B Bonds maturing 2022 with a 3.00% interest coupon, 2023 with a 3.25% interest coupon, 2024 with a 3.375% interest coupon and 2025 with a 3.50% interest coupon and the Series C Bonds (collectively the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Bonds other than the Discount Bonds (collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described in the opinion attached as Appendix B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisers regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon,

if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

OPINION OF COUNSEL

The unqualified approving opinions as to the legality of the Bonds will be rendered by Nixon Peabody LLP, of Boston, Massachusetts, Bond Counsel to the Commonwealth. The proposed form of the opinion of Bond Counsel relating to the Bonds are attached hereto as Appendix B. Certain legal matters will also be passed upon by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. of Boston, Massachusetts, as Disclosure Counsel to the Commonwealth. Certain legal matters will be passed upon for the Underwriters by their counsel, McCarter & English, LLP, of Boston, Massachusetts.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12, the Commonwealth will undertake in the Bonds to provide annual reports and notices of certain events. A description of this undertaking is set forth in Appendix C attached hereto.

For information concerning the availability of certain other financial information from the Commonwealth, see the Commonwealth Information Statement under the heading "CONTINUING DISCLOSURE."

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The Commonwealth has prepared the prospective financial information set forth in this Official Statement in connection with its budgeting and appropriations processes. This prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Commonwealth, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best knowledge and belief of the offices of the Commonwealth identified in this Official Statement as the sources of such information, the currently expected course of action and the currently expected future budgeted revenues and expenditures of the Commonwealth. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its

achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Official Statement, except as expressly stated.

AVAILABILITY OF OTHER INFORMATION

Questions regarding this Official Statement or requests for additional financial information concerning the Commonwealth should be directed to Colin A. MacNaught, Assistant Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 226, or Karol D. Ostberg, Director of Capital Finance, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to this Official Statement and the Bonds should be directed to Peter S. Johnson, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, telephone (617) 345-1021.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Steven Grossman
Steven Grossman
Treasurer and Receiver-General

By /s/ Jay Gonzalez
Jay Gonzalez
Secretary of Administration and Finance

May 24, 2011

**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

Dated May 6, 2011

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. MurrayLieutenant Governor
William F. Galvin.....Secretary of the Commonwealth
Martha Coakley.....Attorney General
Steven Grossman.....Treasurer and Receiver-General
Suzanne M. BumpAuditor

LEGISLATIVE OFFICERS

Therese Murray.....President of the Senate
Robert A. DeLeo.....Speaker of the House

THE COMMONWEALTH OF MASSACHUSETTS
INFORMATION STATEMENT SUPPLEMENT

May 6, 2011

This supplement (“Supplement”) to the Information Statement of The Commonwealth of Massachusetts (the “Commonwealth”) dated March 15, 2011 (the “March Information Statement”) is dated May 6, 2011 and contains information which updates the information contained in the March Information Statement. The March Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the March Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through May 6, 2011. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

The March Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information, which sets forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are, respectively, the Commonwealth’s Statutory Basis Financial Report for the year ended June 30, 2010 and the Commonwealth’s Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2010. The Commonwealth’s independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on “Publications and Reports” and then “Financial Reports.”

RECENT DEVELOPMENTS

Fiscal 2011

On April 11, 2011 the Governor approved supplemental budget legislation that included approximately \$325 million in supplemental appropriations, including \$199.4 million for additional payments from the Medical Assistance Trust Fund to hospitals (these payments are expected to be entirely supported by offsetting federal revenues in fiscal 2011), \$49.8 million for additional projected snow and ice removal cost , \$32.6 million for a reserve for the Trial Court to support collective bargaining increases for OPEIU Local 6 and \$8 million for projected caseload spending by the Department of Housing and Community Development for Emergency Assistance family homeless shelters.

In addition, the legislation restores the statutorily required deposit into the Stabilization Fund of 0.5% of total tax revenue. This deposit was initially suspended in the fiscal 2011 budget. The value of this deposit is projected to be almost \$100 million and is expected to result in a projected fiscal 2011 ending balance of \$770 million in the Stabilization Fund.

On May 4, 2011, the Governor filed legislation requesting new supplemental appropriations totaling \$60.5 million, including \$42 million for costs associated with providing legal representation to indigent persons in criminal and civil court cases and \$15 million for increased caseloads at the Department of Transitional Assistance (DTA).

See the March Information Statement under the heading “FISCAL 2011 AND FISCAL 2012 – Fiscal 2011.”

Fiscal 2012

On April 28, 2011, the House of Representatives approved its version of the fiscal 2012 budget, which is based upon the consensus tax revenue estimate for fiscal 2012 of \$20.525 billion. According to the House Committee on Ways and Means, the House budget provides for \$30.543 billion in spending, which is approximately \$5 million lower than the Governor's fiscal 2012 budget proposal. The House budget, like the Governor's proposal, relies upon a \$200 million withdrawal from the Stabilization Fund. The House budget largely mirrors the Governor's fiscal 2012 budget proposals with respect to local aid, one of the largest outlays in the budget. On April 14, 2011, the Senate adopted a local aid resolution endorsing the same levels of local aid. The Senate is expected to debate and approve its version of the budget in late May. Differences between the House and Senate versions of the fiscal 2012 budget will be reconciled by a legislative conference committee.

