REFUNDING / NEW MONEY ISSUE - BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds will not be included in the gross income of holders of the Bonds for federal income tax purposes. While interest on the Bonds will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, interest on the Bonds will be included in the "adjusted current earnings" of corporate holders of the Bonds and therefore will be taken into account in computing the alternative minimum tax applicable to certain corporations. In the opinion of Bond Counsel, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. For federal and Massachusetts tax purposes, interest includes accrued original issue discount. See "TAX EXEMPTION" herein.

$2,274,665,000

THE COMMONWEALTH OF MASSACHUSETTS

$1,828,230,000
General Obligation Bonds
Consolidated Loan of 2002
Series C

Dated: July 1, 2002
Due: November 1, as shown on the inside cover hereof

$446,435,000
General Obligation
Refunding Bonds
2002 Series A (Delayed Delivery)

Dated: Date of Delivery
Due: February 1, 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 ("DTC") and its participants. Details of payment of the Bonds are more fully described in this Official Statement. The Current Delivery Bonds will bear interest from July 1, 2002 and interest will be payable on November 1, 2002 and semiannually thereafter on May 1 and November 1, calculated on the basis of a 360-day year of twelve 30-day months. The Current Delivery Bonds are subject to redemption prior to maturity, as more fully described herein. The Delayed Delivery Bonds will bear interest from their date of delivery and interest will be payable on February 1, 2003 and semiannually thereafter on August 1 and February 1, calculated on the basis of a 360-day year of twelve 30-day months.

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 March Information Statement (referred to herein) under the headings "COMMONWEALTH REVENUES Limitations on Tax Revenues" and "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES 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 opinions as to legality of Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Commonwealth by Ropes & Gray, Boston, Massachusetts, Disclosure Counsel. Certain matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. The Current Delivery Bonds are expected to be available for delivery at DTC in New York, New York, on or about July 2, 2002. The Delayed Delivery Bonds are expected to be available for delivery at DTC in New York, New York, on or about November 5, 2002.

UBS PaineWebber Inc.

Bear, Stearns & Co. Inc.
JPMorgan

Lehman Brothers

Goldman, Sachs & Co.
Salomon Smith Barney

Advest, Inc.
Corby North Bridge Securities
H.C. Wainwright & Co., Inc.
Merrill Lynch & Co.
Quick & Reilly, Inc.
RBC Dain Rauscher Inc.

A.G. Edwards & Sons, Inc.
Fahnestock & Co. Inc
Janney Montgomery Scott Inc.
Morgan Stanley
Ramirez & Co., Inc.
State Street Capital Markets, LLC

CIBC World Markets
First Albany Corporation
Mellon Financial Markets, Inc.
Prudential Securities
Raymond James & Associates, Inc.
Wachovia Bank National Association

June 20, 2002

THE COMMONWEALTH OF MASSACHUSETTS

$1,828,230,000
General Obligation Bonds
Consolidated Loan of 2002, Series C

Dated: July 1, 2002 **Due: November 1, as shown below**

Maturity	Amount	Interest Rate	Price or Yield
2010	$145,545,000†	5.500%	3.900%
2011	163,700,000†	5.500	4.000
2012	196,770,000†	5.500	4.100
2013	21,005,000†	4.125	4.230
2013	182,150,000‡	5.500	4.230
2014	164,765,000‡	5.500	4.280
2015	20,000,000†	5.500	4.380
2015	28,085,000‡	5.500	4.380
2015	124,725,000	5.500	4.420
2016	180,405,000	5.500	4.500
2017	101,850,000	5.500	4.570
2019	30,155,000*	5.500	4.770
2020	56,625,000*	5.500	4.850
2021	59,530,000	5.000	5.040

$352,920,000 5.250 % Term Bond Due November 1, 2030 to yield 5.270 %

(accrued interest, if any, to be added)

$446,435,000
General Obligation Refunding Bonds
2002 Series A

Dated: Date of Delivery **Due: February 1, as shown below**

Maturity	Amount	Interest Rate	Price or Yield
2007	$ 76,880,000§	5.500%	3.500%
2008	119,925,000§	5.500	3.720
2009	99,500,000§	5.500	3.920
2010	75,785,000§	5.500	4.080
2011	74,345,000§	5.500	4.180

† Insured by Financial Security Assurance Inc.. See "BOND INSURANCE — FSA Policy."

‡ Insured by Financial Guaranty Insurance Company. See "BOND INSURANCE — FGIC Policy."

§ Insured by MBIA Insurance Corporation. See "BOND INSURANCE — MBIA Policy."

* Priced at the stated yield to the November 1, 2012 optional redemption date at a redemption price of 100%. See "THE BONDS — Redemption" herein.

No dealer, broker, salesperson or other person has been authorized by The Commonwealth of Massachusetts or the Underwriters of the Bonds 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 of the Bonds 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

Jane M. Swift .... Acting Governor
William F. Galvin .... Secretary of the Commonwealth
Thomas F. Reilly .... Attorney General
Shannon P. O'Brien .... Treasurer and Receiver-General
A. Joseph DeNucci .... Auditor

LEGISLATIVE OFFICERS

Thomas F. Birmingham .... President of the Senate
Thomas M. Finneran .... Speaker of the House

OFFICIAL STATEMENT

$2,274,665,000

THE COMMONWEALTH OF MASSACHUSETTS

$1,828,230,000
General Obligation Bonds
Consolidated Loan of 2002, Series C

$446,435,000
General Obligation Refunding Bonds (Delayed Delivery)
2002 Series A

INTRODUCTION

This Official Statement (including the cover pages and Appendices A through F attached hereto) provides certain information in connection with the issuance by The Commonwealth of Massachusetts (the "Commonwealth") of $1,828,230,000 aggregate principal amount of its General Obligation Bonds, Consolidated Loan of 2002, Series C (the "Current Delivery Bonds") and of $446,435,000 aggregate principal amount of its General Obligation Refunding Bonds, 2002 Series A (the "Delayed Delivery Bonds") (collectively, 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 March Information Statement (described below) under the headings "COMMONWEALTH REVENUES – Limitations on Tax Revenues" and "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES – Limit on Debt Service Appropriations."

The Current Delivery Bonds are being issued to finance certain authorized capital projects of the Commonwealth and to advance refund certain bonds of the Commonwealth as set forth in Appendix B – Table of Refunded Bonds. The Delayed Delivery Bonds are being issued to currently refund certain bonds of the Commonwealth also as set forth in Appendix B – Table of Refunded Bonds. See "THE BONDS – Plan of Finance" and "Application of Proceeds."

The Delayed Delivery Bonds are expected to be delivered on or about November 5, 2002. UBS PaineWebber Inc. is the sole underwriter (the "Delayed Delivery Bond Underwriter") with respect to the Delayed Delivery Bonds. See "THE BONDS – Delayed Delivery of Bonds."

Payment of the principal of and interest on certain of the Current Delivery Bonds and on the Delayed Delivery Bonds when due will be insured by municipal bond insurance policies issued by one of Financial Security Assurance, Inc. ("FSA"), Financial Guaranty Insurance Company ("FGIC") or MBIA Insurance Corporation ("MBIA") as set forth on the inside cover hereof. See "BOND INSURANCE."

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 E. 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 25, 2002 (the "March Information Statement"), as it appears as Appendix A in the Official Statement dated March 25, 2002 of the Commonwealth with respect to the Commonwealth's General Obligation Bond Anticipation Notes, 2002 Series A (the "March Official Statement"). A copy of the March Official Statement has been filed with each Nationally Recognized Municipal Securities Information Repository currently recognized by the Securities and Exchange Commission and with the Municipal Securities Rulemaking Board. The information contained in the March Information Statement has been supplemented by the Commonwealth Information Statement Supplement dated June 24, 2002 (the "Supplement"), which is attached hereto as Appendix A. The March Information Statement, as supplemented by the Supplement, contains certain fiscal, budgetary, financial and other general information concerning the Commonwealth. Exhibit A to the Supplement contains certain economic information concerning the Commonwealth. Exhibits B and C to the March Information Statement contain the financial statements of the Commonwealth for the fiscal year ended June 30, 2001, prepared on a statutory basis and for the fiscal year ended June 30, 2001, prepared on a GAAP basis, respectively. Specific reference is made to said Exhibits B and C, copies of which have been filed with each Nationally Recognized Municipal Securities Information Repository currently recognized by the Securities and Exchange Commission. The financial statements are also available at the home page of the Comptroller of the Commonwealth located at www.state.ma.us/osc.

Attached hereto as Appendix B is a listing of the bonds to be refunded with the proceeds of the Bonds. Appendix C attached hereto contains the proposed form of Delayed Delivery Contract with respect to the Delayed Delivery Bonds. Appendix D attached hereto contains the proposed forms of legal opinions of Bond Counsel with respect to the Bonds. Appendix E 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. Appendix F attached hereto contains specimen municipal bond insurance policies of FSA, FGIC and MBIA, respectively.

THE BONDS

General

The Current Delivery Bonds will be dated July 1, 2002 and will bear interest from such date payable semiannually on November 1 and May 1 of each year, commencing November 1, 2002 (each an "Interest Payment Date") until the principal amount is paid. The Current Delivery Bonds will mature on November 1 in the years 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 Commonwealth will act as its own paying agent with respect to the Current Delivery Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents or bond registrar for the Current Delivery Bonds.

The Delayed Delivery Bonds will be dated their date of delivery and will bear interest from such date payable semiannually on February 1 and August 1 of each year, commencing February 1, 2003 (each an "Interest Payment Date") until the principal amount is paid. The Delayed Delivery Bonds will mature on February 1 in the years 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 Commonwealth will act as its own paying agent with respect to the Delayed Delivery Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents or bond registrar for the Delayed Delivery 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 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 Bonds in principal amounts of $5,000 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 clearing house funds to DTC or its nominee as registered owner of the Bonds. The record date for payments on account of the Bonds will be the business day next preceding an Interest Payment Date. 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 Current Delivery Bonds maturing on or prior to November 1, 2018 will not be subject to redemption prior to their stated maturity dates. The Delayed Delivery Bonds will not be subject to redemption.

Optional Redemption. The Current Delivery Bonds maturing on and after November 1, 2019 will be subject to redemption prior to their stated maturity dates on and after November 1, 2012 at the option of the Commonwealth from any moneys legally available therefor, in whole or in part at any time, by lot, at 100% of the principal amount redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Current Delivery Bonds maturing on November 1, 2030 are subject to mandatory sinking fund redemption on November 1 in each of the years and each of the principal amounts set forth below plus accrued interest to the redemption date, as follows:

Year	Amount
2027	$21,455,000
2028	104,150,000
2029	110,375,000
2030	116,940,000

The Commonwealth shall be entitled to reduce its mandatory sinking fund redemption obligation in any year with respect to such Bonds by the principal amount of any such Bond previously purchased or optionally redeemed by the Commonwealth.

Notice of Redemption. The Commonwealth shall give notice of redemption to the owners of the Current Delivery 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 the Current Delivery Bonds, notices of redemption will be mailed 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 Current Delivery 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 Current Delivery Bonds called for redemption shall cease to bear interest, provided the Commonwealth has moneys on hand to pay such redemption in full.

Selection for Redemption. In the event that less than all of any maturity of the Current Delivery Bonds is to be redeemed, and so long as the book-entry-only system remains in effect for such Current Delivery Bonds, the particular Current Delivery Bonds or portion of any such Current Delivery 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 Current Delivery Bonds, selection for redemption of less than all of any one maturity of the Current Delivery 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 Current Delivery Bond will be considered a separate Current Delivery Bond.

Plan of Finance

The Current Delivery Bonds are being issued pursuant to the provisions of Section 49 of Chapter 29 of the Massachusetts General Laws and bond authorizations enacted by the Legislature for the purpose of financing the projects so authorized and pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws for the purpose of advance refunding certain bonds set forth in Appendix B. The Delayed Delivery Bonds are being issued pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws for the purpose of currently refunding certain other bonds set forth in Appendix B (collectively, the "Refunded Bonds").

The Commonwealth, upon the respective deliveries of the Bonds, will enter into refunding escrow agreements (the "Escrow Agreements") with State Street Bank and Trust Company, as escrow agent (the "Escrow Agent") for the Refunded Bonds. The Escrow Agreements will provide for the deposit of a portion of the net proceeds of the Bonds with the Escrow Agent in a separate account to be applied immediately upon receipt to purchase non-callable direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, obligations of certain federal agencies specified in Section 49 of Chapter 29 of the Massachusetts General Laws or of any agency or corporation which has been created pursuant to an act of Congress of the United States as an agency or instrumentality of the United States of America, bank time deposits or certificates of deposit that are secured by such obligations, repurchase agreements with banks in respect of any such obligations or advance-refunded or defeased bonds that are secured by such obligations (the "Escrow Obligations") and to funding, if needed, a cash deposit in such account. The Escrow Agreements will require that maturing principal of and interest on the Escrow Obligations, plus any initial cash deposit, be held in trust in such account and paid to the Commonwealth solely for the payment of the principal of and redemption premium, if any, and interest on the Refunded Bonds. According to the report described in "VERIFICATION OF MATHEMATICAL COMPUTATIONS," the Escrow Obligations will mature at such times and earn interest in such amounts that, together with any initial cash deposit, will produce sufficient monies to make such payments on the Refunded Bonds to and including their respective maturity or redemption dates, each as set forth in Appendix B.

Application of Proceeds

The portion of the net proceeds of the sale of the Bonds remaining after the funding of the Escrow Agreements 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 by the Legislature or to the payment of bond anticipation notes previously issued for such purposes, or to reimburse the state treasury for expenditures previously made pursuant to such laws. Any accrued interest payable upon original delivery of the Bonds will be credited ratably to the funds from which debt service on the Bonds is paid and will be used to pay interest on the Bonds. Any premium received by the Commonwealth upon original delivery of the Bonds will be treated as net proceeds of the issue except to the extent that the State Treasurer may determine to apply all or a portion of such net premium to the costs of issuance thereof and other financing costs related thereto or to the payment of the principal of or sinking fund installments with respect to the Bonds.