See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 –Fiscal 2012 Budget Proposals."

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COMMONWEALTH REVENUES AND EXPENDITURES

Statutory Basis Distribution of Budgetary Revenues and Expenditures

The following table sets forth the Commonwealth's revenues and expenditures for fiscal 2006 through fiscal 2010 and projected revenues and expenditures for fiscal 2011.

Budgeted Operating Funds – Statutory Basis (in millions)(1)

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Projected Fiscal 2011</u>
Beginning Fund Balances						
Reserved or Designated	\$355.6	\$947.2	\$351.3	\$171.5	\$68.9	121.9
Bay State Competitiveness Investment Fund	-	-	100.0	-	-	-
Transitional Escrow Fund	304.8	-	-	-	-	-
Stabilization Fund	1,728.4	2,154.7	2,335.0	2,119.2	841.3	669.8
Undesignated	<u>98.4</u>	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>
Total	<u>\$2,487.2</u>	<u>\$3,208.1</u>	<u>\$2,901.0</u>	<u>\$2,405.8</u>	<u>\$1,016.6</u>	<u>\$903.1</u>
Revenues and Other Sources						
Alcoholic Beverages	68.9	71.0	71.2	71.9	71.0	71.9
Banks	349.9	340.9	547.8	242.6	234.9	108.5
Cigarettes	435.3	438.1	436.9	456.8	456.2	453.1
Corporations	1,390.7	1,587.6	1,512.2	1,548.6	1,600.3	1,828.9
Deeds	210.1	194.1	153.9	105.5	137.9	115.7
Income	10,483.4	11,399.6	12,483.8	10,583.7	10,110.3	10,926.6
Inheritance and Estate	196.3	249.6	254.0	259.7	221.4	242.1
Insurance	448.5	418.6	417.7	356.7	330.0	348.2
Motor Fuel	671.8	676.1	672.2	654.0	654.6	665.1
Public Utilities	118.5	178.3	120.2	(1.7)	(0.3)	(10.6)
Room Occupancy	105.8	111.1	119.2	109.5	101.6	112.7
Sales:						
Regular	2,864.7	2,927.7	2,952.2	2,799.7	3,282.8	3,477.7
Meals	584.1	608.7	632.9	629.6	759.6	813.1
Motor Vehicles	<u>555.5</u>	<u>531.1</u>	<u>501.6</u>	<u>439.3</u>	<u>569.3</u>	<u>614.5</u>
Sub-Total-Sales	4,004.3	4,067.5	4,086.7	3,868.6	4,611.7	4,905.3
Miscellaneous	<u>4.0</u>	<u>3.8</u>	<u>3.1</u>	<u>3.3</u>	<u>14.1</u>	<u>16.7</u>
Total Tax Revenues	<u>\$18,487.4</u>	<u>\$19,736.3</u>	<u>\$20,879.2</u>	<u>\$18,259.5</u>	<u>\$18,543.7</u>	<u>\$19,784.0</u>
MBTA Transfer	(712.6)	(734.0)	(756.0)	(767.1)	(767.1)	(767.1)
MSBA Transfer	<u>(488.7)</u>	<u>(557.4)</u>	<u>(634.7)</u>	<u>(702.3)</u>	<u>(605.2)</u>	<u>(654.7)</u>
Total Budgeted Operating Tax Revenues	<u>\$17,286.2</u>	<u>\$18,444.9</u>	<u>\$19,488.5</u>	<u>\$16,790.0</u>	<u>\$17,171.4</u>	<u>\$18,362.2</u>
Federal Reimbursements	5,210.1	6,167.6	6,429.5	8,250.9	8,548.8	9,111.1
Departmental and Other Revenues	2,094.3	2,218.4	2,355.9	2,326.2	2,800.9	2,988.5
Inter-fund Transfers from Non-budgeted Funds and other sources (2)	<u>1,714.9</u>	<u>1,785.0</u>	<u>2,039.3</u>	<u>1,850.3</u>	<u>1,788.8</u>	<u>1,786.6</u>
Budgeted Revenues and Other Sources	<u>\$26,305.5</u>	<u>\$28,615.9</u>	<u>\$30,313.2</u>	<u>\$29,217.4</u>	<u>\$30,310.0</u>	<u>\$32,248.4</u>
Inter-fund Transfers	<u>1,358.1</u>	<u>552.9</u>	<u>2,226.3</u>	<u>1,963.8</u>	<u>770.8</u>	<u>409.7</u>
Total Budgeted Revenues and Other Sources	<u>\$27,663.6</u>	<u>\$29,168.8</u>	<u>\$32,539.5</u>	<u>\$31,181.2</u>	<u>\$31,080.8</u>	<u>\$32,658.1</u>
Expenditures and Uses						
Direct Local Aid	4,430.0	4,805.2	5,040.5	4,723.6	4,837.4	4,794.9
Medicaid (3)	6,852.5	7,550.4	8,246.3	8,679.2	9,287.6	10,238.3
Other Health and Human Services	4,433.6	4,625.3	4,796.5	4,828.3	4,616.6	4,666.6
Group Insurance	963.7	1,022.3	852.5	973.1	1,063.8	1,176.1
Department of Elementary and	408.6	459.0	485.8	495.9	358.1	424.4

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Projected Fiscal 2011</u>
Secondary Education						
Higher Education	987.8	1,115.7	1,084.4	1,035.5	845.6	936.9
Department of Early Education and Care	387.1	507.1	549.9	560.3	513.5	510.3
Public Safety	1,288.0	1,399.2	1,544.4	1,514.3	1,423.2	1,419.6
Energy and Environmental Affairs	202.0	238.5	227.1	215.9	202.2	189.9
Debt Service	1,826.7	2,234.4	1,990.1	2,011.7	1,979.9	2,001.3
Post Employment Benefits (4)	1,274.7	1,335.2	1,398.6	1,314.4	1,748.6	1,838.9
Other Program Expenditures	<u>2,138.7</u>	<u>2,364.9</u>	<u>2,414.1</u>	<u>2,350.9</u>	<u>2,509.0</u>	<u>2,063.6</u>
Total - Programs and Services before transfers to Non-budgeted funds	\$25,193.4	\$27,657.2	\$28,630.2	\$28,703.1	\$29,384.5	\$30,260.8
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	-	722.1	1,045.9	987.6	631.7	722.0
State Retiree Benefit Trust Fund (4)	-	-	\$354.7	\$352.0	-	-
Medical Assistance Trust Fund	70.0	364.0	376.7	374.0	313.3	886.1
Massachusetts Transportation Trust Fund	-	-	-	-	- (5)	195.1
Other	<u>321.2</u>	<u>179.6</u>	<u>400.9</u>	<u>189.9</u>	<u>94.1</u>	<u>175.0</u>
Total Inter-Fund Transfers to Non-Budgeted Funds	\$391.2	\$1,265.7	\$2,178.2	\$1,903.5	\$1,039.1	\$1,978.2
Budgeted Expenditures and Other Uses	<u>\$25,584.6</u>	<u>\$28,922.9</u>	<u>\$30,808.4</u>	<u>\$30,606.6</u>	<u>\$30,423.6</u>	<u>\$32,239.0</u>
Inter-fund Transfers	<u>1,358.1</u>	<u>553.0</u>	<u>2,226.3</u>	<u>1,963.8</u>	<u>770.8</u>	<u>409.7</u>
Total Budgeted Expenditures and Other Uses	\$26,942.7	\$29,475.9	\$33,034.7	\$32,570.4	\$31,194.4	\$32,648.7
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$720.9	(\$307.1)	(\$495.2)	(\$1,389.2)	(\$113.6)	\$9.4
<u>Ending Fund Balances</u>						
Reserved or Designated (6)	947.2	351.3	171.5	68.9	122.0	19.0
Bay State Competitiveness Investment Fund	-	100.0	-	-	-	-
Transitional Escrow Fund	-	-	-	-	-	-
Stabilization Fund	2,154.7	2,335.0	2,119.2	841.3	669.8	769.0
Undesignated	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>122.3</u>
Total	\$3,208.1	\$2,901.0	\$2,405.8	\$1,016.6	\$903.1	\$910.3

SOURCES: Fiscal 2006-2010, Office of the Comptroller; fiscal 2011, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.
- (3) Excludes off-budget Medicaid spending in fiscal 2006 and fiscal 2007 estimated at \$292 million and \$290 million, respectively. Fiscal 2006 through fiscal 2009 included program administration.
- (4) Starting in fiscal 2010 Post Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
- (5) Transfers of approximately \$133.4 million in fiscal 2010 are included in "Other Program Expenditures" above.
- (6) Consists largely of appropriations from previous years, authorized to be expended in current years.

See the March Information Statement "COMMONWEALTH REVENUES AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures."

State Taxes

Income Tax. State tax receipts for the first ten months of fiscal 2011 have been significantly higher than receipts during fiscal 2010. See "Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues – *Fiscal 2011*," below. Under current state law, the state income tax rate will be reduced from 5.3% to 5.25% (effective January 1, 2012) if the growth in fiscal 2011 inflation adjusted baseline revenues (as defined in state law) over fiscal 2010 exceeds 2.5%, and if for each consecutive three month period starting in August and ending in November 2011 there is positive inflation-adjusted baseline revenue growth as compared to the same consecutive three month period in calendar 2010. It will not be known if this reduction will be triggered until the Commissioner of Revenue makes a

final determination on December 15, 2011. The Department of Revenue estimates that the revenue impact of this rate reduction for fiscal 2012 would be between \$52 million and \$56 million (with a mid-point of \$54 million). The revenue impact for fiscal 2013 (assuming no further rate reduction in calendar year 2013) would be between \$111 million and \$117 million (mid-point of \$114 million).