The purposes for which the Bonds will be issued have been authorized by the legislature under various bond authorizations. The portion of the net proceeds remaining after the funding of the Escrow Agreements will be used to finance or reimburse the Commonwealth for a variety of capital expenditures that are included within the current five-year 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 over the next five fiscal years and establishes annual capital spending limits. See the March Information Statement and the Supplement under the heading "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES."

Delayed Delivery of Bonds

Subject to the terms of the purchase agreement with respect to the Delayed Delivery Bonds, the Commonwealth expects that the Delayed Delivery Bonds will be delivered to the Delayed Delivery Bond Underwriter on November 5, 2002, or such later date as may be mutually agreed upon by the Commonwealth and the Delayed Delivery Bond Underwriter (the "Settlement Date").

The obligation of the Delayed Delivery Bond Underwriter to accept delivery of the Delayed Delivery Bonds and to pay the purchase price thereof is subject only to the following conditions:

(i) Delivery of an opinion of Bond Counsel in substantially the form of Appendix D attached hereto;
(ii) Delivery of the municipal bond insurance policy by MBIA to the Commonwealth; and
(iii) Delivery of a certificate of the Commonwealth dated the Settlement Date, to the effect that the official statement of the Commonwealth, as updated, supplemented and delivered to the Delayed Delivery Bond Underwriter, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The market value of the Delayed Delivery Bonds as of the Settlement Date may be affected by a variety of factors and could be substantially higher or lower than the price to be paid by the initial purchasers of the Delayed Delivery Bonds. Neither the Commonwealth nor the Delayed Delivery Bond Underwriter makes any representation as to the expected market price of the Delayed Delivery Bonds as of the Settlement Date. Factors which could affect the value of the Delayed Delivery Bonds include, but are not limited to, the following:

Ratings Risk. Settlement of the Delayed Delivery Bonds is not subject to confirmation of ratings. Delivery of the Delayed Delivery Bonds on the Settlement Date is subject to delivery of the municipal bond insurance policy by MBIA. No assurance can be given that the ratings currently applicable to the Commonwealth or municipal obligations insured by MBIA will be the ratings in effect with respect to the Delayed Delivery Bonds as of the Settlement Date and lower ratings could adversely affect the market value of the Delayed Delivery Bonds.

General Market and Business Factors. The market value of the Delayed Delivery Bonds as of the Settlement Date may be affected by general market conditions and the financial condition of the Commonwealth and MBIA, and any other event or circumstance that may be disclosed in the updated disclosure required by clause (iii) above.

Change of Law. As stated above, delivery of the Delayed Delivery Bonds on the Settlement Date is subject to delivery of an opinion of Bond Counsel in substantially the form of Appendix D, which includes an opinion to the effect that interest on the Delayed Delivery Bonds is excludable from gross income for Federal income tax purposes. Changes in Federal tax law, while not necessarily precluding issuance of such an opinion by Bond Counsel, could reduce the value of the exclusion of interest from gross income or otherwise adversely affect the market value of the Delayed Delivery Bonds. In addition, changes in law other than Federal tax law could adversely affect the market value of the Delayed Delivery Bonds.

The Delayed Delivery Bonds will be sold only to investors who execute the Delayed Delivery Contract in substantially the form of Appendix C attached hereto. The Delayed Delivery Contract restricts the ability of purchasers of the Delayed Delivery Bonds to transfer their interests in the Delayed Delivery Bonds prior to the Settlement Date and no representation is made that any such transfer will be permitted. No assurances can be given that a secondary market will exist for the Delayed Delivery Bonds even if such a transfer is permitted. The Underwriters are not obligated to make a secondary market in the Delayed Delivery Bonds prior to the Settlement Date or at any time thereafter.

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 March Information Statement under the headings "COMMONWEALTH REVENUES – Limitations on Tax Revenues" and "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES – 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 of 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.

BOND INSURANCE

FSA Policy

Concurrently with the issuance of the Current Delivery Bonds, Financial Security Assurance Inc. ("FSA") will issue its Municipal Bond Insurance Policy (the " FSA Policy") with respect to the following portion of the Current Delivery Bonds (the "FSA Insured Bonds"):

Maturity	Amount	Interest Rate	Price or Yield
2010	$145,545,000	5.500%	3.900%
2011	163,700,000	5.500	4.000
2012	196,770,000	5.500	4.100
2013	21,005,000	4.125	4.230
2015	20,000,000	5.500	4.380

The FSA Policy guarantees the scheduled payment of principal of and interest on the FSA Insured Bonds when due as set forth in the form of the FSA Policy included in Appendix F to this Official Statement. The FSA Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

FSA is a New York domiciled insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium and other European countries. No shareholder of Holdings or FSA is liable for the obligations of FSA.

At March 31, 2002, FSA's total policyholders' surplus and contingency reserves were approximately $1,644,743,000 and its total unearned premium reserve was approximately $841,749,000 in accordance with statutory accounting principles. At March 31, 2002, FSA's total shareholders' equity was approximately $1,746,106,000 and its total net unearned premium reserve was approximately $693,860,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Official Statement until the termination of the offering of the Current Delivery Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The FSA Policy does not protect investors against changes in market value of the FSA Insured Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. FSA makes no representation regarding the FSA Insured Bonds or the advisability of investing in the FSA Insured Bonds. FSA makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that FSA has provided to the Commonwealth the information presented under this caption for inclusion in the Official Statement.

FGIC Policy

Concurrently with the issuance of the Current Delivery Bonds, Financial Guaranty Insurance Company ("FGIC") will issue its Municipal Bond New Issue Insurance Policy (the "FGIC Policy") with respect to the following portion of the Current Delivery Bonds (the "FGIC Insured Bonds):

Maturity	Amount	Interest Rate	Price or Yield
2013	$182,150,000	5.500%	4.230%
2014	164,765,000	5.500	4.280
2015	28,085,000	5.500	4.380

See Appendix F "Specimen Municipal Bond Insurance Policies." The FGIC Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the FGIC Insured Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the Commonwealth. FGIC will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal or accreted value (if applicable) and interest is due or on the business day next following the day on which FGIC shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of FGIC Insured Bonds or the Paying Agent of the nonpayment of such amount by the Commonwealth. The Fiscal Agent will disburse such amount due on any FGIC Insured Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in FGIC. The term "nonpayment" in respect of a FGIC Insured Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a FGIC Insured Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, non-appealable order of a court having competent jurisdiction.

The FGIC Policy is non-cancelable and the premium will be fully paid at the time of delivery of the FGIC Insured Bonds. The FGIC Policy covers failure to pay principal or accreted value (if applicable) of the FGIC Insured Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the FGIC Insured Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the FGIC Insured Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the FGIC Insured Bonds. Reference should be made to the description of the Commonwealth for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The FGIC Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

FGIC is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against FGIC. FGIC is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of March 31, 2002, the total capital and surplus of Financial Guaranty was approximately $1.03 billion. FGIC prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to FGIC at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

MBIA Policy

Concurrently with the issuance of the Delayed Delivery Bonds, MBIA Insurance Corporation ("MBIA") will issue its municipal bond insurance policy (the "MBIA Policy") with respect to the Delayed Delivery Bonds. The following information has been furnished by MBIA for use in this Official Statement. Reference is made to Appendix F for a specimen of the MBIA Policy.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Commonwealth of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Delayed Delivery Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Delayed Delivery Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The MBIA Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Delayed Delivery Bonds. The MBIA Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Delayed Delivery Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The MBIA Policy also does not insure against nonpayment of principal of or interest on the Delayed Delivery Bonds resulting from the insolvency, negligence or any other act or omission of the Commonwealth or any other paying agent for the Delayed Delivery Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the

Commonwealth or any owner of a Delayed Delivery Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Delayed Delivery Bonds or presentment of such other proof of ownership of the Delayed Delivery Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Delayed Delivery Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Delayed Delivery Bonds in any legal proceeding related to payment of insured amounts on the Delayed Delivery Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Delayed Delivery Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading "BOND INSURANCE—MBIA Policy". Additionally, MBIA makes no representation regarding the Delayed Delivery Bonds or the advisability of investing in the Delayed Delivery Bonds.

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2001; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Delayed Delivery Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2001, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002), are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2001, MBIA had admitted assets of $8.5 billion (audited), total liabilities of $5.6 billion (audited), and total capital and surplus of $2.9 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2002, MBIA had admitted assets of $8.6 billion (unaudited), total liabilities of $5.7 billion (unaudited), and total capital and surplus of $2.9 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa." Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA." Fitch Ratings rates the financial strength of MBIA "AAA." Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold the Delayed Delivery Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Delayed Delivery Bonds. MBIA does not guaranty the market price of the Delayed Delivery Bonds nor does it guaranty that the ratings on the Delayed Delivery Bonds will not be revised or withdrawn.

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 his 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 March Information Statement and the Supplement under the heading "LEGAL MATTERS."

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will initially 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 of similar tenor of each series set forth on the inside cover page hereof, each in the aggregate principal amount 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 securities that its participants (the "DTC Participants") deposit with DTC. DTC also facilitates the post-trade settlement among DTC Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between DTC Participants' accounts. This eliminates the need for physical movement of securities certificates. DTC 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, in turn, is owned by a number of the DTC Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, respectively, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. 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 DTC Participant, either directly or indirectly (the "Indirect Participants"). The rules applicable to DTC and the DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through DTC Participants, which will receive a credit for the Bonds in the records of DTC. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the DTC Participants' 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 of their purchase providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds will be accomplished by entries made on the books of DTC Participants acting on behalf of the 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 DTC 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. 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 DTC Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC 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.

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

Neither DTC nor Cede & Co. (or other such nominee) will consent or vote with respect to the Bonds. 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 DTC Participants having the Bonds credited to their accounts on the record date (identified in a listing attached to the omnibus proxy).

THE COMMONWEALTH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR BY ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT, THE PAYMENT OF OR THE PROVIDING OF NOTICE TO THE DTC 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. Upon receipt of moneys, DTC's practice is to credit the accounts of the DTC Participants on the payable date in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now 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 DTC Participant or Indirect Participant and not DTC or the Commonwealth, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, on the Bonds to DTC is the responsibility of the Commonwealth; disbursement of such payments to DTC Participants and Indirect Participants shall be the responsibility of DTC; and disbursement of such payments to Beneficial Owners shall be the responsibility of the DTC Participants and the Indirect Participants.

The Commonwealth cannot give any assurances that DTC 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 securities 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.

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY 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 Current Delivery Bonds, other than the FSA Insured Bonds and the FGIC Insured Bonds, have been assigned ratings of "AA-," "Aa2" and "AA-" by Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("Standard & Poor's"), respectively.

For the FSA Insured Bonds, the ratings assigned by Fitch, Moody's and Standard & Poor's are "AAA", "Aaa" and "AAA", respectively, based upon the understanding that the payment of the principal of and interest on the FSA Insured Bonds will be guaranteed by a municipal bond insurance policy to be issued by FSA simultaneously with the delivery of the FSA Insured Bonds.

For the FGIC Insured Bonds, the ratings assigned by Fitch, Moody's and Standard & Poor's are "AAA", "Aaa" and "AAA", respectively, based upon the understanding that the payment of the principal of and interest on the FGIC Insured Bonds will be guaranteed by a municipal bond insurance policy to be issued by FGIC simultaneously with the delivery of the FGIC Insured Bonds.

For the Delayed Delivery Bonds, the ratings assigned by Fitch, Moody's and Standard & Poor's are "AAA", "Aaa" and "AAA", respectively, based upon the understanding that the payment of the principal of and interest on the Delayed Delivery Bonds will be guaranteed by a municipal bond insurance policy to be issued by MBIA simultaneously with the delivery of the Delayed Delivery Bonds.

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 have agreed, subject to certain conditions, to purchase all of the Current Delivery Bonds from the Commonwealth at a discount from the initial offering prices of the Current Delivery Bonds equal to approximately 0.516% of the aggregate principal amount of the Current Delivery Bonds. The Underwriters may offer and sell the Current Delivery Bonds to certain dealers and others (including dealers depositing Current Delivery 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 Delayed Delivery Bond Underwriter has agreed, subject to certain conditions, to purchase all of the Delayed Delivery Bonds from the Commonwealth at a discount from the initial offering prices of the Delayed Delivery Bonds equal to approximately 0.267% of the aggregate principal amount of the Delayed Delivery Bonds. The Delayed Delivery Bond Underwriter may offer and sell the Delayed Delivery Bonds to certain dealers and others (including dealers depositing Delayed Delivery 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 Delayed Delivery Bond Underwriter. See "THE BONDS – Delayed Delivery of Bonds."

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Arbitrage Group, Inc. will verify (a) the adequacy of the forecasted receipts of principal and interest on the Escrow Obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) the yields on the Bonds and the Escrow Obligations purchased with a portion of the proceeds of the sale of the Bonds. Such verification will be used in part by Palmer & Dodge LLP, Bond Counsel, in concluding that the Bonds are not arbitrage bonds within the meaning of the Code. The Arbitrage Group, Inc. has restricted its procedures to certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

TAX EXEMPTION

Bond Counsel is of the opinion that, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for the purpose of computing the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); it should be noted, however, that the interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). Bond Counsel has not opined as to other federal tax consequences, if any, resulting from holding the Bonds.

The Code imposes certain requirements and restrictions on the use, expenditure and investment of proceeds of state and local governmental obligations, including the Bonds, and a requirement for payment to the federal government (called a "rebate") of certain proceeds derived from the investment thereof. Failure to comply with the Code's requirements subsequent to the issuance of the Bonds could cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of their issuance. On or before delivery of the Bonds to the original purchasers, the Commonwealth will provide covenants or certificates evidencing that it will take all lawful action necessary to comply with those provisions of the Code that, except for such compliance, would affect adversely the excludability of interest on the Bonds from gross income for federal income tax purposes. Bond Counsel's opinion with respect to the federal income tax treatment of interest on the Bonds is conditioned upon such compliance.