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes; *Income Tax*.”

Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues

Fiscal 2011. Preliminary tax revenues for the first ten months of fiscal 2011, ended April 30, 2011, totaled approximately \$16.860 billion, an increase of approximately \$1.927 billion, or 12.9%, over the same period in fiscal 2010. The following table shows the tax collections for the first ten months of fiscal 2011 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in the same month that are dedicated to the MBTA and the MSBA.

Fiscal 2011 Tax Collections (in millions)(1)

Month	Tax Collections	Change from Prior Year	Percentage Change	MBTA Portion(3)	MSBA Portion	Tax Collections: Net of MBTA and MSBA
July	\$1,352.7	\$102.1	8.2%	\$60.3	\$60.3	\$1,232.1
August	1,385.6	89.1	6.9	55.3	55.3	1,275.0
September	2,015.1	249.2	14.1	76.2	51.9	1,887.1
October	1,342.9	118.0	9.6	55.3	55.3	1,232.3
November	1,426.6	137.9	10.7	52.9	52.9	1,320.8
December	2,072.3	186.4	9.9	83.5	54.5	1,934.2
January	2,052.7	207.6	11.2	66.1	66.1	1,920.5
February	932.5	(70.1)	(7.0)	45.9	45.9	840.8
March	1,774.1	149.1	9.2	79.8	48.8	1,645.6
April (1)	<u>2,505.4</u>	<u>757.9</u>	<u>43.4</u>	<u>54.6</u>	<u>54.6</u>	<u>2,396.1</u>
Total (2)	<u>\$16,859.9</u>	<u>\$1,927.2</u>	<u>12.9%</u>	<u>\$629.9</u>	<u>\$545.7</u>	<u>\$15,684.3</u>

SOURCE: Executive Office for Administration and Finance.

(1) Figures are preliminary.

(2) Totals may not add due to rounding.

(3) Includes adjustments of \$24.3 million on account of the first quarter, \$29 million on account of the second quarter, and \$31 million on account of the third quarter.

The year-to-date tax revenue increase of approximately \$1.927 billion through April 30, 2011 from the same period in fiscal 2010 is attributable, in large part, to an increase of approximately \$649.1 million, or 74.7%, in income tax payments with returns and extensions (mostly in April), an increase of approximately \$506.7 million, or 6.8%, in withholding collections, an increase of approximately \$303.6 million, or 26.8%, in income tax estimated payments, a decrease of approximately \$53 million, or 4.0%, in income tax refunds, an increase of approximately \$291.4 million, or 7.7%, in sales and use tax collections, and an increase of approximately \$76.3 million, or 4.6%, in corporate and business tax collections. Year-to-date fiscal 2011 tax collections (through April) were approximately \$732 million above the January 18, 2011 fiscal 2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the consensus estimate used for the original fiscal 2011 budget (adjusted for the impacts of the economic development bill and the sales tax holidays in August, 2010).

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Fiscal 2010, Fiscal 2011, and Fiscal 2012 Tax Revenues; *Fiscal 2011*.”

Federal and Other Non-Tax Revenues

Lottery Revenues. In March, 2011, the Lottery revised its fiscal 2011 projection to \$956.0 million and in April, 2011 revised its projection to \$958.7 million. The current estimated deficiency for budgetary distributions to be funded by Lottery proceeds is \$29.4 million. See the March Information Statement “COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Lottery Revenues*.”

Limitations on Tax Revenues

As of March 31, 2011 actual state tax revenues for fiscal 2011 exceeded the permissible state tax revenue limit set by Chapter 62F by approximately \$651.8 million. Because no withdrawals from the Stabilization Fund are expected to occur during fiscal 2011, the entire amount of any cumulative excess as of the end of fiscal 2011 is expected to be transferred back to the General Fund for inclusion in consolidated net surplus.

The following table shows the quarter by quarter trend of the Temporary Holding Fund for fiscal 2007 through the third quarter of fiscal 2011.