Prospective purchasers of the Bonds should also be aware that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or, in the case of a financial institution, for that portion of the owner's interest expense allocated to interest on the Bonds. Interest on the Bonds earned by insurance companies or allocable to certain dividends received by such companies may increase the taxable income of those companies as calculated under Subchapter L of the Code. In addition, interest on the Bonds earned by certain corporations could be subject to the foreign branch profits tax imposed by Section 884 of the Code, and may be included in passive investment income subject to federal income taxation under Section 1375 of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and railroad retirement benefits to take into account receipts and accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income and receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit under Section 32(i) of the Code. No assurance can be given that future legislation will not have adverse tax consequences for owners of the Bonds.

In the opinion of Bond Counsel, 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 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 Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts.

For federal and Massachusetts tax purposes, interest includes original issue discount. Original issue discount with respect to a Bond is equal to the excess, if any, of the stated redemption price at maturity of such

Bond, over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all Bonds with the same maturity were sold. Original issue discount accrues actuarially over the term of a Bond. Holders should consult their own tax advisers with respect to the computations of original issue discount on such accruals of interest during the period in which any such Bond is held.

On the respective dates of delivery of the Bonds, the Underwriters will be furnished with opinions of Bond Counsel substantially in the forms attached hereto as Appendix D – "Proposed Forms of Opinions of Bond Counsel."

OPINIONS OF COUNSEL

The unqualified approving opinions as to the legality of the Bonds will be rendered by Palmer & Dodge LLP of Boston, Massachusetts, Bond Counsel to the State Treasurer. The proposed forms of the opinions of Bond Counsel relating to the Bonds is attached hereto as Appendix D. Certain legal matters will also be passed upon by Ropes & Gray of Boston, Massachusetts, as Disclosure Counsel to the State Treasurer. Certain legal matters will be passed on for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. 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 E attached hereto.

For information concerning the availability of certain other financial information from the Commonwealth, see the March 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.

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 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 Jeffrey S. Stearns, Deputy Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone 617/367-3900 or Laura Guadagno, Assistant Secretary for Capital Resources and Chief Development Officer, 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 Walter J. St. Onge, III, Palmer & Dodge LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, telephone 617/239-0389.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Shannon P. O'Brien
Shannon P. O'Brien
Treasurer and Receiver-General

By /s/ Kevin J. Sullivan
Kevin J. Sullivan
Secretary of Administration and Finance

June 20, 2002

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APPENDIX A

THE

COMMONWEALTH

OF

MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

Dated June 24, 2002

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THE COMMONWEALTH OF MASSACHUSETTS

CONSTITUTIONAL OFFICERS

Jane M. Swift .... Acting Governor
William F. Galvin .... Secretary of the Commonwealth
Thomas F. Reilly .... Attorney General
Shannon P. O'Brien .... Treasurer and Receiver-General
A. Joseph DeNucci .... Auditor

LEGISLATIVE OFFICERS

Thomas F. Birmingham .... President of the Senate
Thomas M. Finneran .... Speaker of the House

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THE COMMONWEALTH OF MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

June 24, 2002

This supplement ("Supplement") to the Information Statement of The Commonwealth of Massachusetts (the "Commonwealth") dated March 25, 2002 (the "March Information Statement") is dated June 24, 2002, and contains information which updates the information contained in the March Information Statement. The March Information Statement appears in the Commonwealth's Official Statement dated March 25, 2002 with respect to its $180,000,000 General Obligation Bond Anticipation Notes, 2002 Series A, a copy of which has been filed with each Nationally Recognized Municipal Securities Information Repository currently recognized by the Securities and Exchange Commission. Exhibit A to this Supplement is the Statement of Economic Information as of April 1, 2002, which was included as Exhibit A to the Supplemental Information Statement dated April 25, 2002, which was attached as Appendix B to the Official Statement of that date for the Massachusetts Development Finance Agency's Revenue Bonds, M/SBRC Project, Series 2002A, 2002B and 2002C. Exhibit A set forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are the Statutory Basis Financial Report for the year ended June 30, 2001 and the Comprehensive Annual Financial Report (GAAP basis) for the year ended June 30, 2001, respectively. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with each Nationally Recognized Municipal Securities Information Repository currently recognized by the Securities and Exchange Commission. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at http://www.state.ma.us/osc/Reports/reportsfinancial.htm. 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 June 24, 2002. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

RECENT DEVELOPMENTS

Fiscal 2002

Since the date of the March Information Statement, Commonwealth tax collections have lagged the prior year by substantial margins, resulting in reduced tax revenue estimates and budget adjustments.

Tax collections to date in fiscal 2002 have been significantly less than those in fiscal 2001. The following table shows the tax collections for each month through May 2002 and the decrease from tax collections in the same month in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in each month which are dedicated to the MBTA.

Fiscal 2002 Tax Collections
(in millions)

Month	Tax Collections	Decrease from Year Prior	Percentage Decrease	MBTA Portion
July	$1,026	$38	3.6%	$56.7
August	1,113	32	2.8	56.8
September	1,524	222	12.7	45.9
October	969	116	10.7	60.1
November	1,043	43	4.0	51.7
December	1,329	95	6.6	46.4
January	1,580	357	18.4	68.9
February	802	110	12.1	40.6
March	1,295	155	10.7	50.5
April (1)	1,350	204	13.1	54.2
May (2)	1,080	397	26.9	53.2
Total (3)	$13,113	$1,765	11.9%	$585.3

SOURCE: Executive Office for Administration and Finance.

(1) April tax collections were approximately $41 million below the midpoint of the April benchmark estimate corresponding to the fiscal 2002 consensus tax revenue estimate of $14.750 billion, although delays in processing income tax returns were primarily responsible for the April shortfall versus the benchmark estimate.
(2) The decline in May 2002 tax revenue collections compared with the same period in May 2001 was due almost entirely to a decline in payments with returns, which were 72.9% lower those in May 2001.
(3) Detail may not add to totals due to rounding.

As compared to the fiscal 2002 consensus tax revenue estimate of $14.750 billion agreed to in April 2002, year-to-date tax collections through May were $292 million below the midpoint of the benchmark range. The Executive Office for Administration and Finance currently projects fiscal 2002 tax revenue to be approximately $470 million lower than the consensus tax revenue estimate, or approximately $14.280 billion.

Due to workforce reductions resulting from cuts to the Department of Revenue's administrative budget, processing of tax year 2001 income tax returns has been delayed. Over the January to May 2002 period, more than $200 million in income tax refunds were delayed, compared to the same period in 2001. While any estimate of refund delays is uncertain, and depends on a number of factors that cannot be predicted at this time, the Department of Revenue estimates that by the end of fiscal 2002 the amount of refunds that would have been processed in fiscal 2002, but will instead be processed in fiscal 2003, will range from $200 million to $300 million. The State Comptroller will account for the tax refund liability in fiscal 2002, although payments will not be processed until early fiscal 2003. However, it is uncertain what the impact of delays would be on total fiscal 2003 tax collections, as delays in refund processing could recur in the January to June 2003 period if Department of Revenue staff reductions remain in place during all of fiscal 2003. On May 17, 2002 the Acting Governor signed legislation that included $1 million to help the Department of Revenue deal with the processing backlog. It is not expected that the ongoing delay in processing tax year 2001 income tax returns will have a material impact on the deposit of payments with those returns during fiscal 2002 or 2003.

On March 9, 2002 federal legislation was enacted that allows an additional first-year depreciation deduction for corporations equal to 30 percent of the cost of certain types of property purchased on or after September 11, 2001 and before September 11, 2004. Under Massachusetts law, corporations (including insurance, public utilities, and financial institutions organized as corporations) had been taxed on the basis of their net income as calculated for federal taxation purposes, after depreciation allowances are deducted. Unincorporated businesses are also allowed depreciation allowances based on the federal tax code. As a result, the taxable income of corporations and unincorporated businesses subject to Massachusetts tax was expected be reduced in tax years 2001 through 2003 by the new federal depreciation deduction, be increased for approximately 11 years thereafter, and in the long-run be approximately revenue neutral. On April 18, 2002, the Acting Governor signed into law a bill that "decoupled" the Massachusetts revenue code from federal depreciation provisions. The law effectively repealed the additional depreciation deduction for the purposes of Massachusetts state tax. However, since corporate taxpayers had already adjusted their payments due on March 15, 2002, the Department of Revenue estimates that the impacts of the federal provision were to reduce fiscal 2002 tax revenue collections by $30 million, and increase fiscal 2003 tax collections by the same amount.

On April 23, 2002, the Acting Governor filed a capital outlay bill that moved approximately $102 million of the above-mentioned pay-as-you-go capital projects to bond funding. The Commonwealth had used surplus operating revenues from fiscal 1998-2000 to create two capital project funds. The proposed legislation would transfer monies from those capital project funds into the general fund, and allow for the capital projects to be funded by bond proceeds instead of operating funds. The affected capital projects will be absorbed under the $1.2 billion bond cap. The Executive Office for Administration and Finance anticipates a one-time transfer of $50 million of bond cap from fiscal 2002 to fiscal 2003.

On May 8, 2002, the Acting Governor proposed supplemental appropriations in the amount of approximately $24.2 million to fund various deficiencies, including the account from which judgments and settlements against the Commonwealth are paid, emergency cash assistance and food stamps through the Department of Transitional Assistance, energy-related costs in correctional facilities and prenatal care for low-income uninsured women through the Department of Public Health. The proposal included a $24 million transfer from the MBTA Infrastructure Renovation Fund to the General Fund. The proposal also included recommendations for funding for programs that would carry into fiscal 2003.

On May 17, 2002, the Acting Governor signed into law a bill that included approximately $371 million of supplemental appropriations, including the use of approximately $408 million in reserves to balance the fiscal 2002 budget. These reserves include $200 million from the Stabilization Fund, $115 million from pay-as-you-go capital funds, $56 million from the Caseload Mitigation Fund, $35 million from the Medical Security Trust, and $1.4 million from the Voting Equipment Revolving Loan Fund. The legislation also extended the Commonwealth's pension funding schedule to 2023, and reduced the fiscal 2002 pension funding payment by $134 million. It also drew $60 million from the fiscal 2002 tobacco settlement and reduced the Capital Needs Investment Trust by $23 million in fiscal 2002. This legislation gives effect to an agreement announced by the Acting Governor and legislative leaders on April 15, 2002, to address the fiscal 2002 budget shortfall. The April 15, 2002 plan was based on a fiscal 2002 consensus tax revenue estimate of $14.750 billion and a deficit then identified to be $689 million. In addition to the legislation that was enacted on May 17, 2002, the agreement among the Acting Governor and legislative leaders called for $40 million in savings resulting from management initiatives relating to the Commonwealth's debt and $24 million in unspecified savings, which will be identified through further review and negotiation.

On May 23, 2002, the Acting Governor filed legislation that proposes using approximately $509 million of certain reserve funds for the purposes of balancing the current fiscal year budget. These fund transfers include up to $310 million from the Stabilization Fund to the General Fund, $90 million from the Health Care Security Trust Fund to the General Fund and $109 million from the Health Care Security Trust Fund to the Children's and Seniors' Health Care Assistance Fund.

On June 24, 2002 the Legislature approved a bill authorizing the transfer of up to $300 million from the Stabilization Fund to the General Fund, which bill is expected to be signed by the Acting Governor prior to July 1, 2002.

In the event that revenue and other authorized funds should prove insufficient to pay required expenditures, a variety of actions may be taken under the state budgetary process to address the shortfall, some of which would not require legislative authorization. See the March Information Statement under the heading "COMMONWEALTH BUDGET, FINANCIAL MANAGEMENT AND CONTROLS – Overview of Budgetary Process."

Cash Flow

On May 24, 2002 the State Treasurer and the Secretary of Administration and Finance released the most recent cash flow projection for fiscal 2002. The cash flow projection for fiscal 2002 is based on the General Appropriations Act (the "GAA") signed on December 1, 2001 (including the value of all vetoes and subsequent overrides) and supplemental appropriations enacted or anticipated. It reflects authorized transfers between budgeted funds and certain reserve funds as provided for in the GAA and in subsequent legislation. The cash flow projection incorporates a tax revenue estimate of $14.350 billion, which is $55 million higher than the current estimate of the Executive Office for Administration and Finance.

The projection shows a beginning balance for fiscal 2002 of $3.365 billion and an ending balance of $862.4 million. In both cases the balances include amounts available for capital purposes, but exclude amounts available in the Commonwealth's Stabilization Fund and certain other reserve funds. Of the $3.365 billion that was available at the beginning of fiscal 2002, roughly 65% or $2.206 billion represented segregated bond funds. The fiscal 2002 year-end projection is that roughly $1.078 billion will be segregated for capital purposes, yielding a cash operating deficit of $215.6 million on June 30, 2002. In addition, certain risks were identified that could increase the cash deficit by an additional $300 million.

As noted, the projection does not include balances available in the Commonwealth's Stabilization Fund and certain other reserve funds, which are in excess of $1.85 billion. In addition, it did not include the effect of certain pending legislation intended to help balance the fiscal 2002 budget and to improve the Commonwealth's year-end cash position, or the effect of the legislation passed on June 24, 2002. See "Fiscal 2002." In particular, the Acting Governor submitted legislation to: (i) increase bonding authority available to fund the remaining portion of an accumulated deficit related to MBTA forward-funding (see the March Information Statement under the heading "FINANCIAL RESULTS—Massachusetts Bay Transportation Authority – Financial Restructuring"); (ii) provide certain authorization necessary to claim available federal reimbursement related to the CA/T Project; and (iii) authorize additional transfers from the Commonwealth's reserve funds. Subsequent to submission of the cash flow projection, the first two pieces of legislation were approved by the Legislature and signed by the Acting Governor. The last item is still pending.

The Commonwealth maintains a commercial paper program supported by lines and a letter of credit from commercial banks. The program allows for the periodic issuance of commercial paper as either bond anticipation notes or revenue anticipation notes for operating purposes. The overall capacity of the Commonwealth's commercial paper program was increased from $600 million to $1.0 billion during fiscal 2002. In December 2001, the Commonwealth issued $200 million of commercial paper as bond anticipation notes to fund capital projects and $600 million in commercial paper as revenue anticipation notes ("RANs") to help meet its $1.05 billion quarterly local aid payment due on March 31, 2002. Prior to December 2001, the Commonwealth had not used short-term borrowing to finance operating payments since March 1996. The $200 million of commercial paper related to capital projects was retired from the proceeds of the Commonwealth's 2002 Series A bond sale in January 2002. The commercial paper issued as RANs in December 2001 was partially repaid during January and February of 2002. Additional RANs were issued under the commercial paper program in March 2002, bringing the outstanding total to $683 million at the end of that month. These notes were retired in April and May 2002. No commercial paper is currently outstanding. All commercial paper of the Commonwealth issued for operating purposes in a fiscal year is required by State finance law to be paid not later than June 30 of such year.

Net proceeds of long-term debt issuance during fiscal 2002 are projected to total $1.481 billion, including $1.181 billion for capital projects and $300 million to fund a portion of an accumulated operating deficit related to MBTA forward-funding.

Net proceeds from bond anticipation notes issued during fiscal 2002 (in addition to those under the commercial paper program) are projected to total $540 million, of which $358 million (related to the Boston Convention and Exhibition Center) were issued in September 2001. An additional $182 million of bond anticipation notes, related to certain CA/T Project expenditures, were issued in March 2002.

The cash flow projection released on May 24, 2002 also included a projection for fiscal 2003. The projection was based on the Acting Governor's January 2002 budget proposal for fiscal 2003, as revised to take into account reductions in anticipated tax revenue collections and certain proposed spending reductions. It was also based on the April 2002 consensus tax revenue estimate of $14.716 billion, which estimate has subsequently been revised downward by the Executive Office for Administration and Finance (see "Fiscal 2003," below). In addition, the cash flow projection does not take into account proposed tax increases and certain other spending differences included in the House and Senate budgets currently under consideration. As such, the fiscal 2003 cash flow projection should only be considered as a starting point for analysis of the cash impact of current budget proposals. The current cash projection for fiscal 2003 shows a year-end cash position of approximately $181 million. Segregated funds are expected to total approximately $200 million, yielding a cash operating deficit of about $19 million. The Commonwealth's next cash flow projection is due August 25, 2002.

Fiscal 2003

On April 15, 2002, the Acting Governor and legislative leaders reached a consensus on the fiscal 2003 tax revenue estimate of $14.716 billion. The Department of Revenue estimated that $684 million of sales tax revenue dedicated to the MBTA is included in the $14.716 billion figure. On June 11, 2002, the Executive Office for Administration and Finance revised its fiscal 2003 tax revenue estimate downward to $14.175 billion, based on its forecast of lower growth in income and corporate tax revenue in fiscal 2003 than previously projected. The Department of Revenue's revised estimate assumes that tax cuts scheduled to take effect under current tax law will remain in effect. However, both the House and Senate have proposed new tax legislation that would increase fiscal 2003 tax revenue collections if enacted.

On May 16, 2002, the House approved its proposed budget plan for fiscal 2003, which the Executive Office of Administration and Finance estimates includes appropriations of approximately $22.9 to $23 billion. The House budget proposal was based on the consensus tax revenue estimate of $14.716 billion (which assumed no changes in tax law). To balance the proposed budget, the House recommended using reserves in the amounts of $500 million from the Stabilization Fund and $55 million from the Caseload Mitigation Fund. The House also recommended using $24 million from the Clean Elections Fund for collective bargaining.

On June 5, 2002, the Senate Committee on Ways and Means proposed a $23.188 billion budget plan for fiscal 2003. The Senate budget proposal was based on the consensus tax revenue estimate of $14.716 billion. To balance the proposed budget, the Senate recommended using reserves in the amounts of $500 million from the Stabilization Fund and $75 million from the Caseload Mitigation Fund.

Both the budget proposed by the House and that of the Senate Committee on Ways and Means would provide for new tax revenues estimated to add approximately $1.06 to $1.2 billion to fiscal 2003 revenues. Both proposals also would move off-budget Medicaid expenditures estimated by the Executive Office of Administration and Finance at approximately $300 to $375 million for fiscal 2003.

In anticipation that a general appropriation act for fiscal 2003 may not be enacted by the start of the fiscal year on July 1, 2002, an interim budget was approved by the Legislature on June 24, 2002, to allow state services to continue for the first month of fiscal 2003. It is expected that the Acting Governor will sign this legislation.

Selected Financial Data – Statutory Basis

The revenues and expenditures of the budgeted operating funds presented in the following table are derived from the Commonwealth's audited statutory basis financial statements for fiscal 1997 through 2002, but have been adjusted to reflect the impact of the MBTA forward funding legislation. See March Information Statement under the heading "FINANCIAL RESULTS - Massachusetts Bay Transportation Authority." The financial information presented includes all budgeted operating funds of the Commonwealth. When the status of a fund has changed during this period, prior years have been restated to conform to the fiscal 2001 budget. See the March Information Statement under the heading "FINANCIAL RESULTS."

Budgeted Operating Funds Operations -- Statutory Basis

(in millions)(1)

	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Estimated Fiscal 2002(2)
Beginning Fund Balances						
Reserved or Designated	$ 263.4	$ 225.1	$ 286.3	$ 330.2	$ 278.5	$ 895.3
Tax Reduction Fund	231.7	91.8	367.7	6.8	7.2	33.6
Stabilization Fund	543.3	799.3	1,159.6	1,388.5	1,608.4	1,715.0
Undesignated	134.0	277.8	378.5	386.9	391.3	367.1
Fund Balance Restatement	0.6(3)	--	--	--	--	--
Total	1,173.0	1,394.0	2,192.1	2,112.4	2,285.4	3,011.0
Revenues and Other Sources						
Taxes	12,864.5	14,026.3	14,291.5	15,688.6	16,074.7(5)	13,616.0(5)
Federal Reimbursements	3,019.6	3,361.2	3,442.9	3,645.6	3,974.2	4,347.1
Departmental and Other Revenues	1,267.9	1,286.4	1,297.8	1,359.9	1,431.8	1,473.5
Interfund Transfers from Non-budgeted Funds and Other Sources	1,018.0	1,125.9	1,132.8	1,893.0	1,385.9	1,790.7
Budgeted Revenues and Other Sources	18,170.0	19,799.8	20,165.0	22,587.1	22,866.6	21,227.3
Mass Transit Assessments from Municipalities	151.5	155.6	159.9	15.8	--	--
Interfund Transfers among Budgeted Funds and Other Sources	901.8	1,449.2	1,242.0	3,618.2(4)	931.0	1,517.5
Total Revenues and Other Sources	19,223.3	21,404.6	21,566.9	26,221.1	23,797.6	22,744.8
Expenditures and Uses						
Programs and Services	15,218.8	16,238.6	17,341.1	19,330.7	19,474.3	20,573.1
Debt Service	1,275.5	1,213.4	1,173.8	1,193.3	676.0	1,351.7
Pensions	1,069.2	1,069.8	990.2	986.3	1,040.1	795.8
Interfund Transfers to Non-budgeted Funds and Other Uses	385.5	479.9	739.6	903.8	950.6	69.2
Budgeted Expenditures and Other Uses	17,949.0	19,001.7	20,244.7	22,414.1	22,141.0	22,789.8
Payment of Municipal Mass Transit Assessments to the MBTA and RTA's	151.5	155.6	159.9	15.8	--	--
Interfund Transfers among Budgeted Funds and Other Uses	901.8	1,449.2	1,242.0	3,618.2	931.0	1,517.5
Total Expenditures and Other Uses	19,002.3	20,606.5	21,646.6	26,048.1	23,072.0	24,307.3
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	221.0	798.1	(79.7)	173.0	725.6	(1,562.5)
Ending Fund Balances						
Reserved or Designated	225.1	286.3	330.2	278.5	895.3	52.5
Tax Reduction Fund	91.8	367.7	6.8	7.2	33.6	--
Stabilization Fund	799.3	1,159.6	1,388.5	1,608.4	1,715.0	1,057.0
Undesignated	277.8	378.5	386.9	391.3	367.1	339.0
Total	$ 1,394.0	$ 2,192.1	$ 2,112.4	$ 2,285.4	$ 3,011.0	$ 1,448.5

SOURCE: Fiscal 1997-2001, Office of the Comptroller; fiscal 2002, Executive Office for Administration and Finance.

(1) Totals may not add due to rounding.
(2) Estimated fiscal 2002 is based on the General Appropriation Act, as supplemented to date, and certain anticipated expenditures, expenditure reductions and transfers from reserves that have not yet been approved by the Legislature. See the March Information Statement under the heading "2002 Fiscal Year."
(3) The fund balance restatement for fiscal 1997 is the result of the reclassification of the Drug Analysis Fund from a non-budgeted fund to a budgeted fund.
(4) Reflects legislation in the final supplemental appropriations act for fiscal 2000 requiring the Comptroller to transfer funds from the General Fund to the Local Aid Fund and Highway Fund at the end of fiscal 2000, eliminating deficits in these funds.
(5) Net of $654.6 million in fiscal 2001and a projected $664.0 million in fiscal 2002 of dedicated sales tax to be transferred to the MBTA that were moved outside of the budget (are no longer budgeted) beginning in fiscal 2001.

In the following table, to facilitate comparison, the revenues and expenditures for fiscal 1997 to 2000, inclusive, have been reduced by the actual amount paid to the MBTA in each of those fiscal years to reflect the transfer off-budget of MBTA subsidies beginning in fiscal 2001.

Budgeted Operating Funds -- Adjusted for MBTA Operations
(in millions)(1)(2)

	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Estimated Fiscal 2002(3)
Beginning Fund Balances						
Reserved or Designated	$ 263.4	$ 225.1	$ 286.3	$ 330.2	$ 278.5	$ 895.3
Tax Reduction Fund	231.7	91.8	367.7	6.8	7.2	33.6
Stabilization Fund	543.3	799.3	1,159.6	1,388.5	1,608.4	1,715.0
Undesignated	134.0	277.8	378.5	386.9	391.3	367.1
Fund Balance Restatement	0.6(4)	--	--	--	--	--
Total	1,173.0	1,394.0	2,192.1	2,112.4	2,285.4	3,011.0
Revenues and Other Sources						
Taxes	12,864.5	14,026.3	14,291.5	15,688.6	16,074.7(5)	13,616.0(5)
Federal Reimbursements	3,019.6	3,361.2	3,442.9	3,645.6	3,974.2	4,347.1
Departmental and Other Revenues	1,267.9	1,286.4	1,297.8	1,359.9	1,431.8	1,473.5
Interfund Transfers from Non-budgeted Funds and Other Sources (6)	1,018.0	1,125.9	1,132.8	1,893.0	1,385.9	1,790.7
Budgeted Revenues and Other Sources	18,170.0	19,799.8	20,165.0	22,587.1	22,866.6	21,227.3
MBTA Adjustment (2)	(483.1)	(491.1)	(499.1)	(561.9)	NA	NA
Adjusted Budgeted Revenues and Other Sources	17,686.9	19,308.7	19,665.9	22,025.2	22,866.6	21,227.3
Expenditures and Uses						
Programs and Services	15,218.8	16,238.6	17,341.1	19,330.7	19,474.3	20,573.1
Debt Service	1,275.5	1,213.4	1,173.8	1,193.3	676.0	1,351.7
Pensions	1,069.2	1,069.8	990.2	986.3	1,040.1	795.8
Interfund Transfers to Non-budgeted Funds and Other Uses	385.5	479.9	739.6	903.8	950.6	69.2
Budgeted Expenditures and Other Uses	17,949.0	19,001.7	20,244.7	22,414.1	22,141.0	22,789.8
MBTA Adjustment (2)	(483.1)	(491.1)	(499.1)	(561.9)	NA	NA
Adjusted Expenditures and Other Uses	17,465.9	18,510.6	19,745.6	21,852.2	22,141.0	22,789.8
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	221.0	798.1	(79.7)	172.9	725.6	(1,562.5)
Ending Fund Balances						
Reserved or Designated	225.1	286.3	330.2	278.5	895.3	52.5
Tax Reduction Fund	91.8	367.7	6.8	7.2	33.6	--
Stabilization Fund	799.3	1,159.6	1,388.5	1,608.4	1,715.0	1,057.0
Undesignated	277.8	378.5	386.9	391.3	367.1	339.0
Total	$ 1,394.0	$ 2,192.1	$ 2,112.4	$ 2,285.4	$ 3,011.0	$ 1,448.5

SOURCE: Executive Office for Administration and Finance and Office of the State Treasurer.

(1) Totals may not add due to rounding. The table does not reflect interfund transfers among budgeted funds and other sources, which have no effect on the ending balance of the table. The amounts of the transfers were $901.8 million, $1,449.2 million, $1,242.0 million, $3,618.2 million, and $931 million in fiscal 1997-2001 respectively, and are estimated to be $1,517.5 million for fiscal 2002.

(2) To facilitate comparison, the table has been adjusted for fiscal 1997 through fiscal 2000, inclusive, to reflect a transfer off-budget of MBTA operations that began in fiscal 2001 by subtracting the amount of Commonwealth payments to the MBTA in each of those fiscal years.

(3) Estimated fiscal 2002 is based on the General Appropriation Act, as supplemented to date, and certain anticipated expenditures, expenditure reductions and transfers from reserves that have not yet been approved by the Legislature. See the March Information Statement under the heading "2002 Fiscal Year."