Temporary Holding Fund (in thousands)

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
First quarter - period ended September 30					
Cumulative net tax revenues, current fiscal year	\$4,542,170	\$4,796,700	\$4,870,214	\$4,374,038	\$4,819,581
Cumulative net tax revenues, prior fiscal year	4,367,285	4,542,170	4,796,700	4,870,214	4,374,038
Permissible growth rate(1)	8.05%	6.94%	7.89%	4.13%	2.57%
Permissible state tax revenues(2)	<u>4,718,720</u>	<u>4,857,306</u>	<u>5,175,160</u>	<u>5,080,266</u>	<u>4,486,538</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	\$ -	\$333,042
Second quarter - period ended December 31					
Cumulative net tax revenues, current fiscal year	\$8,831,036	\$9,194,513	\$9,200,005	\$8,834,580	\$9,732,050
Cumulative net tax revenues, prior fiscal year	8,526,671	8,831,036	9,194,513	9,200,005	8,834,580
Permissible growth rate(1)	7.62%	6.93%	8.34%	2.10%	3.465%
Permissible state tax revenues(2)	<u>9,175,977</u>	<u>9,442,585</u>	<u>9,960,876</u>	<u>9,392,837</u>	<u>9,140,698</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	\$ -	\$591,351
Third quarter - period ended March 31					
Cumulative net tax revenues, current fiscal year	\$13,659,295	\$14,485,334	\$13,599,204	\$13,358,852	\$14,550,178
Cumulative net tax revenues, prior fiscal year	12,946,485	13,659,294	14,485,334	13,599,204	13,358,852
Permissible growth rate(1)	6.92%	7.41%	7.60%	2.00%	4.039%
Permissible state tax revenues(2)	<u>13,841,734</u>	<u>14,671,584</u>	<u>15,586,799</u>	<u>13,871,188</u>	<u>13,898,416</u>
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$ -	\$ -	\$ -	\$ -	651,763
Fourth Quarter - Period ending June 30					
Cumulative net tax revenues, current fiscal year	\$19,848,064	\$21,009,329	\$18,513,036	\$18,792,777	
Cumulative net tax revenues, prior fiscal year	18,592,175	19,848,064	21,009,085	18,513,036	
Permissible growth rate(1)	6.52%	7.66%	6.27%	1.61%	
Permissible state tax revenues(2)	<u>19,804,571</u>	<u>21,368,426</u>	<u>22,325,305</u>	<u>18,810,911</u>	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	\$43,493	\$ -	\$ -	\$ -	

SOURCES: Office of the Comptroller .

(1) Defined as inflation plus 2%, but not less than 0%.

(2) Defined as cumulative net state tax revenues, prior fiscal year, multiplied by 1 plus the permissible growth rate.

See the March Information Statement “COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues.”

Other Health and Human Services

Office of Children, Youth, and Family Services. The first paragraph on page A-29 of the March Information Statement has been revised to read as follows: Through the Department of Transitional Assistance, the Commonwealth-funds three major programs of public assistance for eligible state residents: transitional aid to families with dependent children (TAFDC); emergency aid to the elderly, disabled and children (EAEDC); and the state supplemental benefits for residents enrolled in the federal supplemental security income (SSI) program. In addition, the Department is responsible for administering the entirely federally funded Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which provides food assistance to low-income families and

individuals. Lastly, beginning in fiscal 2008, the Department established a new supplemental nutritional program, which provides small supplemental benefits to certain working families currently enrolled in the SNAP program.

See the March Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Other Health and Human Services; *Office of Children, Youth, and Family Services.*”

LONG-TERM LIABILITIES

Debt Service Requirements

The following table sets forth, as of March 31, 2011, the annual fiscal year debt service requirements on outstanding Commonwealth general obligation bonds, special obligation bonds and federal grant anticipation notes. For variable-rate bonds with respect to which the Commonwealth is a fixed-rate payor under an associated interest rate swap agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable-rate bonds, the schedule assumes a 5% interest rate.

See the March Information Statement under the heading “LONG-TERM LIABILITIES–Debt Service Requirements.”

Debt Service Requirements on Commonwealth Bonds as of March 31, 2011 through Maturity (in thousands) (1)