(4) The fund balance restatement for fiscal 1997 is the result of reclassifying the Drug Analysis Fund from non-budgeted fund to budgeted fund.

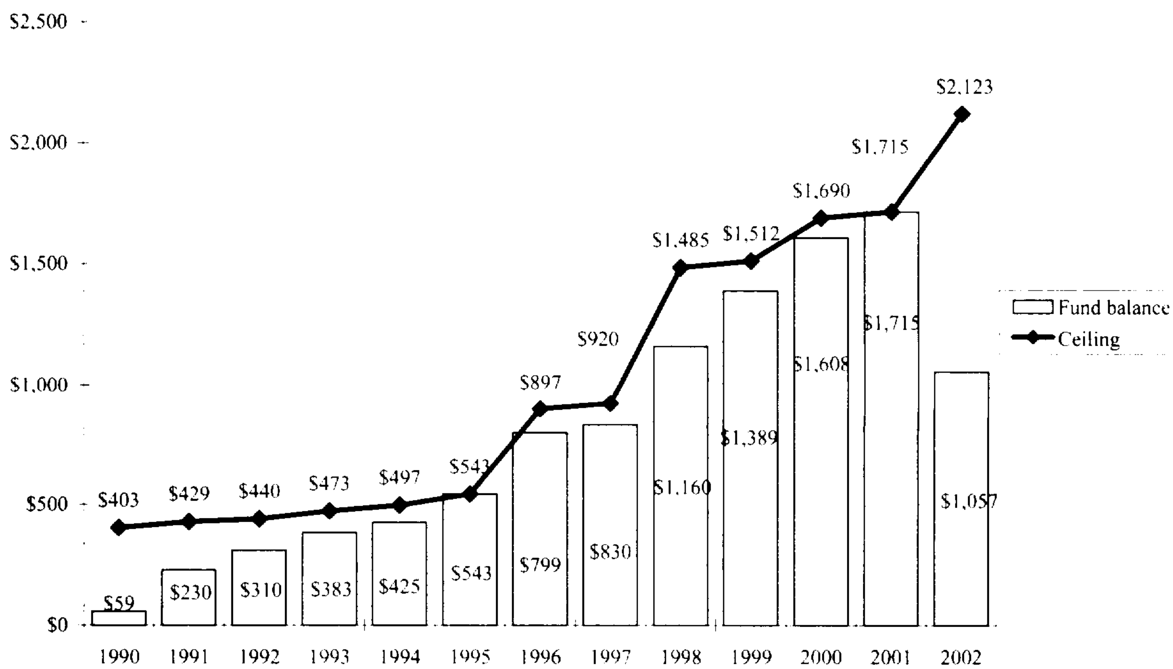
(5) Net of a projected $664.0 million of dedicated sales tax to be transferred to the MBTA.

(6) The table does not reflect interfund transfers among budgeted funds and other sources, which have no effect on the ending balance of the table. The amounts of these transfers were $896.2 million, $901.8 million, $1.449 billion, $1.242 billion, $3.618 billion and $275.7 million in fiscal 1996-2001, respectively.

Stabilization Fund and Disposition of Year-End Surpluses

The following graph sets forth the balance in the Stabilization Fund for fiscal 1990 through fiscal 2001 and the estimate for fiscal 2002:

Stabilization Fund
(in millions)



SOURCE: Fiscal 1990-2001, Office of the Comptroller; fiscal 2002, Executive Office for Administration and Finance.

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COMMONWEALTH REVENUES

Commonwealth Revenues - Budgeted Operating Funds
Adjusted for MBTA Operations
(in millions)(1)

	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Estimated Fiscal 2002
Tax Revenues:						
Alcoholic Beverages	$ 60.3	$ 60.2	$ 61.0	$ 63.1	$ 64.2	$64.0
Banks	140.3	156.0	108.5	92.9	179.6	148.2
Cigarettes	281.7	300.8	284.4	279.9	270.5	279.0
Corporations	963.9	1,066.9	1,008.9	1,130.5	945.3	595.0
Deeds	51.6	79.7	98.0	116.0	129.6	120.0
Income	7,181.8	8,031.9	8,036.6	9,041.9	9,902.7	7,939.0
Inheritance and Estate	202.7	191.3	173.9	166.5	203.4	169.0
Insurance	297.8	310.8	336.3	334.6	356.5	366.3
Motor Fuel	602.8	621.3	636.5	652.6	659.9	662.0
Public Utilities	109.2	131.9	132.5	83.0	86.7	98.3
Racing	10.2	9.2	8.3	7.8	7.5	2.8
Room Occupancy	80.5	96.2	119.4	137.0	149.6	128.2
Sales - Regular	2,087.7	2,122.0	2,351.2	2,552.1	2,705.8(4)	2,601.0
Sales - Meals	381.4	392.5	436.2	456.8	482.0	498.0
Sales - Motor Vehicles	407.0	448.0	482.4	556.4	568.0(4)	593.0
Transfer to MBTA	--	--	--	--	(654.6)	(664.0)
Sub-Total-Sales	2,876.1	2,962.5	3,269.8	3,565.3	3,101.2	3,028.0
Miscellaneous	5.6	7.6	17.4	17.5	17.9	16.2
Total	12,864.5	14,026.3	14,291.5	15,688.6	16,074.6	13,616.0
Non-Tax Revenues:						
Federal Reimbursements (2)	3,019.6	3,361.2	3,442.9	3,645.6	3,974.2	4,347.1
Departmental and Other Revenues	1,267.9	1,286.4	1,297.8	1,359.9	1,431.8	1,473.5
Interfund Transfers from Non - Budgeted Funds and Other Sources (3)	1,018.0	1,125.9	1,132.8	1,893.0	1,385.9	1,790.7
Budgeted Non-Tax Revenues and Other Sources	5,305.5	5,773.6	5,873.5	6,898.5	6,791.9	7,611.3
Budgeted Revenues and Other Sources	18,170.0	19,799.8	20,165.0	22,587.0	22,866.6	21,227.3
MBTA Adjustment (4)	(483.1)	(491.1)	(499.1)	(561.9)	NA	NA
Adjusted Revenues and Other Sources	$17,686.9	$19,308.7	$19,665.9	$22,035.7	$22,866.6	$21,227.3

SOURCE: Executive Office for Administration and Finance and Office of the State Treasurer.

(1) Totals may not add due to rounding. The table does not reflect interfund transfers among budgeted funds and other sources that have no effect on ending balances. The amounts of the transfers in fiscal 1997-2001 were $901.8 million, $1,449.2 million, $1,242.0 million, $3,618.2 million and $241.0 million, respectively. In addition, the table does not reflect the receipt and payment of certain municipal mass transit assessments totaling $151.5 million, $155.6 million, $159.9 million and $15.8 million in fiscal 1997 through 2001, respectively.

(2) Includes $221.0 million in fiscal 1997, $265.5 million in fiscal 1998, $184.7 million in fiscal 1999, $179.0 million in fiscal 2000, $187.4 million in fiscal 2001 and an estimated $199 million in fiscal 2002 resulting from claims for federal reimbursement of certain uncompensated care for Massachusetts hospitals.

(3) Interfund transfers represent accounting transfers that reallocate resources among funds. See "Federal and Other Non-Tax Revenues" below. Includes transfers between the Stabilization Fund and budgeted operating funds. Transfers to the Stabilization Fund were $234.3 million, $317.4 million, $165.6, $114.9 million and $51.7 million in fiscal 1997, 1998, 1999, 2000 and 2001 respectively. On August 10, 1998, Acting Governor Cellucci approved legislation providing for the transfer of $200 million to the Tax Reduction Fund as of June 30, 1998. Additional transfers in 2000 included transfer of $500 million to Debt Defeasance Fund and transfer of $3.0 billion to eliminate fund deficits in the Highway and Local Aid Funds. Additional transfers in 2001 included $579.2 million to the Transitional Escrow Fund, $624.2 million for debt defeasance, $25.9 million to the Tax Reduction Fund, $53.9 million to the Sewer Rate Relief Fund and $34.4 million for Capital Projects.

(4) To facilitate comparison, the revenues have been reduced to reflect the transfer off-budget of MBTA operations in fiscal 2001 by subtracting the actual amount of Commonwealth payments to the MBTA in fiscal 1996 to fiscal 2000, inclusive. For fiscal 2001, the Executive Office for Administration and Finance projects transferring $664 million of dedicated sales tax to the MBTA. The amount of sales tax receipts to be transferred to the MBTA could be greater based on higher overall sales tax receipts. See "FINANCIAL RESULTS - Massachusetts Bay Transportation Authority - Financial Restructuring."

STATE WORKFORCE

Employee Retirement Incentive Plan

On March 20, 2002 the Governor signed Chapter 62, the main provision of which extended the Early Retirement Incentive Program to employees whose positions are funded from capital, federal or trust accounts. There were 712.7 full-time equivalent employees who applied for the expanded incentive before the April 19, 2002 deadline, of whom 46.5 are funded from the operating budget. The expected budgetary impact is minimal since the bulk of the positions are funded from non-budgetary accounts. However, the additional liability resulting from the retirement of employees who received the incentive must be amortized as part of the annual pension appropriation.

COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES

Capital Spending Plan

The following table sets forth Commonwealth capital spending for fiscal 1997 through 2001 and the Commonwealth's five-year capital plan for fiscal 2002 through 2006. Historical spending is presented in a manner consistent with the five-year plan. See the March Information Statement under the heading "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES – Commonwealth Historical and Proposed Capital Spending."

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Commonwealth Historical and Proposed Capital Spending
(in millions)(1)

USES:	1997	1998	1999	2000	2001	Est. 2002	Est. 2003	Est. 2004	Est. 2005	Est. 2006
Information technology	$ 56	$ 86	$ 111	$ 68	$ 64	$ 79	$ 91	$ 115	$ 105	$ 105
Infrastructure	222	237	224	197	179	222	238	245	232	232
Environment	104	141	132	142	140	132	130	124	125	125
Housing	62	80	82	80	79	106	102	101	101	101
Public Safety	21	16	12	15	23	5	9	9	9	9
Transportation(2)	1,675	1,969	2,029	2,006	2,014	2,059	2,014	1,689	1,148	896
Economic development(3)	89	119	98	98	246	179	295	174	76	64
Reserve(4)(5)	--	--	--	--	--	123	100	66	93	65
Total Uses	$ 2,230	$ 2,648	$2,687	$2,606	$2,745	$2,904	$2,978	$2,523	$1,889	$1,597
SOURCES:										
Long-Term Debt										
GO Debt Subject to Statutory Limit	$ 1,055(6)	$ 1,000(7)	$1,000(8)	$1,000	$1,007	$1,150(5)(9)	$1,250	$1,200	$1,200	$1,200
GO Debt Not Subject to Statutory Limit	--	--	26	133	482	512	524	102	100	--
Special Obligation Debt	--	--	--	--	176	142	230	109	12	--
Grant Anticipation Notes	--	295	412	408	353	33	--	--	--	--
Operating Revenues(10)(11)	80	159	252	96	161	341	225	455	144	39
Third-Party Payments	60	405	412	481	106	140	211	86	109	90
Federal Reimbursements	1,036	788	586	487	460	587	538	571	324	268
Total Sources	$2,230	$2,648	$2,687	$2,606	$2,745	$2,904	$2,978	$2,523	$1,889	$1,597

SOURCES: Fiscal 1997-2001, Office of the Comptroller; Fiscal 2002-2006, Executive Office for Administration and Finance. Breakdown of Central Artery/Ted Williams Tunnel project, Central Artery/ Tunnel Project.

(1) Totals may not add due to rounding.
(2) Includes Central Artery/Ted Williams Tunnel project spending of $971 million, $1.428 billion, $1.515 billion, $1.464 billion and $1.303 billion in fiscal 1997 through fiscal 2001, respectively. Central Artery/Ted Williams Tunnel project estimated spending from fiscal 2002-2006 is $1.297 billion, $1.256 billion, $875 million, $485 million and $182 million, respectively. See "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES—Central Artery/Ted Williams Tunnel Project; *CA/T Project Cash Flow*".
(3) Includes amounts formerly labeled "Wastewater Treatment." For fiscal 2001 through fiscal 2005, also includes approximately $669 million for convention centers in Boston, Worcester and Springfield that are expected to be funded permanently by special obligation bonds.
(4) Reserve for unanticipated capital spending needs within a given fiscal year, to be allocated among the listed categories. Fiscal 2002 includes $91 million in pay-as-you-go funds.
(5) The Legislature has passed a bill that converts $115 million of pay-as-you-go projects to bond projects. These projects will be absorbed under the $1.2 billion bond cap. The bill includes transferring the $115 million to the Commonwealth's general fund for the purpose of balancing the fiscal 2002 operating budget.
(6) Includes $100 million in spending that was anticipated to be funded by payments from the Turnpike Authority; such payments were received June 28, 1998.
(7) Includes $19 million for the Worcester Convention Center expected to be funded permanently by special obligation bonds. See footnote 3.
(8) Includes $11 million for convention center payments expected to be funded permanently by special obligation bonds. See footnote 3.
(9) The Executive Office for Administration and Finance will perform a one-time transfer of $50 million million of bond cap from fiscal 2002 to fiscal 2003.
(10) Estimates for fiscal 2002 through 2006, inclusive, include funds on deposit and certain dedicated fees and earnings.
(11) Tax revenue in the amount of $45 million is scheduled to be transferred to the Capital Needs Investment Trust annually through fiscal 2005. This pay as you go money is not included in the above chart, but includes annual payments of $20 million to the Affordable Housing Trust, $11 million for information technology improvements and projects at the Department of Education, and $14 million for deferred maintenance at state facilities. In the Acting Governor's fiscal 2003 budget recommendation, she has proposed to eliminate the Capital Needs Investment Trust and move the majority of the projects to agencies' capital accounts.

Central Artery/Ted Williams Tunnel Project

Recent Developments. On Saturday, March 16, 2002, the CA/T Project received a claim on a contract for $91.6 million from Honeywell Technology Solutions, Inc. ("Honeywell"). In negotiations between Honeywell and the CA/T Project on the contract, Honeywell stated its intent not to continue to perform work on an accelerated basis as directed by the CA/T Project. Subsequently, as a result of continued negotiations, an agreement has been reached between the CA/T Project and Honeywell whereby Honeywell has agreed to continue accelerated work and meet a schedule coinciding with the CA/T Project's schedule. The parties are in the process of obtaining final documentation necessary to implement this agreement. The Honeywell contract includes installation of systems necessary to open the roadway. If Honeywell fails to implement this agreement this may have an adverse impact on CA/T Project cost and schedule. In addition, like any other critical path contractor, if Honeywell were to abandon the contract altogether this may result in a substantial and material impact to CA/T Project cost and schedule.

The October 2001 finance plan budgets for the potential cost of change orders on all awarded and unawarded contracts. For awarded contracts, the budgeted value includes future allowance for owner directed changes and potential contractor claims that may result in change orders. The October 2001 finance plan also includes a change order allowance for unawarded contracts and a contingency for unanticipated owner - directed changes and contractor claims that result in change orders. Since the October 2001 finance plan was filed with the Federal Highway Administration, numerous claims and issues have been filed or identified. These claims and issues include claims from contractors that may or may not have been submitted to the CA/T Project with a specific contractor cost proposal. The CA/T Project evaluates and assigns a budgeted value of each claim or issue, but the final value of each claim or issue may deviate from the budgeted value. These deviations are accounted for in the CA/T Project's budget by various allowance and contingency accounts and are tracked and reported in an aggregate amount in the CA/T Project management month report. Because of these fluctuating and imprecise variables, any dollar amount associated with an individual claim or issue, or the sum of claims or issues, may not reflect the ultimate impact, if any, on the final CA/T Project cost. However, the total amount of such claims filed since March 31, 2001 to date, including the Honeywell claim which was submitted to the CA/T Project in March 2002, has not resulted in a requirement to change the CA/T Project budget assumptions in the October 2001 finance plan.

The current weak economy and resolution of contractor claims, including so called global settlements, at amounts lower, and/or received later, than anticipated by contractors, among other factors, create cash flow and credit issues for affected CA/T Project contractors. Such financial difficulty could affect the ability of a contractor to complete CA/T Project contract work. If an affected contractor with significant critical path contract work toward an overall project completion milestone were to become insolvent, or otherwise fail to complete its contract work, it is possible that there would be a substantial and material impact on CA/T Project schedule and cost. The extent of such a material impact would depend on a number of factors that would have to be assessed on a case-by-case basis upon the occurrence of such an event.

The Federal Highway Administration may direct that approximately $30 million previously expended for administrative costs, and some future administrative costs estimated by Turnpike Authority finance staff to be less than $20 million, be included in total CA/T Project costs. If directed to include these amounts in total CA/T Project costs, this could result in an increase of approximately $50 million to the total CA/T Project current cost estimate of $14.625 billion. The CA/T Project intends to seek a reallocation by the Commonwealth of federal highway program funds so as not to require additional funding or alter the cash flow of project funding prior to substantial completion. As of March 31, 2002, construction was 79.8% complete.

On June 12, 2002 legislation authorizing an additional $150 million in Transportation Infrastructure Fund bonds was signed into law by the Acting Governor. This legislation secures the final funding outlined in the October 2001 finance plan for the CA/T Project. The October 2001 finance plan was approved by the Federal Highway Administration upon receipt of notification of the signed legislation, which notification was delivered on June 13, 2002. With the approval of the October 2001 finance plan, the CA/T Project is able to obligate federal funds.

In April 2002, the Turnpike Authority commenced a thorough review of CA/T Project costs and schedules for the purpose of preparing an updated CA/T Project finance plan, which is expected to be filed with the Federal Highway Administration on or before October 1, 2002.

As part of a June 22, 2000 partnership agreement among the Federal Highway Administration, the Executive Office of Transportation and Construction, the Turnpike Authority and the Massachusetts Highway Department, the Commonwealth is required to maintain a balanced statewide transportation program, including spending at least $400 million in each state fiscal year for construction activities and transportation projects other than the CA/T Project. For fiscal 2002, such spending as of May 31, 2002, is approximately $343 million.

The Turnpike Authority initiated negotiations with its management consultant for the CA/T Project to modify the remaining four years of the existing five-year contract on matters relating to performance and cost issues. The negotiations are not ongoing at this time. No prediction can be made as to the outcome of the negotiations or the effect on the project.

On May 7, 2002, in *Levy v. The Acting Governor of the Commonwealth*, the Supreme Judicial Court of the Commonwealth vacated the Acting Governor's February 6, 2002 order removing two Turnpike Authority board members. With this decision, the two board members have been reinstated to the Turnpike Authority board. The Turnpike Authority is now able to convene a quorum.

The Turnpike Authority board is considering a toll discount program to reduce the impact on commuters of an increase in Turnpike tolls scheduled to become effective on July 1, 2002. The board intends for any such program to be revenue neutral to the Metropolitan Highway System by finding offsetting revenues; however, there are various prerequisites, including among others official Board action, legislative action to secure partial funding, and public hearings prior to the effective date of any change in toll structure, which must be satisfied prior to the official implementation of such a program. There can be no assurances that such prerequisite actions will take place.

Commencing September 22, 2001, an infiltration of seawater into an excavation area on the west shore of Fort Point Channel caused a delay of the completion of the affected segment of the I-90 (east-west) portion of the CA/T Project. Remedial efforts succeeded in blocking the infiltration in November 2001. Analysis of this development has identified an estimated 63-day extension to the I-90 schedule, extending the I-90 opening to November 2002 (with the delay possibly extending to December 2002) and project completion to February 2005 (with the delay possibly extending to March 2005). It is estimated that the total cost impact of the schedule delay to all affected project construction, design and management consultant contracts is approximately $49 million, of which $8 million has been budgeted for within the base budget and $41 million budgeted for within the project's contingency accounts. Such estimates and projections are subject to ongoing revision.

CA/T Project Cash Flow. The cash flow estimate contained in the March Information Statement was based on information as of September 31, 2001 and released in the December 31, 2001 project management monthly report. The table below provides estimates that are consistent with the revised CA/T Project cash flow (with an information cut-off date as of December 31, 2001 and release date of March 16, 2002) that extend to fiscal 2006, when the final project close-out process is expected to be completed. The Turnpike Authority and the Executive Office for Administration and Finance believe that such estimates of future costs are realistic and that the assumptions underlying the October 2001 finance plan, as updated by the revised cash flow estimates, are reasonable and appropriate. In light of the risks involved in large construction projects such as the CA/T Project, however, including the risks that change orders and contract bids might exceed projections, that schedule slippages might occur due to unanticipated conditions or circumstances, that change order and right-of-way disputes might be resolved on terms that are less favorable to the project than currently projected and that certain engineering designs might require modification, the actual amount and timing of construction costs may differ significantly from current estimates.

Central Artery Construction Cash Flow (1)(2)
(in millions)(3)

	Through 2001	2002	2003	2004	2005	2006	2007	Totals
Project Construction Uses:	$10,380	$1,297	$1,256	$875	$485	$182	$--	$14,475
Project Construction Sources:								
Federal highway reimbursements	5,856	368	329	260	186	51	0	7,049
Commonwealth GO Bond/Note (4)	1,163	150	126	86	59	14	0	1,598
Third Party Payments (5)	1,614	75	11	86	109	90		1,985
GANs	1,467	33	0	0	0	0	0	1,500
Infrastructure Fund	279	672	791	443	132	26	0	2,343
Total Sources	$10,380	$1,297	$1,256	$875	$485	$182	$0	$14,475

SOURCE: Executive Office for Administration and Finance and Massachusetts Turnpike Authority.

(1) These figures are based on an information cut-off date of December 31, 2001 and do not include the net increase of $150 million in total project costs identified in the March 11, 2002 report issued by the Office of Inspector General of the federal Department of Transportation in connection with the review of the October 2001 finance plan, as discussed in the March Information Statement under the heading "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - - Central Artery/Ted Williams Tunnel Project".

(2) Figures shown are proposed by CA/T Project, and preliminary. Approval by Executive Office for Administration and Finance is pending.

(3) Totals may not add due to rounding.

(4) Does not include bonds or notes authorized by legislation approved May 17, 2000, which are included in the Infrastructure Fund line. State fiscal 2001 includes $24 million of interest earnings on Turnpike Authority funds, and state fiscal 2003 includes $21 million of additional Commonwealth general obligation bonds to fulfill an MOU agreement between the Commonwealth and the Turnpike Authority.

(5) Reflects payments received or to be received from the Turnpike Authority and the Port Authority, but excludes payments to be deposited in the Infrastructure Fund, which are included in the Infrastructure Fund line. The fiscal year amounts assume that the Commonwealth will finance costs in anticipation of receipts from the Port Authority through cash advances funded by general revenues or through the issuance of interim debt, if necessary.

General Authority to Borrow and Types of Long-Term Liabilities

The following table sets forth the amount of Commonwealth debt and debt related to general obligation contract assistance liabilities outstanding as of April 1, 2002.

Commonwealth Debt and Debt Related to General Obligation Contract Assistance Liabilities
(in thousands)

	Long-Term (2)	Short-Term
COMMONWEALTH DEBT		
General Obligation Debt	$12,748,911(3)	$1,213,000(5)
Special Obligation Debt (6)	542,195	-
Federal Grant Anticipation Notes	1,499,325(4)	-
Subtotal Commonwealth Debt	14,790,431	1,213,000
DEBT RELATED TO GENERAL OBLIGATION CONTRACT ASSISTANCE LIABILITIES (1)		
Massachusetts Convention Center Authority	46,926	-
Massachusetts Development Finance Agency	53,670	-
Foxborough Industrial Development Financing Authority	68,505	-
Subtotal GO Contract Assistance Debt	169,101	-
TOTAL	$14,959,532	$1,213,000

SOURCE: Office of the State Treasurer, Office of the Comptroller and respective authorities and agencies.

(1) Does not include general obligation contract assistance liabilities to the Massachusetts Water Pollution Abatement Trust and the Massachusetts Turnpike Authority. For such liabilities calculated as of January 1, 2002, see the March Information Statement under the heading "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - General Obligation Contract Assistance Liabilities." These liabilities have increased during fiscal 2002.

(2) Long-term debt includes discount and costs of issuance.

(3) Includes interest on Commonwealth general obligation capital appreciation bonds to be accrued from April 1, 2002 through their maturity in the amount of $82.6 million.

(4) Includes capital appreciation interest accrued from April 1, 2002 through their maturity in the amount of $41.5 million.

(5) Includes $350 million of general obligation bond anticipation notes due September 1, 2003, which were issued to finance costs associated with the construction of the Boston Convention and Exhibition Center and other capital projects. (To the extent the proceeds of such notes are expended for the convention center, such notes are expected to be paid from the proceeds of special obligation bonds that can lawfully be issued regardless of the completion status of the convention center. See the March Information Statement under the heading "COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - Special Obligation Debt; *Boston Convention and Exhibition Center Fund*"). In addition, the total includes $180 million bond anticipation notes issued in March 2002 in anticipation of certain payments to be received by the Commonwealth from the Massachusetts Port Authority to reimburse Commonwealth for capital costs of the Central

Artery/Ted Williams Tunnel Project. Includes $683 million of commercial paper notes issued as revenue anticipation notes that were paid from Commonwealth revenues by May 2002. See the March Information Statement under the heading "2002 FISCAL YEAR – Cash Flow."

(6) On June 4, 2002 the Commonwealth issued $319,130,000 of special obligation revenue bonds, of which $125 million represented new money and the remainder financed refundings of outstanding special obligation debt. This issue is not included in this chart.

The following table sets forth the amount of Commonwealth debt and debt related to general obligation contract assistance liabilities as of the end of the fiscal years indicated.

Commonwealth Debt and Debt Related to General Obligation Contract Assistance Liabilities
(in thousands) (1)(2)

June 30	General Obligation Bonds (3)	Dedicated Income Tax Debt	Special Obligation Debt (6)	Federal Grant Anticipation Notes	Commonwealth Long-Term Debt Subtotal (2)	GO Contract Assistance Debt (4)	Total
1997	$ 9,620,633	$ 129,900	$ 520,760	--	$ 10,271,293	$ 145,314	$ 10,416,607
1998	9,872,598	--	606,005	$ 600,000	11,078,603	201,904	11,280,507
1999	10,301,011	--	585,730	921,720	11,808,461	174,884	11,983,345
2000	10,896,896	--	564,485	921,720	12,383,101	213,789	12,596,890
2001	11,957,934	--	542,195	1,499,325	13,999,454	189,489	14,188,940
2002(5)	12,748,911	--	542,195	1,499,325	14,790,431	169,101	14,959,532

SOURCE: Office of the State Treasurer and Office of the Comptroller.

(1) Totals may not add due to rounding.
(2) Outstanding bond liabilities include discount and costs of issuance.
(3) Does not include dedicated income tax debt issued in fiscal 1991 and retired in fiscal 1998, which was general obligation debt also secured by a special pledge of income tax receipts. Commonwealth general obligation bonds include interest on capital appreciation bonds yet to be accrued from the end of the fiscal year indicated through their maturity in the following approximate amounts: fiscal 1997 – $198.6 million; fiscal 1998 – $305.8 million; fiscal 1999 - $315.4 million; fiscal 2000 – $286.8 million; and fiscal 2001 - $433.8 million, fiscal 2002 - $398.5 million.
(4) Includes bonds of the Massachusetts Convention Center Authority, the Massachusetts Development Finance Agency (as successor to the Massachusetts Government Land Bank) and the Foxborough Industrial Development Financing Authority.
(5) As of April 1, 2002.
(6) On June 4, 2002 the Commonwealth issued $319,130,000 of special obligation revenue bonds, of which $125 million represented new money and the remainder financed refundings of outstanding special obligation debt. This issue is not included in this column.