<u>Period Ending</u>	<u>General Obligation Bonds</u>						<u>Federal Highway Grant Anticipation Notes</u>				
	<u>Principal</u>	<u>Compounded Interest</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>
6/30/2011	46,685		160,684	(6,380)	154,304	200,989	\$45,065	\$ 16,885	\$ (714)	\$16,171	\$61,236
6/30/2012	1,168,978	\$8,266	829,738	(36,557)	793,181	1,970,425	156,405	32,257	(1,494)	30,763	187,168
6/30/2013	1,266,929	9,413	778,651	(36,557)	742,094	2,018,436	161,285	26,876	(1,494)	25,382	186,667
6/30/2014	1,179,167	7,735	728,413	(36,557)	691,856	1,878,758	170,710	17,451	(1,494)	15,957	186,668
6/30/2015	1,074,808	7,686	678,982	(36,557)	642,425	1,724,919	178,390	9,773	(1,494)	8,279	186,669
6/30/2016	1,079,015	6,652	631,123	(36,557)	594,566	1,680,232	11,390	4,098	(1,434)	2,664	14,054
6/30/2017	868,733	4,877	583,939	(36,557)	547,382	1,420,992	11,635	3,720	(1,302)	2,418	14,053
6/30/2018	776,326	3,868	544,031	(36,557)	507,473	1,287,667	11,925	3,277	(1,147)	2,130	14,055
6/30/2019	782,035	3,310	505,172	(36,557)	468,615	1,253,961	12,245	2,780	(973)	1,807	14,052
6/30/2020	840,127	2,594	466,624	(36,300)	430,324	1,273,046	12,600	2,235	(782)	1,453	14,053
6/30/2021	1,102,433	2,194	418,840	(35,014)	383,826	1,488,453	12,985	1,648	(577)	1,071	14,056
6/30/2022	970,939	1,968	369,377	(32,698)	336,679	1,309,586	13,390	1,020	(357)	663	14,053
6/30/2023	718,804	1,782	327,142	(31,412)	295,730	1,016,317	<u>13,830</u>	<u>348</u>	<u>(122)</u>	<u>226</u>	<u>14,056</u>
6/30/2024	669,362	1,446	292,786	(31,295)	261,491	932,300					
6/30/2025	619,429	1,246	261,661	(31,295)	230,366	851,041					
6/30/2026	548,843	1,121	233,052	(30,776)	202,276	752,240					
6/30/2027	490,228	1,067	207,845	(30,203)	177,642	668,938					
6/30/2028	445,558	1,116	186,009	(28,953)	157,056	603,729					
6/30/2029	595,408	522	161,809	(26,687)	135,122	731,052					
6/30/2030	604,494	<u>288</u>	131,111	(22,892)	108,219	713,002					
6/30/2031	517,190	106	97,983	(16,808)	81,175	598,471					
6/30/2032	258,715		82,021	(14,776)	67,245	325,960					
6/30/2033	187,300		69,908	(12,440)	57,468	244,768					
6/30/2034	188,585		60,460	(11,068)	49,392	237,977					
6/30/2035	196,755		50,745	(9,647)	41,098	237,853					
6/30/2036	205,130		40,643	(8,177)	32,466	237,596					
6/30/2037	214,730		30,106	(6,654)	23,452	238,182					
6/30/2038	194,135		19,102	(5,077)	14,025	208,160					
6/30/2039	123,805		10,940	(3,445)	7,495	131,300					
6/30/2040	91,905		4,596	(1,609)	2,988	94,893					
TOTAL	\$18,026,552	\$67,258	\$8,963,495	(\$726,063)	\$8,237,432	\$26,331,243	\$811,855	\$122,368	(\$13,383)	\$108,983	\$920,839

Period Ending	<u>Special Obligation Revenue Bonds (Gas Tax)</u>			<u>Special Obligation Revenue Bonds (Convention Center)</u>			<u>Special Obligation Revenue Bonds (Accelerated Bridge Program)</u>				
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Build America Bonds Subsidies</u>	<u>Net Interest</u>	<u>Debt Service</u>
6/30/2011	\$ 37,240	\$ 10,846	\$ 48,086		\$17,243	\$17,243		\$14,318	\$(5,405)	\$8,913	\$8,913
6/30/2012	39,135	19,804	58,939		34,486	34,486		32,623	(12,314)	20,309	20,309
6/30/2013	41,150	17,772	58,922		34,486	34,486		32,623	(12,314)	20,309	20,309
6/30/2014	37,170	15,534	52,704		34,486	34,486		32,623	(12,314)	20,309	20,309
6/30/2015	39,070	13,631	52,701	\$19,995	34,486	54,481		32,623	(12,314)	20,309	20,309
6/30/2016	39,900	11,482	51,382	21,075	33,436	54,511		32,623	(12,314)	20,309	20,309
6/30/2017	42,465	9,287	51,752	22,210	32,330	54,540		32,623	(12,314)	20,309	20,309
6/30/2018	23,040	7,261	30,301	23,310	31,164	54,474		32,623	(12,314)	20,309	20,309
6/30/2019	24,300	5,994	30,294	24,475	30,126	54,601		32,623	(12,314)	20,309	20,309
6/30/2020	25,640	4,658	30,298	23,380	28,842	52,222		32,623	(12,314)	20,309	20,309
6/30/2021	26,905	3,392	30,297	24,610	27,673	52,283		32,623	(12,314)	20,309	20,309
6/30/2022	28,385	1,912	30,297	25,970	26,380	52,350		32,623	(12,314)	20,309	20,309
6/30/2023	<u>9,520</u>	<u>476</u>	<u>9,996</u>	27,440	24,952	52,392		32,623	(12,314)	20,309	20,309
6/30/2024				28,990	23,443	52,433	\$21,325	32,623	(12,314)	20,309	41,634
6/30/2025				30,625	21,848	52,473	22,395	31,546	(11,937)	19,609	42,004
6/30/2026				32,360	20,164	52,524	23,550	30,381	(11,529)	18,851	42,401
6/30/2027				34,190	18,384	52,574	24,860	29,054	(11,065)	17,989	42,849
6/30/2028				36,125	16,504	52,629	26,245	27,655	(10,575)	17,079	43,324
6/30/2029				38,170	14,517	52,687	27,710	26,177	(10,058)	16,119	43,829
6/30/2030				40,330	12,418	52,748	29,250	24,616	(9,512)	15,105	44,355
6/30/2031				42,610	10,199	52,809	30,880	22,969	(8,935)	14,034	44,914
6/30/2032				45,020	7,856	52,876	32,635	21,200	(8,316)	12,884	45,519
6/30/2033				47,565	5,380	52,945	34,485	19,329	(7,661)	11,668	46,153
6/30/2034				<u>50,250</u>	<u>2,764</u>	<u>53,014</u>	36,440	17,353	(6,970)	10,383	46,823
6/30/2035							38,505	15,265	(6,239)	9,026	47,531
6/30/2036							40,685	13,058	(5,466)	7,591	48,276
6/30/2037							42,995	10,726	(4,650)	6,076	49,071
6/30/2038							45,430	8,262	(3,718)	4,544	49,974
6/30/2039							48,005	5,659	(2,546)	3,112	51,117
6/30/2040							<u>50,730</u>	<u>2,907</u>	<u>(1,308)</u>	<u>1,599</u>	<u>52,329</u>
TOTAL	\$413,920	\$122,049	\$535,969	\$638,700	\$543,567	\$1,182,267	\$576,125	\$744,574	(\$285,976)	\$458,600	\$1,034,725