Proposed Capital Spending Authorizations

On June 20, 2002, an information technology bond bill was signed by the Acting Governor in the amount of $300 million. A terms bill has not yet been enacted.

On April 23, 2002, the Acting Governor filed a capital outlay bill for $101.8 million in capital projects. See "RECENT DEVELOPMENTS—Fiscal 2002."

There are several other bond bills pending in the House of Representatives, which include up to approximately $200 million for repairs and renovations to state-owned facilities and higher education campuses through the Division of Capital Asset Management, up to approximately $62 million for the Executive Office of Public Safety, up to approximately $40 million for Public Works and Economic Development grants through the Executive Office of Transportation and Construction, and up to approximately $10 million for equipment for the Trial Courts. A number of bond bills are likewise pending in the Senate, including up to approximately $361 million for construction and renovation of state facilities, the $220 million requested by the Acting Governor for the statewide road and bridge program as well as the $40 million requested by the Acting Governor for Public Works and Economic Development grants, up to approximately $122 million for public safety facilities and equipment, approximately $919 million for Environmental Affairs capital projects, and up to approximately $139 million for public library construction grants, public safety equipment grants to localities and other projects.

Debt Service Requirements on Commonwealth Bonds

The following table sets forth, as of April 1, 2002, 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 exchange agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable rate bonds and for auction rate securities, the schedule assumes a 5% interest rate.

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Debt Service Requirements on Commonwealth Bonds April 1, 2002

(in thousands)(1)

	General Obligation Bonds				*Federal Grant Anticipation Notes*			*Special Obligation Bonds*			
Fiscal Year	Principal	Interest on CABS at Maturity	Current Interest	Sub Total	Principal	Interest	Sub Total	Principal	Interest	Sub Total	Total Debt Service Commonwealth Bonds
2002	$115,929	$13,256	$134,777	$ 263,962	-	$37,411	$37,411	$23,415	$14,354	$37,769	$339,143
2003	673,141	48,650	612,505	1,334,296	-	74,822	74,822	24,865	27,258	52,123	1,461,242
2004	662,929	68,020	583,185	1,314,135	-	74,822	74,822	26,070	26,051	52,121	1,441,077
2005	785,453	9,338	550,882	1,345,674	-	74,822	74,822	27,370	24,758	52,128	1,472,624
2006	778,371	4,536	512,022	1,294,929	$117,895	73,416	191,311	28,805	23,315	52,120	1,538,360
2007	806,529	5,999	472,315	1,284,842	123,825	67,486	191,311	30,350	21,774	52,124	1,528,277
2008	813,897	5,756	433,178	1,252,832	130,240	61,068	191,308	31,995	20,126	52,121	1,496,262
2009	812,122	6,490	390,624	1,209,236	137,230	54,077	191,307	33,675	18,444	52,119	1,452,662
2010	772,168	6,244	348,269	1,126,681	144,515	46,792	191,307	35,335	16,791	52,126	1,370,114
2011	782,846	6,643	308,095	1,097,583	152,230	39,080	191,310	37,300	14,829	52,129	1,341,022
2012	653,389	6,753	264,473	924,614	160,530	30,775	191,305	39,320	12,813	52,133	1,168,052
2013	652,363	7,477	231,160	891,001	168,470	22,837	191,307	41,470	10,650	52,120	1,134,427
2014	544,977	5,404	201,274	751,655	177,760	13,549	191,309	37,530	8,369	45,899	988,862
2015	524,267	4,669	173,208	702,145	186,630	4,674	191,304	39,455	6,440	45,895	939,344
2016	505,156	3,241	147,702	656,100	-	-	-	41,530	4,368	45,898	701,997
2017	509,866	1,903	124,953	636,721	-	-	-	43,710	2,186	45,896	682,617
2018	356,503	1,130	101,959	459,593	-	-	-	-	-	-	459,593
2019	347,217	568	84,072	431,857	-	-	-	-	-	-	431,857
2020	295,972	159	67,615	363,747	-	-	-	-	-	-	363,747
2021	397,662	78	49,458	447,198	-	-	-	-	-	-	447,198
2022	157,670	15	34,811	192,497	-	-	-	-	-	-	192,496
2023	22,035	-	29,134	51,169	-	-	-	-	-	-	51,169
2024	24,060	-	27,905	51,965	-	-	-	-	-	-	51,965
2025	30,059	-	26,533	56,592	-	-	-	-	-	-	56,592
2026	76,790	-	23,660	100,450	-	-	-	-	-	-	100,450
2027	80,455	-	19,714	100,169	-	-	-	-	-	-	100,169
2028	84,240	-	15,581	99,821	-	-	-	-	-	-	99,821
2029	88,335	-	11,249	99,584	-	-	-	-	-	-	99,584
2030	92,550	-	6,710	99,260	-	-	-	-	-	-	99,260
2031	95,630	-	1,992	97,622	-	-	-	-	-	-	97,622
TOTAL	$12,542,580	$206,331	$5,989,017	$18,737,928	$1,499,325	$675,632	$2,174,957	$542,195	$252,525	$794,720	$21,707,605

SOURCE: Office of the State Treasurer and Office of the Comptroller.

(1) Totals may not add due to rounding

LEGAL MATTERS

Update of Existing Litigation

Bates v. Director of the Office of Campaign and Political Finance, Supreme Judicial Court. Plaintiffs alleged that the Director of the Office of Campaign and Political Finance was violating the Clean Elections law by declining to distribute public campaign finance funds to qualifying candidates absent a legislative appropriation for that purpose. On January 25, 2002, the Supreme Judicial Court ruled on the merits that the Legislature has a constitutional duty either to appropriate funds necessary to implement the Clean Elections law, or to repeal the law. On February 25, 2002, the Court ruled that candidates who have been certified under the Clean Elections law, but who have not received funding due to the lack of appropriated funds, are entitled to the entry of money judgments against the Commonwealth in amounts equal to the amount of Clean Elections funding due them. The Court accordingly ordered judgment for one plaintiff in the amount of $811,050. That judgment was partially satisfied on February 28, 2002, out of an account appropriated for the payment of damages awards generally, but no further appropriated money is currently available to pay the remainder of the judgment. Plaintiffs moved for an order permitting them to execute the judgment on various funds in the state Treasury, notwithstanding the absence of an appropriation; that motion was denied by a single justice of the Supreme Judicial Court on March 12, 2002. On April 5, 2002 a single justice of the Supreme Judicial Court granted plaintiffs' motion for issuance of executions to be satisfied by levy and sale of the Commonwealth's real or personal property. Plaintiffs' motion to shorten the notice period for sales of real property, and to set aside any surplus proceeds of such sales to be used to satisfy future judgments, was denied. Subsequently, certain Commonwealth property has been sold at auction to satisfy some of the outstanding portion of the existing judgments, and plaintiffs have identified other Commonwealth property upon which to levy for the balance. On June 11, 2002, the Director of the Office of Campaign and Political Finance advised the Senate Ways and Means Committee that, given the number of candidates who had qualified or still could qualify for Clean Elections funding during the 2002 election cycle, the maximum amount required to fund the Clean Elections system for the 2002 election cycle was estimated at $9,553,461.

Massachusetts Ambulance Association v. Division of Medical Assistance, Suffolk Superior Court No. 00-1262-B. The case has been settled on the following terms. Defendants have agreed to increase prospectively the rates paid to ambulance services under the Medicaid program. The rates will increase by approximately $15-18 million per year, with half of the amount of the increase to be reimbursed by the federal government. The settlement does not provide relief for prior years.

Massachusetts Extended Care Federation et al. v. Division of Health Care Finance and Policy and Division of Medical Assistance, et al. A nursing home trade association along with eight individual nursing facilities have sued the Division of Medical Assistance and the Division of Health Care Finance and Policy seeking to preliminarily and permanently enjoin the existing Medicaid payment rates established for nursing facilities by the Division of Health Care Finance and Policy and to implement higher rates. Plaintiffs challenge several components of the nursing facility rate-setting regulation, including but not limited to the cost adjustment factor, the occupancy standard, standard payments for nursing, the Administrative & General allowance and the total payment adjustment. On February 11, 2002, a hearing on plaintiffs' motion for a preliminary injunction was held in Suffolk Superior Court. Following the hearing, the Court issued an order denying said motion, finding that the plaintiffs failed to show a risk of imminent, irreparable harm. The staff at the Division of Health Care Finance and Policy estimates that if the plaintiffs are successful on all claims, the Commonwealth's liability could exceed $300 million annually, but that such an outcome is unlikely on the merits of the claims.

Tolman v. Finneran, United States District Court, C.A. No. 01-10756-PBS. The appeal was dismissed the First Circuit as moot and the district court order was vacated as moot.

Rolland v. Swift, U.S. District Court C.A. No. 98-32208 KPN. On May 3, 2002, the court ruled that the Commonwealth is obligated to provide "active treatment" to plaintiffs and required the Commonwealth to take certain steps within specified periods to comply with such obligation. Defendants intend to appeal the order of May 3, 2002.

New England Division of the American Cancer Society, et al. v. Sullivan, et al., Supreme Judicial Court for Suffolk County No. SJC-02-0092. On June 14, 2002 the Court issued a decision finding in favor of the Acting Governor.

CONTINUING DISCLOSURE

On behalf of the Commonwealth, the State Treasurer will provide to each nationally recognized municipal securities information repository within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, 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 said Rule 15c2-12, 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. 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 Nationally Recognized Municipal Securities Information Repositories and the Municipal Securities Rulemaking Board.

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding this Information Statement or requests for additional information concerning the Commonwealth should be directed to Jeffrey S. Stearns, Deputy Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone 617/367-3900 (ext. 564), or to Laura Guadagno, Assistant Secretary for Capital Resources and Chief Development Officer, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone 617/727-2040. Questions regarding legal matters relating to this Information Statement should be directed to Lawrence D. Bragg, III, Ropes & Gray, One International Place, Boston, Massachusetts 02110, telephone 617/951-7000.

THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Shannon P. O'Brien
Shannon P. O'Brien
Treasurer and Receiver-General

By /s/ Kevin J. Sullivan
Kevin J. Sullivan
Secretary of Administration and Finance

June 24, 2002

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TABLE OF REFUNDED BONDS

The bonds of the Commonwealth to be refunded with the proceeds of the Bonds are described below.

	Maturity Date	Amount	Coupon
General Obligation Bonds, Consolidated Loan of 1991, Series A:			
	June 1, 2004	$26,775,000*	7.500%

* Represents the portion of the outstanding $41,050,000 June 1, 2004 term bond which will be refunded and redeemed at par in the amount of $7,125,000 on June 1, 2003 and $19,650,000 on June 1, 2004. Of the remaining amount ($14,275,000) of term bonds with a stated maturity of June 1, 2004, $12,660,000 is to be paid through mandatory sinking fund redemption on June 1, 2003 and $1,615,000 is to be paid at maturity.

	Maturity Date	Amount	Coupon
General Obligation Bonds, Consolidated Loan of 1992, Series D:			
	May 1, 2006	$3,325,000*	8.000%
	May 1, 2008	3,835,000**	6.000
		$7,160,000	

* Represents the portion of the outstanding $24,285,000 May 1, 2006 term bond which will be refunded and redeemed at par in the amount of $1,600,000 on May 1, 2005 and $1,725,000 on May 1, 2006. Of the remaining amount ($20,960,000) of term bonds with a stated maturity of May 1, 2006, $10,075,000 is to be paid through mandatory sinking fund redemption on May 1, 2005 and $10,885,000 is to be paid at maturity.

** Represents the portion of the outstanding $28,050,000 May 1, 2008 term bond which will be refunded and redeemed at par in the amount of $1,865,000 on May 1, 2007 and $1,970,000 on May 1, 2008. Of the remaining amount ($24,215,000) of term bonds with a stated maturity of May 1, 2008, $11,750,000 is to be paid through mandatory sinking fund redemption on May 1, 2007 and $12,465,000 is to be paid at maturity.

	Maturity Date	Amount	Coupon
General Obligation Bonds, Consolidated Loan of 1993, Series A:			
	November 1, 2008	$ 2,150,000*	5.500%

* Represents the portion of the outstanding $12,630,000 serial bond which will be refunded and paid at par on November 1, 2008. The remaining amount ($10,480,000) is to be paid at maturity.

	Maturity Date	Amount	Coupon
General Obligation Refunding Bonds, 1993 Series A:			
	February 1, 2007*	$ 80,685,000	5.250%
	February 1, 2008*	123,735,000	5.250
	February 1, 2009*	103,215,000	5.500
	February 1, 2010*	79,700,000	5.500
	February 1, 2011*	78,480,000	5.500
		$465,815,000	

*To be redeemed on February 1, 2003 at a call price of 102%.

	Maturity Date	Amount	Coupon
General Obligation Bonds, Consolidated Loan of 1996, Series D:			
	November 1, 2011*	$ 24,185,000	5.000%

*To be redeemed on November 1, 2006 at a call price of 101%.

	Maturity Date	Amount	Coupon

General Obligation Bonds, Consolidated Loan of 1997, Series B:

Maturity Date	Amount	Coupon
June 1, 2011*	$ 16,980,000	5.000%
June 1, 2013*	18,840,000	5.125
	$ 35,820,000	

*To be redeemed on June 1, 2007 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 1997 , Series C:

Maturity Date	Amount	Coupon
August 1, 2012*	$ 30,310,000	5.000%
August 1, 2013*	31,865,000	5.000
	$ 62,175,000	

*To be redeemed on August 1, 2007 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 1998, Series A:

Maturity Date	Amount	Coupon
January 1, 2011*	$ 24,730,000	5.000%

*To be redeemed on January 1, 2008 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 1998, Series B:

Maturity Date	Amount	Coupon
April 1, 2013*	$ 15,075,000	5.000%
April 1, 2014*	15,825,000	5.000
	$ 30,900,000	

*To be redeemed on April 1, 2008 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 1998, Series C:

Maturity Date	Amount	Coupon
August 1, 2009*	$ 2,260,000**	5.250%
August 1, 2010*	33,300,000	5.250
August 1, 2011*	40,365,000	5.250
August 1, 2012*	42,545,000	5.250
August 1, 2013*	44,840,000	5.250
August 1, 2014*	47,255,000	5.250
August 1, 2015*	49,805,000	5.250
	$ 260,370,000	

*To be redeemed on August 1, 2008 at a call price of 101%.