SOURCE: Office of the Comptroller.
(1) Totals may not add due to rounding.

LEGAL MATTERS

Matters described in the March Information Statement under the heading “LEGAL MATTERS” are updated as follows:

Programs and Services

Finch, et al. v. Health Insurance Connector Authority, et al. On May 6, 2011, the Supreme Judicial Court issued a decision in which it held that the Massachusetts statute limiting many aliens’ eligibility for Commonwealth Care constitutes a suspect classification that is subject to strict scrutiny under the Massachusetts Constitution. The Court did not reach the question whether this restriction on Commonwealth Care eligibility would satisfy strict scrutiny, but remanded the matter to the Supreme Judicial Court single justice session for further proceedings.

It is possible that the Supreme Judicial Court’s decision will have implications for other public benefit programs.

See the March Information Statement “LEGAL MATTERS – Programs and Services; *Finch, et al. v. Health Insurance Connector Authority, et al.*”

Other

Local 589, Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al., Suffolk Superior Court. On April 15, 2011 the Superior Court granted summary judgment for the Defendants.

See the March Information Statement “LEGAL MATTERS – Other; *Local 589 Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al.*”

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of general and special laws and of other documents set forth or referred to in the March Information Statement and this Supplement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

The March Information Statement and this Supplement contain certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

All estimates and assumptions in the March Information Statement and this Supplement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in the March Information Statement and this Supplement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the Commonwealth’s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor

have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in the March Information Statement and this Supplement are subject to change without notice. Neither the delivery of this Supplement nor any sale made pursuant to any official statement of which the March Information Statement and this Supplement are a part shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Supplement, except as expressly stated.

CONTINUING DISCLOSURE

The Commonwealth prepares its Statutory Basis Financial Report and its Comprehensive Annual Financial Report with respect to each fiscal year ending June 30. The Statutory Basis Financial Report becomes available by October 31 of the following fiscal year and the Comprehensive Annual Financial Report becomes available in January of the following fiscal year. Copies of such reports and other financial reports of the Comptroller referenced in this document may be obtained by requesting the same in writing from the Office of the Comptroller, One Ashburton Place, Room 909, Boston, Massachusetts 02108. The financial statements are also available at the Comptroller's web site located at <http://www.mass.gov/osc> by clicking on "Financial Reports/Audits."

On behalf of the Commonwealth, the State Treasurer will provide to the Municipal Securities Rulemaking Board (MSRB), no later than 270 days after the end of each fiscal year of the Commonwealth, certain financial information and operating data relating to such fiscal year, as provided in Rule 15c2-12 of the federal Securities and Exchange Commission, together with audited financial statements of the Commonwealth for such fiscal year. To date, the Commonwealth has complied with all of its continuing disclosure undertakings relating to the general obligation debt of the Commonwealth and has not failed in the last seven years to comply with its continuing disclosure undertakings with respect to its special obligation debt and federal grant anticipation notes. However, the annual filings relating to the fiscal year ended June 30, 2001 for the Commonwealth's special obligation debt and for the Commonwealth's federal highway grant anticipation notes were filed two days late, on March 29, 2002. Proper notice of the late filings was provided on March 29, 2002 to the MSRB.

The Department of the State Auditor audits all agencies, departments and authorities of the Commonwealth at least every two years. Copies of audit reports may be obtained from the State Auditor, State House, Room 229, Boston, Massachusetts 02133.

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding the March Information Statement or this Supplement or requests for additional information concerning the Commonwealth should be directed to Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, or to Karol Ostberg, Director of Capital Finance, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to the March Information Statement or this Supplement should be directed to John R. Regier, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-1720.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Steven Grossman
Steven Grossman
Treasurer and Receiver-General

By /s/ Jay Gonzalez
Jay Gonzalez
Secretary of Administration and Finance

May 6, 2011

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds described below, Bond Counsel proposes to deliver an opinion in substantially the following form:



Date of Delivery

The Honorable Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

Re: The Commonwealth of Massachusetts
General Obligation Bonds, Consolidated Loan of 2011, Series B and
General Obligation Bonds, Consolidated Loan of 2011, Series C (BuildMassBonds)

Ladies and Gentlemen:

We have acted as Bond Counsel to The Commonwealth of Massachusetts in connection with the issuance by the Commonwealth of \$469,635,000 aggregate principal amount of General Obligation Bonds, Consolidated Loan of 2011, consisting of \$462,840,000 Series B (the "Series B Bonds") and \$6,795,000 Series C (BuildMassBonds) (the "Series C Bonds" and collectively with the Series B Bonds, the "Bonds"), dated June 1, 2011.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. On the basis of the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of The Commonwealth of Massachusetts (the "Commonwealth") and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of The Commonwealth of Massachusetts establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

2. Interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to other Massachusetts or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts.

3. The Internal Revenue Code of 1986 (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Bonds. The Commonwealth has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from

Hon. Steven Grossman
Treasurer and Receiver-General
The Commonwealth of Massachusetts
[Date of Delivery]
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gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Commonwealth has made certain representations and certifications relating to the exclusion from gross income for federal income tax purposes of interest on the Bonds. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Bond Counsel is further of the opinion that the difference between the principal amount of the Series B Bonds maturing 2022 with a 3.00% interest coupon, 2023 with a 3.25% interest coupon, 2024 with a 3.375% interest coupon and 2025 with a 3.50% interest coupon and the Series C Bonds (collectively the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

Except as stated in the preceding four paragraphs, we express no opinion as to any other Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

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

Very truly yours,

The Commonwealth of Massachusetts

\$462,840,000
 General Obligation Bonds
 Consolidated Loan of 2011, Series B

and

\$6,795,000
 General Obligation Bonds
 Consolidated Loan of 2011, Series C (BuildMassBonds)

Continuing Disclosure Undertaking
 [to be included in bond form]

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2011, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth’s failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth’s Information Statement dated March 15, 2011 (the “Information Statement”), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its \$80,005,000 General Obligation Refunding Bonds, 2011 Series B and its \$360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	“COMMONWEALTH BUDGET AND FINANCIAL MANAGEMENT CONTROLS – Statutory Basis Distribution of Budgetary Revenues and Expenditures”
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	“SELECTED FINANCIAL DATA – GAAP Basis”
3. Summary presentation on a five-year comparative basis of lottery revenues and profits	“COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> ”
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	“COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> ”

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	“COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues”
6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates.	“PENSION AND OPEB FUNDING – Retirement Systems” and “PENSION AND OPEB FUNDING – Employee Contributions.”
7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	“PENSION AND OPEB FUNDING – Funding Schedule.”
8. Summary presentation on a five-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress.	“PENSION AND OPEB FUNDING – Actuarial Valuations.”
9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made.	“PENSION AND OPEB FUNDING – Annual Required Contributions.”
10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns.	“PENSION AND OPEB FUNDING – PRIT Fund Investments.”
11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.	“PENSION AND OPEB FUNDING – Other Post-Retirement Employee Benefit Obligations (OPEB).”
12. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	“STATE WORKFORCE”
13. Five-year summary presentation of actual capital project expenditures	“COMMONWEALTH CAPITAL INVESTMENT PLAN”
14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year	“LONG-TERM LIABILITIES – General and Special Obligation Long-Term Debt Issuance and Repayment Analysis”
15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year	“LONG-TERM LIABILITIES – Outstanding Long Term Commonwealth Debt”
16. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	“LONG-TERM LIABILITIES – Debt Service Requirements”

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
17. Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	“LONG-TERM LIABILITIES – General Obligation Contract Assistance Liabilities”
18. Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	“LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities”
19. Five-year summary presentation of authorized but unissued general obligation debt	“LONG-TERM LIABILITIES – Authorized But Unissued Debt”
20. So long as Commonwealth statutes impose a limit on the amount of outstanding “direct” bonds, information as to compliance therewith as of the end of the prior fiscal year	“LONG-TERM LIABILITIES – General Authority to Borrow; <i>Statutory Limit on Direct Debt</i> ”
21. Summary presentation of the then-current, Commonwealth interest rate swap agreements	“LONG-TERM LIABILITIES – Interest Rate Swaps”
22. Summary presentation of the then-current, Commonwealth liquidity facilities	“LONG-TERM LIABILITIES – Liquidity Facilities”

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to EMMA. The Commonwealth’s annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time and shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;^{1/}
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

^{1/}Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;^{2/}
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;^{3/}
- (xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.^{4/}

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information

2/Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

3/ As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

4/ Not applicable to the Bonds.

required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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