** Represents the portion of the $31,345,000 serial bond which will be refunded and redeemed on August 1, 2008 at 101%. Unless otherwise redeemed earlier in accordance with its terms, the remaining amount ($29,085,000) is to be paid at maturity.

Maturity Date	Amount	Coupon
General Obligation Bonds, Consolidated Loan of 1999, Series B:		
May 1, 2011*	$ 12,655,000	5.250%
May 1, 2012*	13,315,000	5.250
May 1, 2013*	14,015,000	5.250
May 1, 2014*	14,750,000	5.250
May 1, 2015*	15,525,000	5.250
	$ 70,260,000	

*To be redeemed on May 1, 2009 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 1999, Series C:

Maturity Date	Amount	Coupon
September 1, 2011*	$ 2,775,000	5.125%
September 1, 2011*	5,385,000	5.625
September 1, 2012*	2,525,000	5.250
September 1, 2013*	610,000	5.375
September 1, 2014*	2,025,000	5.375
September 1, 2015*	2,560,000	5.500
	$ 15,880,000	

*To be redeemed on September 1, 2009 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 2000, Series A:

Maturity Date	Amount	Coupon
February 1, 2011*	$ 20,530,000	6.000%
February 1, 2012*	2,500,000	5.400
February 1, 2012*	22,945,000	6.000
February 1, 2013*	3,500,000	5.500
February 1, 2014*	1,500,000	5.600
	$ 50,975,000	

*To be redeemed on February 1, 2010 at a call price of 101%.

General Obligation Bonds, Consolidated Loan of 2000, Series B:

Maturity Date	Amount	Coupon
June 1, 2011*	$ 4,560,000	5.200%
June 1, 2012*	4,115,000	5.250
June 1, 2013*	2,315,000	5.300
June 1, 2014*	2,115,000	5.375
June 1, 2015*	6,630,000	5.400
June 1, 2017*	51,240,000	5.250
	$ 70,975,000	

*To be redeemed on June 1, 2010 at a call price of 100%.

Maturity Date	Amount	Coupon

General Obligation Bonds, Consolidated Loan of 2000, Series C:

Maturity Date	Amount	Coupon
October 1, 2011*	$ 25,820,000	5.750%
October 1, 2012*	1,380,000	4.950
October 1, 2013*	6,970,000	5.000
October 1, 2014*	1,385,000	5.125
October 1, 2015*	2,565,000	5.200
October 1, 2016*	2,270,000	5.250
October 1, 2017*	935,000	5.350
	$ 41,325,000	

*To be redeemed on October 1, 2010 at a call price of 100%.

General Obligation Bonds, Consolidated Loan of 2001, Series A:

Maturity Date	Amount	Coupon
January 1, 2014*	$ 23,460,000	5.000%
January 1, 2015*	27,965,000	5.000
January 1, 2016*	29,290,000	5.125
January 1, 2017*	30,695,000	5.250
	$ 111,410,000	

*To be redeemed on January 1, 2011 at a call price of 100%.

General Obligation Bonds, Consolidated Loan of 2001, Series B:

Maturity Date	Amount	Coupon
May 1, 2012*	$ 25,475,000	5.000%
May 1, 2013*	27,835,000	5.000
	$ 53,310,000	

*To be redeemed on May 1, 2010 at a call price of 100%.

General Obligation Bonds, Consolidated Loan of 2001, Series C:

Maturity Date	Amount	Coupon
December 1, 2014*	$ 18,300,000	5. 375%
December 1, 2014*	11,000,000	5. 375
December 1, 2015*	33,565,000	5. 375
December 1, 2016*	36,345,000	5. 375
December 1, 2017*	39,735,000	5. 375
	$ 138,945,000	

*To be redeemed on December 1, 2011 at a call price of 100%.

General Obligation Bonds, Consolidated Loan of 2001, Series D:

Maturity Date	Amount	Coupon
November 1, 2014*	$ 9,295,000	5. 500%
November 1, 2015*	8,430,000	5. 500
November 1, 2015*	20,000,000	5. 500
November 1, 2016*	30,000,000	5. 250
November 1, 2017*	31,615,000	5. 250
	$ 99,340,000	

*To be redeemed on November 1, 2011 at a call price of 100%.

Maturity Date	Amount	Coupon

General Obligation Bonds, Consolidated Loan of 2002, Series A:

Maturity Date	Amount	Coupon
January 1, 2011*	$ 35,000,000	5.000%
January 1, 2013*	40,000,000	5.000
January 1, 2014*	40,000,000	5.000
	$ 115,000,000	

*To be redeemed on January 1, 2009 at a call price of 100%.

General Obligation Bonds, Consolidated Loan of 2002, Series B:

Maturity Date	Amount	Coupon
March 1, 2014*	$ 22,230,000	5.500%
March 1, 2015*	27,125,000	5.500
March 1, 2016*	28,620,000	5.500
March 1, 2017*	30,190,000	5.500
March 1, 2018*	31,850,000	5.500
	$ 140,015,000	

*To be redeemed on March 1, 2012 at a call price of 100%.

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PROPOSED FORM OF DELAYED DELIVERY CONTRACT

__________, 2002

UBS PaineWebber Inc., as
Delayed Delivery Bond Underwriter

Re: $446,435,000 The Commonwealth of Massachusetts,
General Obligation Refunding Bonds, 2002 Series A (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from the above referenced Delayed Delivery Bond Underwriter (the "Underwriter"), when, as, and if issued and delivered to the Underwriter by The Commonwealth of Massachusetts (the "Commonwealth"), and the Underwriter agrees to sell to the Purchaser:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Bonds offered by the Commonwealth under the Preliminary Official Statement dated June 14, 2002 and the Official Statement dated June 20, 2002 (the "Official Statement"), receipt and review of copies of which is hereby acknowledged, at the purchase price (plus accrued interest, if any, from the date of initial delivery of the Bonds), and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Official Statement.

The Purchaser hereby purchases and agrees to accept delivery of such Bonds from the Underwriter on or about ____________ (the "Settlement Date").

Payment for the Bonds which the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriter or upon the order of the Underwriter, on the Settlement Date upon delivery to the Purchaser of the Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

The obligation of the Purchaser to take delivery hereunder shall be unconditional except in the event that between the date of this Delayed Delivery Contract and the Settlement Date one of the following events shall not have occurred and not been waived by the Underwriter:

(i) Delivery of an opinion of Bond Counsel in substantially the form of Appendix D attached to the Official Statement;

(ii) Delivery of the municipal bond insurance policy by MBIA to the Commonwealth; and

(iii) Delivery of a certificate of the Commonwealth dated the Settlement Date, to the effect that the official statement of the Commonwealth, as updated, supplemented and delivered to the Delayed Delivery Bond Underwriter, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Purchaser acknowledges and agrees that the Bonds are being sold on a "forward" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Bonds on the Settlement Date unless one of the events described above shall not have occurred and not been waived by the Underwriter. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings anticipated to be assigned to the Bonds or in the credit associated with the Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the Commonwealth from the date hereof to the Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Bonds in accordance with the terms hereof, even if the Purchaser decides to sell such Bonds following the date hereof, unless the Purchaser sells such Bonds to another financial institution with the prior written consent of the Underwriter and such financial institution provides a written acknowledgment of confirmation of purchase order in the same form as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriter is entering into an agreement with the Commonwealth to purchase the Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

The Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, Rule 431 of the New York Governors of the Federal Reserve System, Rule 431 of the New York Stock Exchange, Inc., and any other margin regulations applicable to the Underwriter.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Delayed Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery

Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is so mailed or delivered by the Underwriter. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

The Commonwealth shall be deemed a third party beneficiary of this Delayed Delivery Contract.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

____
Purchaser

____
Address

____
Telephone

By: ____________________________
Name: __________________________
Title: ___________________________

Accepted: ____________________________
UBS PaineWebber Inc.

Name: __________________________
Title: ___________________________

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FORM OF BOND COUNSEL OPINION

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

PALMER & DODGE LLP
111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

[Date of Delivery]

The Honorable Shannon P. O'Brien
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

(The Commonwealth of Massachusetts
General Obligation Bonds, Consolidated Loan of 2002, Series C)

We have acted as Bond Counsel to The Commonwealth of Massachusetts in connection with the issuance by the Commonwealth of $1,828,230,000 aggregate principal amount of General Obligation Bonds, Consolidated Loan of 2002, Series C, dated July 1, 2002 (the "Bonds").

The Bonds mature and bear interest and are subject to redemption at such times, in such amounts, at such prices and upon such terms and conditions as are set forth in the Bonds. The Bonds are immobilized in the custody of The Depository Trust Company and a book-entry system is being used to evidence ownership and transfer on the records of The Depository Trust Company and its participants.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. On the basis of this examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of The Commonwealth of Massachusetts 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 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 interest on the Bonds (including any accrued original issue discount properly allocable thereto) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the alternative

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minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); it should be noted, however, that interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The opinions set forth in the preceding sentence are subject to the condition that the Commonwealth comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other tax consequences arising with respect to the Bonds.

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.

Yours faithfully,

FORM OF BOND COUNSEL OPINION

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

PALMER & DODGE LLP

111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

[Date of Delivery]

The Honorable Shannon P. O'Brien
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

(The Commonwealth of Massachusetts
General Obligation Refunding Bonds, Series 2002A)

We have acted as Bond Counsel to The Commonwealth of Massachusetts in connection with the issuance by the Commonwealth of $446,435,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2002A dated the date of delivery thereof (the "Bonds").

The Bonds mature and bear interest, in such amounts, at such prices and upon such terms and conditions as are set forth in the Bonds. The Bonds are immobilized in the custody of The Depository Trust Company and a book-entry system is being used to evidence ownership and transfer on the records of The Depository Trust Company and its participants.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion. On the basis of this examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of The Commonwealth of Massachusetts 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 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 interest on the Bonds (including any accrued original issue discount properly allocable thereto) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code

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of 1986, as amended (the "Code"); it should be noted, however, that interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The opinions set forth in the preceding sentence are subject to the condition that the Commonwealth comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other tax consequences arising with respect to the Bonds.

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.

Yours faithfully,

The Commonwealth of Massachusetts

General Obligation Bonds
Consolidated Loan of 2002, Series C

General Obligation Refunding Bonds
2002 Series A

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 to each nationally recognized municipal securities information repository (each, a "NRMSIR") within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to the state information depository for the Commonwealth, if any (the "SID"), within the meaning of the Rule, no later than 270 days after the end of each fiscal year of the Commonwealth, (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 each NRMSIR and the SID 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 25, 2002 (the "Information Statement"), as it appears as Appendix A in the Official Statement dated March 25, 2002 relating to the Commonwealth's General Obligation Bond Anticipation Notes, 2002 Series B, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

	[illegible]	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, concluding with prior fiscal year, plus estimates for current fiscal year	"FINANCIAL RESULTS - Selected Financial Data - Statutory Basis"
2.	Summary presentation on GAAP and five-year comparative basis of selected budgeted operating funds operations, concluding with prior fiscal year	"FINANCIAL RESULTS - Selected Financial Data - GAAP Basis"
3.	Summary presentation of actual revenues in budgeted operating funds on five-year comparative basis, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUES - Distribution of Revenues"
4.	So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES - Limitations on Tax Revenues"
5.	Summary presentation of budgeted expenditures by selected, then-current major categories on five-year comparative basis and estimated expenditures for current fiscal year	"COMMONWEALTH PROGRAMS AND SERVICES"

	Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
6.	Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"COMMONWEALTH PROGRAMS AND SERVICES - Commonwealth Pension Obligations"
7.	If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	"STATE WORKFORCE"
8.	Five-year summary presentation of actual capital project expenditures	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - Capital Spending Plan"
9.	Statement of Commonwealth debt and debt related to general obligation contract liabilities as of the end of the prior fiscal year	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - General Authority to Borrow and Types of Long-Term Liabilities - Commonwealth Debt and Debt Related to General Obligation Contract Assistance Liabilities"
10.	Five-year comparative presentation of long term Commonwealth debt and debt related to general obligation contract liabilities as of the end of the prior fiscal year	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - General Authority to Borrow and Types of Long-Term Liabilities - Commonwealth Debt and Debt Related to General Obligation Contract Assistance Liabilities"
11.	Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - Debt Service Requirements on Commonwealth Bonds"
12.	Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - General Obligation Contract Assistance Liabilities"
13.	Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - Budgetary Contractual Assistance Liabilities"
14.	Five-year summary presentation of authorized but unissued general obligation debt	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - Authorized But Unissued Debt"
15.	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	"COMMONWEALTH CAPITAL SPENDING AND LONG-TERM LIABILITIES - Statutory Debt Limit on Direct Debt"

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 each NRMSIR. If the document incorporated by reference is a Final Official Statement within the meaning of the Rule, it will also be available from the Municipal Securities Rulemaking Board ("MSRB"). 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. Such financial statements 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 to the MSRB and to the SID notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule), if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties1/;

(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 or events affecting the tax-exempt status of the security;

(vii) modifications to the rights of security holders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities2/ and

(xi) rating changes.

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 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,

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

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

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 the SID 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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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

SPECIMEN

President

Attest:

Assistant Secretary

STD-R-6
4/95

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FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

Policy No.: -N

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By ______________________________

By ______________________________
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Exhibit A

FGIC

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

SPECIMEN

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent