REFUNDING/NEW MONEY ISSUE - BOOK-ENTRY-ONLY

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

THE COMMONWEALTH OF MASSACHUSETTS

$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Dated: Date of Delivery **Due: As shown on the inside cover hereof**

The Bonds will be issued by means of a book-entry-only system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants. Details of payment of the Bonds are more fully described in this Official Statement.

The Bonds will bear interest from their delivery date. Interest on the Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, and will be payable on the first Business Day of each month, commencing February 1, 2012. The Bonds are subject to redemption prior to maturity as more fully described herein.

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

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the unqualified approving opinion as to legality of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Commonwealth by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Nixon Peabody LLP, Boston, Massachusetts. The Bonds are expected to be available for delivery at DTC in New York, New York, on or about January 24, 2012.

Citigroup

BofA Merrill Lynch **Morgan Stanley**

Barclays Capital	**Fidelity Capital Markets**	**J.P. Morgan**
Jefferies	**Morgan Keegan**	**Ramirez & Co., Inc.**
Raymond James & Associates, Inc.		**Siebert Brandford Shank & Co., LLC**

January 18, 2012

THE COMMONWEALTH OF MASSACHUSETTS

$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

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

Maturity	Amount	Interest Rate* (variable)	Price	CUSIP Number**
2013	$35,000,000	SIFMA Rate† minus 0.02%	100%	57582PD98
2014	35,000,000	SIFMA Rate† plus 0.25%	100	57582PE22
2015	35,000,000	SIFMA Rate† plus 0.40%	100	57582PE30
2016	66,145,000	SIFMA Rate† plus 0.48%	100	57582PE48

$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

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

Maturity	Amount	Interest Rate* (variable)	Price	CUSIP Number**
2012	$65,205,000	SIFMA Rate† minus 0.03%	100%	57582PE55
2013	31,125,000	SIFMA Rate† plus 0.13%	100	57582PE63
2014	77,615,000	SIFMA Rate† plus 0.38%	100	57582PE71
2015	97,165,000	SIFMA Rate† plus 0.45%	100	57582PE89
2016	20,595,000	SIFMA Rate† plus 0.52%	100	57582PE97

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* In no event shall the interest rate payable on the Bonds be less than 0%.

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

† See "The Bonds - Additional Information Related to SIFMA Index Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof.

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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CONSTITUTIONAL OFFICERS

Deval L. Patrick.. Governor

Timothy P. Murray .... Lieutenant Governor

William F. Galvin .... Secretary of the Commonwealth

Martha Coakley...Attorney General

Steven Grossman .... Treasurer and Receiver-General

Suzanne M. Bump .... Auditor

LEGISLATIVE OFFICERS

Therese Murray.. President of the Senate

Robert A. DeLeo .... Speaker of the House

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

INTRODUCTION

This Official Statement (including the cover page and Appendices A through C attached hereto) provides certain information in connection with the issuance by The Commonwealth of Massachusetts (the "Commonwealth") of its $171,145,000 aggregate principal amount of its General Obligation Refunding Bonds (SIFMA Index Bonds), 2012 Series A (the "Refunding Bonds") and its $291,705,000 aggregate principal amount of its General Obligation Bonds, Consolidated Loan of 2012, Series A (SIFMA Index Bonds) (the "Consolidated Bonds" and together with the Refunding Bonds, the "Bonds"). The Bonds will be general obligations of the Commonwealth, and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and expenditures for debt service, see "SECURITY FOR THE BONDS" and the Commonwealth Information Statement (described below) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; *Limit on Debt Service Appropriations*."

The Refunding Bonds are being issued to refund, on a current basis, certain bonds of the Commonwealth as described in "THE BONDS – PLAN OF FINANCE." A portion of the Consolidated Bonds is being issued to refund, on a current basis, certain bonds of the Commonwealth (the "Consolidated Refunding Bonds") as described in "THE BONDS – PLAN OF FINANCE" and a portion of the Consolidated Bonds is being issued to finance certain authorized capital projects of the Commonwealth (the "New Money Bonds") as described in "THE BONDS – APPLICATION OF PROCEEDS OF THE NEW MONEY BONDS."

Purpose and Content of Official Statement

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

Specific reference is made to the Commonwealth's Information Statement dated March 15, 2011 (the "March Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its $80,005,000 General Obligation Refunding Bonds, 2011 Series B and its $360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A (the "March Official Statement"). A copy of the March Official Statement has been filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. The information contained in the March Information Statement has been supplemented by the Commonwealth's Information Statement Supplement dated January 9, 2012, as supplemented January 13, 2012 (the "January Supplement"), which is attached hereto as Appendix A. The March Information Statement and the January Supplement are referred to herein collectively as the "Information Statement." Subsequent filings by the Commonwealth to the EMMA system, prior to the sale of the Bonds, of continuing disclosure documents identified as "other financial/operating data" are hereby deemed to be included by reference in the Information Statement. The

Information Statement contains certain fiscal, budgetary, financial and other general information concerning the Commonwealth. Exhibit A to the Information Statement contains certain economic information concerning the Commonwealth. Exhibit B to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a statutory basis. Exhibit C to the Information Statement contains the financial statements of the Commonwealth for the fiscal year ended June 30, 2010, prepared on a GAAP basis. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with EMMA. Specific reference is also made to the Commonwealth's Statutory Basis Financial Report and Comprehensive Annual Financial Report for the year ended June 30, 2011, copies of which have been filed with EMMA. The financial statements are also available at the website of the Comptroller of the Commonwealth.

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

THE BONDS

General

The Bonds will bear interest from their date of delivery at the Adjusted SIFMA Rate (defined below) payable on each Interest Payment Date until maturity or earlier redemption, all as described below under "Additional Information Related to SIFMA Index Bonds." The Refunding Bonds will mature on February 1 of the years and in the amounts set forth on the inside cover hereof. The Consolidated Bonds will mature on September 1 of the years and in the amounts set forth on the inside cover hereof. Interest on the Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, and will be payable on the first Business Day of each month, commencing February 1, 2012 (each such date, an "Interest Payment Date") to the registered owner as of the record date. The record date for the Bonds will be the 15th day of the month immediately preceding the Interest Payment Date. The Commonwealth will act as its own paying agent and Calculation Agent with respect to the Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents, Calculation Agent or bond registrar for the Bonds.

Book-Entry-Only System. The Bonds will be issued by means of a book-entry-only system, with one bond certificate for each maturity of each series 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 federal funds to DTC or its nominee as registered owner of the Bonds. As long as the book-entry-only system remains in effect, DTC or its nominee will be recognized as the owner of the Bonds for all purposes, including notices and voting. The Commonwealth will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM."

Additional Information Related to SIFMA Index Bonds

Interest Rates. The Refunding Bonds will bear interest at the Adjusted SIFMA Rate, which is the SIFMA Rate (defined below), plus or minus a certain spread for each maturity, but in no event shall the interest rate be less than 0% (the "Adjusted SIFMA Rate"). The Adjusted SIFMA Rate for each maturity of the Refunding Bonds is as follows:

Maturity February 1	Interest Rate
2013	SIFMA Rate minus 0.02% (2 basis points)
2014	SIFMA Rate plus 0.25% (25 basis points)
2015	SIFMA Rate plus 0.40% (40 basis points)
2016	SIFMA Rate plus 0.48% (48 basis points)

The Consolidated Bonds will bear interest at the Adjusted SIFMA Rate. The Adjusted SIFMA Rate for each maturity of the Consolidated Bonds is as follows:

Maturity September 1	Interest Rate
2012	SIFMA Rate minus 0.03% (3 basis points)
2013	SIFMA Rate plus 0.13% (13 basis points)
2014	SIFMA Rate plus 0.38% (38 basis points)
2015	SIFMA Rate plus 0.45% (45 basis points)
2016	SIFMA Rate plus 0.52% (52 basis points)

The "SIFMA Rate" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association ("SIFMA") and is issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day (defined below), the next succeeding U.S. Government Securities Business Day. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date (defined below) or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the original underwriters of the Bonds, determines most closely approximates the SIFMA index.

A "Business Day" means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

A "U.S. Government Securities Business Day" means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close. The Commonwealth is acting as the initial Calculation Agent with respect to the Bonds.

Interest Rate Determination.

The "Adjustment Date" shall be Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Except for the initial Adjusted SIFMA Rate, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however the Adjusted SIFMA Rate shall not exceed 12% per annum. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the SIFMA Rate published for such week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms of the Bonds.

The Bonds shall bear interest from and including their date of delivery at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions thereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date.

Redemption

Optional Redemption. The Refunding Bonds maturing on February 1, 2013 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2012 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Refunding Bonds maturing on February 1, 2014 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2013 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Refunding Bonds maturing on February 1, 2015 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2014 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Refunding Bonds maturing on February 1, 2016 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after August 1, 2015 at a redemption price equal to 100% of the principal amount of Refunding Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2012 are not subject to redemption prior to maturity.

The Consolidated Bonds maturing on September 1, 2013 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2013 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2014 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2014 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2015 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2015 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Consolidated Bonds maturing on September 1, 2016 are subject to redemption prior to maturity at the option of the Commonwealth, in whole or in part at any time on or after March 1, 2016 at a redemption price equal to 100% of the principal amount of Consolidated Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

Notice of Redemption. The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC. Any failure on the part of DTC, any DTC participant or any nominee of a beneficial owner of any such 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.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds called for redemption shall become due and payable on the redemption date, and from and after such date, such Bonds shall cease to bear interest.

Selection for Redemption. Any Bonds subject to optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each $5,000 of principal amount of a Bond will be considered a separate Bond.

Plan of Finance

The Refunding 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 a portion of the Commonwealth's (i) General Obligation Refunding Bonds (SIFMA Index Bonds), 2010 Series A (the "2010 Bonds") and (ii) General Obligation Refunding Bonds (SIFMA Index Bonds), 2011 Series A (the "2011 Bonds," and together with the 2010 Bonds, the "SIFMA Refunded Bonds"). Principal of the SIFMA Refunded Bonds will be paid on February 1, 2012 from the proceeds of the Refunding Bonds.

The issuance of the Refunding Bonds is part of a refinancing plan commenced in March, 2010. At that time, the 2010 Bonds were issued to achieve a current refunding of the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 2005 Series A (the "2005 Bonds"). The 2005 Bonds had been originally issued in 2005 as a single maturity due on February 1, 2028, with mandatory sinking fund installments due each year to amortize the 2005 Bonds. In connection with the original issuance of the 2005 Bonds, the State Treasurer had also entered into a series of interest rate swap agreements (the "2005 Swap Contracts"). (See the Commonwealth Information Statement under the heading "Long-Term Liabilities – Interest Rate Swaps.") The 2005 Swap Contracts had an initial aggregate notional amount which equaled the original principal amount of the 2005 Bonds. The aggregate notional amount of the Swap Contracts declines annually each February 1 to match the original annual amortization of the 2005 Bonds. The Commonwealth has maintained the 2005 Swap Contracts in place following the refunding of the 2005 Bonds in 2010 to serve as a hedge with respect to the 2010 Bonds and refunding bonds to be issued thereafter (including the Refunding Bonds).

In February 2011, the Commonwealth issued the 2011 Bonds to refund, on a current basis, bond anticipation notes issued under the Commonwealth's Commercial Paper Program (the "Notes"). The Notes were issued to refund, on a current basis, a portion of the 2010 Bonds.

The Refunding Bonds mature as shown on the inside cover hereof. The Commonwealth currently intends to refinance a portion of the Refunding Bonds and the remaining 2011 Bonds and 2010 Bonds as they mature or are redeemed prior to maturity, with the issuance of additional refunding bonds (the "Additional 2005 Swap Bonds"), so that the amortization of the Refunding Bonds, the remaining 2011 Bonds, 2010 Bonds and Additional 2005 Swap Bonds will, in the aggregate, match the original, scheduled amortization of the 2005 Bonds. It is also expected that the aggregate outstanding principal amount of the Refunding Bonds, the remaining 2011 Bonds, 2010 Bonds and any Additional 2005 Swap Bonds at any time will be at least equal to the then aggregate outstanding notional amount of the 2005 Swap Contracts, although the Commonwealth may elect to terminate all or any portion of the 2005 Swap Contracts earlier than planned if market conditions are favorable. In such event, an allocable portion of the Refunding Bonds, remaining 2011 Bonds, 2010 Bonds or Additional 2005 Swap Bonds would be unhedged. The actual amount of Refunding Bonds, remaining 2011

Bonds, 2010 Bonds and Additional 2005 Swap Bonds outstanding at any time will likely be greater in order to account for certain financing costs included in each issue of refunding bonds. Set forth below is the expected aggregate notional amount of the 2005 Swap Contracts during this period.

Date	Aggregate Notional Amount of 2005 Swap Contracts Expected to be Outstanding
February 1, 2012	$528,205,000
February 1, 2013	523,745,000
February 1, 2014	513,680,000
February 1, 2015	508,915,000
February 1, 2016	475,000,000
February 1, 2017	438,490,000
February 1, 2018	433,855,000
February 1, 2019	429,040,000
February 1, 2020	382,720,000
February 1, 2021	333,345,000
February 1, 2022	281,725,000
February 1, 2023	214,840,000
February 1, 2024	158,540,000
February 1, 2025	98,955,000
February 1, 2026	96,295,000
February 1, 2027	930,000
February 1, 2028†	--

† Original stated maturity of the 2005 Bonds.

The Consolidated Refunding 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 the Commonwealth's General Obligation Refunding Bonds (Variable Rate Demand Bonds), 1998 Series A (the "1998A Bonds"). The proceeds of the Consolidated Refunding Bonds, plus available funds of the Commonwealth will be used to pay the principal of and accrued interest due on the 1998A Bonds on or about February 8, 2012.

The 1998A Bonds were originally issued in 1998 as a single maturity due on September 1, 2016 with mandatory sinking fund installments due each year to amortize the 1998A Bonds. In connection with the original issuance of the 1998A Bonds, the State Treasurer also entered into two interest rate swap agreements (the "1998 Swap Contracts"). (See the Commonwealth Information Statement under the heading "Long-Term Liabilities –Interest Rate Swaps.") The portion of the 1998 Swap Contracts that was allocated to the 1998A Bonds had an initial aggregate notional amount of $249,760,000, which equaled the original principal amount of the 1998A Bonds. The aggregate notional amount of the 1998 Swap Contracts allocated to the 1998A Bonds declines annually each September 1 to match the original annual amortization of the 1998A Bonds. The current outstanding principal amount of the 1998A Bonds and the aggregate notional amount of the 1998 Swap Contracts allocated to the 1998A Bonds are equal to $191,195,000. The Commonwealth currently intends to have the 1998 Swap Contracts remain in effect following the issuance of the Bonds in order to serve as a hedge with respect to the Consolidated Refunding Bonds, other than with respect to a portion thereof relating to financing costs of the Consolidated Refunding Bonds. Set forth below is the expected aggregate notional amount of the portion of the 1998 Swap Contracts allocated to the Consolidated Refunding Bonds.

Date	Aggregate Notional Amount of 1998 Swap Contracts Allocated to Consolidated Refunding Bonds Expected to be Outstanding
September 1, 2012	$191,195,000
September 1, 2013	150,990,000
September 1, 2014	119,865,000
September 1, 2015	67,250,000
September 1, 2016	20,085,000

The intended refinancing plan of the Commonwealth as stated herein is preliminary and subject to change.

Application of Proceeds of the New Money Bonds

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

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

SECURITY FOR THE BONDS

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

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the Bonds, and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires a legislative appropriation. Enforcement of a claim for payment of principal 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.

LITIGATION

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

There are pending in courts within the Commonwealth various suits in which the Commonwealth is a defendant. In the opinion of the Attorney General, no litigation is pending or, to her knowledge, threatened which is likely to result, either individually or in the aggregate, in final judgments against the Commonwealth that would affect materially its financial condition. For a description of certain litigation affecting the Commonwealth, see the Commonwealth Information Statement under the heading "LEGAL MATTERS."

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity 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, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commonwealth as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

The principal of and interest and premium, if any, on the Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the Bonds. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commonwealth, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Commonwealth, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commonwealth, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commonwealth. Under such circumstances, in the event that a successor depository is not obtained, Bonds will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of Bonds held in the Beneficial Owner's name, will become the Bondowner. Bond certificates are required to be printed and delivered.

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

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

RATINGS

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

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

UNDERWRITING

The Underwriters, represented by Citigroup Global Markets Inc., have agreed, subject to certain conditions, to purchase all of the Bonds from the Commonwealth at a discount from the initial offering prices of the Bonds equal to approximately 0.2651342% of the aggregate principal amount of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The principal offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters.

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

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

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

TAX EXEMPTION

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel to the Commonwealth ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Commonwealth has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

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

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Holders of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a holder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such holder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a holder's federal or state tax liability. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the holder or the holder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and holders of the Bonds should consult with their own tax advisors with respect to such consequences.

OPINION OF COUNSEL

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

CONTINUING DISCLOSURE

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

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

MISCELLANEOUS

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

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

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

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

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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

AVAILABILITY OF OTHER INFORMATION

Questions regarding this Official Statement or requests for additional financial information concerning the Commonwealth should be directed to Colin A. MacNaught, Assistant Treasurer, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 226, or Scott A. Jordan, Assistant Secretary for Capital Finance and Intergovernmental Affairs, 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, Edwards Wildman Palmer LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, telephone (617) 239-0389.

THE COMMONWEALTH OF MASSACHUSETTS

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

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

January 18, 2012

APPENDIX A

SUPPLEMENT DATED JANUARY 13, 2012

TO

THE COMMONWEALTH OF MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

DATED JANUARY 9, 2012

The Commonwealth's Information Statement Supplement dated January 9, 2012 (the "January 9 Supplement") is hereby supplemented by striking out the first paragraph under the section captioned "RECENT DEVELOPMENTS – Fiscal 2013 Budget Proposals" and inserting in place thereof the following paragraph:

"On January 12, 2012, a fiscal 2013 consensus tax revenue estimate of $21.950 billion was agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. Agreement was also announced with respect to pension funding in fiscal 2013 of $1.552 billion. The Governor is expected to file his budget recommendations for fiscal 2013 with the Legislature on January 25, 2012. The Governor's recommended budget will be based on the consensus tax revenue estimate and is expected to be a balanced budget proposal. The Governor's budget recommendations are expected to include limited new revenue proposals and some withdrawal of moneys from the Stabilization Fund."

The January 9 Supplement is hereby further supplemented by striking out the third paragraph under the section captioned "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting" and inserting in place thereof the following paragraph:

"On January 12, 2012, a fiscal 2013 consensus tax revenue estimate of $21.950 billion was agreed upon by the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means. The fiscal 2013 consensus tax revenue estimate of $21.950 billion represents revenue growth of 4.5% actual and 5.4% baseline from the revised fiscal 2012 estimate of $21.010 billion."

THE COMMONWEALTH OF MASSACHUSETTS

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THE

COMMONWEALTH

OF

MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

Dated January 9, 2012

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THE COMMONWEALTH OF MASSACHUSETTS

CONSTITUTIONAL OFFICERS

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

LEGISLATIVE OFFICERS

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

THE COMMONWEALTH OF MASSACHUSETTS

INFORMATION STATEMENT SUPPLEMENT

January 9, 2012

This supplement ("Supplement") to the Information Statement of The Commonwealth of Massachusetts (the "Commonwealth") dated March 15, 2011 (the "March Information Statement") is dated January 9, 2012 and contains information which updates the information contained in the March Information Statement. The March Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the March Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through January 9, 2012. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

The March Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information, which sets forth certain economic, demographic and statistical information concerning the Commonwealth. Exhibits B and C are, respectively, the Commonwealth's Statutory Basis Financial Report for the year ended June 30, 2010 and the Commonwealth's Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2010. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. Specific reference is also made to the Commonwealth's Statutory Basis Financial Report and Comprehensive Annual Financial Report for the year ended June 30, 2011, copies of which have been filed with the Municipal Securities Rulemaking Board. The Commonwealth's independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at http://www.mass.gov/osc by clicking on "Publications and Reports" and then "Financial Reports."

RECENT DEVELOPMENTS

Fiscal 2011

Through June 30, 2011, the end of fiscal 2011, the Governor had approved fiscal 2011 supplemental appropriations legislation totaling $1.511 billion. After accounting for offsetting revenues (primarily federal Medicaid reimbursements), the net value of the spending is $661.3 million. The fiscal 2011 supplemental funding amount is somewhat larger than is typical, because it includes the expenditure of a significant amount of enhanced FMAP funds that were made available by the federal government after the Governor approved the original fiscal 2011 budget. Most of the supplemental funding was necessary to support state safety net programs and services affected by increased caseloads and utilization as a result of the economic downturn, such as the MassHealth program and the emergency family shelters program at the Department of Housing and Community Development. This supplemental funding also included $42 million for costs associated with providing legal representation to indigent persons in criminal and civil court cases and $21.1 million for increased caseloads at the Department of Transitional Assistance. There were also other unanticipated costs, such as increased funding for snow and ice removal, that required supplemental funding.

On October 27, 2011, the Governor approved the final fiscal 2011 supplemental appropriations bill. (The final supplemental appropriations bill for a particular fiscal year is customarily enacted and approved in the third or fourth month of the ensuing fiscal year.) The bill provides for the deposit of $350 million of fiscal 2011 year-end surplus resources into the Stabilization Fund. In addition to the Stabilization Fund deposit, the bill provides $132.1 million in additional fiscal 2011 appropriations and authorizes a further $22 million in already-authorized fiscal 2011 funding to be made available in fiscal 2012. Highlights of the supplemental funding include $39 million of fiscal 2011 surplus funds to support infrastructure projects across the state, $10 million for cities and towns affected by the June 1, 2011 tornado for costs not reimbursed through the Federal Emergency Management Agency,

$6.2 million to reimburse cities and towns for a portion of the costs incurred in responding to the December, 2008 ice storm, $12 million for judicial operations, $11.2 million for children's clothing allowances under foster care and Transitional Aid for Families with Dependent Children and $9.5 million to fund a portion of the state's costs of the Low-Income Housing Tax Credit. The legislation authorizes $36.8 million in expenditures ($35.2 million after accounting for offsetting revenues) from fiscal 2012 resources, which have been included in the updated forecasts for fiscal 2012 prepared by the Executive Office for Administration and Finance.

On November 2, 2011, the Comptroller issued the fiscal 2011 Statutory Basis Financial Report (SBFR), which closes the books on fiscal 2011 and incorporates the impact of the fiscal 2011 final supplemental appropriations bill approved by the Governor on October 27, 2011. As reported in the SBFR, fiscal 2011 budgeted fund total revenues and other financing sources exceeded fiscal 2011 budgeted fund total expenditures and other uses by $998 million, and fiscal 2011 ended with a budgeted fund balance of $1.901 billion. Of that amount, $1.379 billion was reserved in the Stabilization Fund, $400 million was reserved for continuing appropriations and debt service and $122 million was undesignated.

The Stabilization Fund balance of $1.379 billion at the end of fiscal 2011 represents a $709 million increase from the close of fiscal 2010. The $709 million increase in fiscal 2011 resulted from $9.0 million in Stabilization Fund investment earnings, $1.6 million in statutorily required deposits on account of withholding taxes on certain Lottery winnings, a $350 million deposit authorized in the fiscal 2011 final supplemental appropriations bill, and statutorily required deposits from the fiscal 2011 consolidated net surplus of $103.9 million (equal to 0.5% of fiscal 2011 tax revenues) and $244.8 million (from the remaining consolidated net surplus).

The fiscal year 2011 Comprehensive Annual Financial Report (CAFR) was released by the Comptroller, dated January 3, 2012. The CAFR provides the Commonwealth's fiscal year 2011 results according to Generally Accepted Accounting principles.

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

Fiscal 2012

The House of Representatives approved its version of the fiscal 2012 budget on April 28, 2011, the Senate approved its version on May 26, 2011, and a legislative conference committee released its report on June 30, 2011. The budget was enacted by the Legislature on July 1, 2011 and approved by the Governor on July 11, 2011. A $1.250 billion interim budget for the first ten days of fiscal 2012 had been enacted by the Legislature and approved by the Governor on June 27, 2011. Total spending in the final fiscal 2012 budget approved by the Governor amounts to approximately $30.598 billion. The budget assumes tax revenues of $20.615 billion, reflecting the fiscal 2012 consensus tax estimate of $20.525 billion, which was adjusted for the impact of revenue initiatives enacted as part of the budget (most notably a one-year delay of the FAS 109 deductions (additional $45.9 million)), enhanced tax enforcement initiatives (additional $61.5 million) and the impact of a two-day sales tax holiday held on August 13-14, 2011 (reduction of $20.6 million). The fiscal 2012 budget authorizes a $200 million withdrawal from the Stabilization Fund, the use of fiscal 2012 interest earnings on the Stabilization Fund and an additional $103.7 million in savings achieved by suspending the statutorily required deposit into the Stabilization Fund of 0.5% of total tax revenue. The fiscal 2012 budget projections contained in this Supplement assume a transfer of $185 million from the Stabilization Fund rather than the authorized $200 million. On that assumption, and after taking into account the $163.2 million certified by the Attorney General and the Commissioner of Revenue for transfer to the Stabilization Fund through December related to one-time settlements (see below) as well as the $20 million withdrawal from the Fund called for in the recently passed gaming legislation to support start-up costs of the Massachusetts Gaming Commission, the Stabilization Fund is projected to have a $1.337 billion balance at the end of fiscal 2012. The gaming legislation provides that upon receipt by the Massachusetts Gaming Commission of sufficient initial license fees, the Commission will transfer $20 million back to the Stabilization Fund.

On October 17, 2011, the Secretary of Administration and Finance, based on available data on tax revenue collections and economic trends, revised the fiscal 2012 tax revenue estimate from $20.615 billion to $21.010 billion. A portion of the increase in the tax revenue estimate is proposed to be used to support supplemental appropriations filed by the Governor on October 17, 2011, as described below, and the balance is proposed to be preserved to address non-tax revenue shortfalls and other cost exposures that may occur later in the fiscal year. To address non-tax revenue shortfalls that have already occurred in fiscal 2012, the Secretary also revised the aggregate fiscal 2012 non-tax revenue projection downward by $26 million from the level assumed in the enacted fiscal 2012 budget. The revised tax estimate assumes that the income tax rate will be reduced to 5.25%, effective January 1, 2012. See "COMMONWEALTH REVENUE AND EXPENDITURES – State Taxes; *Income Tax*."

On November 11, 2011 the Governor approved supplemental budget legislation containing approximately $52 million in supplemental appropriations, including $21 million for the Department of Housing and Community Development's emergency assistance (EA) program, which provides shelter and other emergency housing services to low-income families with children and pregnant women who are homeless, $18.2 million for the Department of Housing and Community Development's HomeBase program and $10 million for a reserve to offset fiscal 2012 costs of state agencies incurred in response to the August Tropical Storm Irene.

Pursuant to a recent change in state finance law, $163.2 million received by the Commonwealth on account of one-time judgments and settlements thus far in fiscal 2012 has been certified by the Attorney General and the Commissioner of Revenue for transfer to the Stabilization Fund. See "COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Settlements and Judgments*."

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

Fiscal 2013 Budget Proposals

A fiscal 2013 consensus tax revenue estimate is expected to be announced by the Secretary of Administration and Finance on or about January 17, 2012. The Governor is expected to file his budget recommendations for fiscal 2013 with the Legislature on or about January 25, 2012. The Governor's recommended budget will be based on the consensus tax revenue estimate and is expected to be a balanced budget proposal.

The House of Representatives generally approves its version of the budget in late April, and the Senate generally approves its version in late May. The differences between the two versions are then reconciled by a legislative conference committee during the month of June, so that a final version can be enacted by the Legislature and sent to the Governor for his approval prior to the start of the new fiscal year on July 1.

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COMMONWEALTH REVENUES AND EXPENDITURES

Statutory Basis Distribution of Budgetary Revenues and Expenditures

The following table sets forth the Commonwealth's revenues and expenditures for fiscal 2007 through fiscal 2011 and projected revenues and expenditures for fiscal 2012.

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

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Projected Fiscal 2012(8)
Beginning Fund Balances						
Reserved or Designated	$947.20	$351.30	$171.50	$68.90	$122.0	$400.1
Bay State Competitiveness Investment Fund	-	100	-	-	-	-
Stabilization Fund	2,154.70	2,335.00	2,119.20	841.3	669.8	1,379.1
Undesignated	106.2	114.7	115.1	106.4	111.3	121.7
Total	**$3,208.10**	**$2,901.00**	**$2,405.80**	**$1,016.60**	**$903.1**	**$1,900.8**
Revenues and Other Sources						
Alcoholic Beverages	71	71.2	71.9	71	72.7	75.3
Banks	340.9	547.8	242.6	234.9	(11.0)	11
Cigarettes	438.1	436.9	456.8	456.2	453.6	447.6
Corporations	1,587.60	1,512.20	1,548.60	1,600.30	1,951.4	1,838.9
Deeds	194.1	153.9	105.5	137.9	140.2	126.2
Income	11,399.60	12,483.80	10,583.70	10,110.30	11,576.0	12,102.6
Inheritance and Estate	249.6	254	259.7	221.4	309.6	256.9
Insurance	418.6	417.7	356.7	330	340.3	360.2
Motor Fuel	676.1	672.2	654	654.6	660.8	656.4
Public Utilities	178.3	120.2	(1.7)	(0.3)	(8.8)	7.1
Room Occupancy	111.1	119.2	109.5	101.6	110.4	115.1
Sales:						
Regular	2,927.70	2,952.20	2,799.70	3,282.80	3,476.3	3,513.3
Meals	608.7	632.9	629.6	759.6	813.3	844.3
Motor Vehicles	531.1	501.6	439.3	569.3	615.2	638.3
Sub-Total–Sales	4,067.50	4,086.70	3,868.60	4,611.70	4,904.8	4,995.9
Miscellaneous	3.8	3.1	3.3	14.1	16.6	16.7
Total Tax Revenues	**$19,736.30**	**$20,879.20**	**$18,259.50**	**$18,543.70**	**$20,516.6**	**$21,010.0**
MBTA Transfer	(734)	(756)	(767.1)	(767.1)	(767.1)	(779.1)
MSBA Transfer	(557.4)	(634.7)	(702.3)	(605.2)	(654.6)	(664.3)
WTF Transfer(2)	-	-	-	-	-	(19.2)
Total Budgeted Operating Tax Revenues	**$18,444.90**	**$19,488.50**	**$16,790.00**	**$17,171.40**	**$19,094.9**	**$19,547.4**
Federal Reimbursements	6,167.60	6,429.50	8,250.90	8,548.80	9,299.5	7,739.4
Departmental and Other Revenues	2,218.40	2,355.90	2,326.20	2,800.90	2,912.3	3,062.5
Inter-fund Transfers from Non-budgeted Funds and other sources (3)	1,785.00	2,039.30	1,850.30	1,788.80	1,768.6	1,930.9
Budgeted Revenues and Other Sources	**$28,615.90**	**$30,313.20**	**$29,217.40**	**$30,310.00**	**$33,075.3**	**$32,280.2**
Inter-fund Transfers	552.9	2,226.30	1,963.80	770.8	3,460.9	822.0
Total Budgeted Revenues and Other Sources	**$29,168.80**	**$32,539.50**	**$31,181.20**	**$31,080.80**	**$36,536.3**	**$33,102.2**
Expenditures and Uses						
Direct Local Aid	4,805.20	5,040.50	4,723.60	4,837.40	4,784.7	4,881.1
Medicaid (4)	7,550.40	8,246.30	8,679.20	9,287.60	10,237.3	10,432.6
Other Health and Human Services	4,625.30	4,796.50	4,828.30	4,616.60	4,614.8	4,774.0
Group Insurance	1,022.30	852.5	973.1	1,063.80	1,130.3	1,209.7

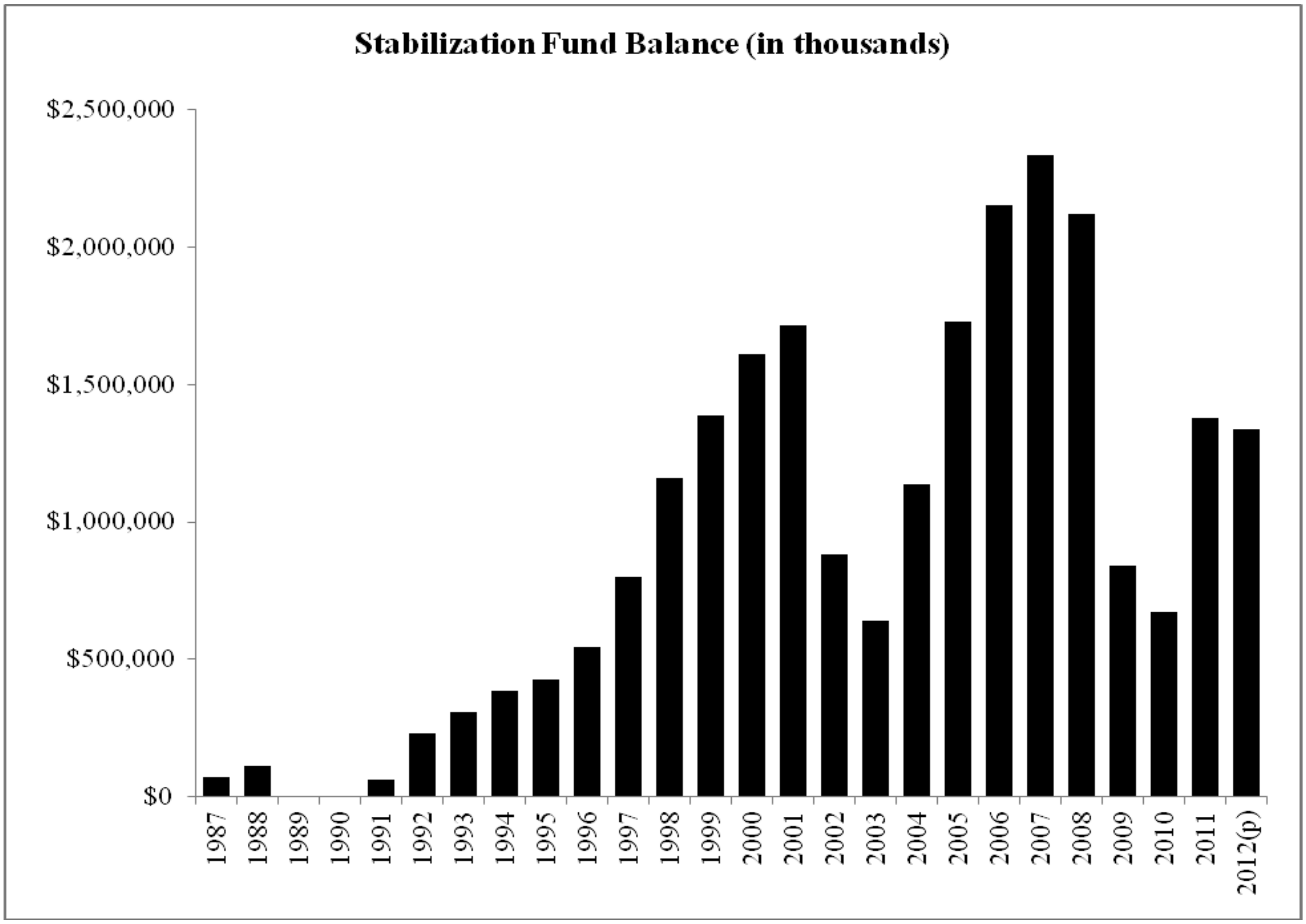
	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Projected Fiscal 2012(8)
Department of Elementary and Secondary Education	459	485.8	495.9	358.1	349.4	507.7
Higher Education	1,115.70	1,084.40	1,035.50	845.6	943.0	924.5
Department of Early Education and Care	507.1	549.9	560.3	513.5	515.1	509.4
Public Safety	1,399.20	1,544.40	1,514.30	1,423.20	905.0	1,449.0
Energy and Environmental Affairs	238.5	227.1	215.9	202.2	185.6	194.1
Debt Service	2,234.40	1,990.10	2,011.70	1,979.90	1,663.9	2,267.0
Post Employment Benefits (5)	1,335.20	1,398.60	1,314.40	1,748.60	1,838.9	1,892.3
Other Program Expenditures	2,364.90	2,414.10	2,350.90	2,509.00	2,850.4	2,145.0
Total - Programs and Services before transfers to Non-budgeted funds	**$27,657.20**	**$28,630.20**	**$28,703.10**	**$29,384.50**	**$30,018.6**	**$31,187.4**
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	722.1	1,045.90	987.6	631.7	739.0	728.0
State Retiree Benefit Trust Fund (5)	-	$354.70	$352.00	-	-	-
Medical Assistance Trust Fund	364	376.7	374	313.3	886.1	394.0
Massachusetts Transportation Trust Fund	-	-	-	(6)	195.1	180.1
Other	179.6	400.9	189.9	94.1	238.8	232.25
Total Inter-Fund Transfers to Non-Budgeted Funds	**$1,265.70**	**$2,178.20**	**$1,903.50**	**$1,039.10**	**$2,059.0**	**$1,534.4**
Budgeted Expenditures and Other Uses	**$28,922.90**	**$30,808.40**	**$30,606.60**	**$30,423.60**	**$32,077.6**	**$32,721.7**
Inter-fund Transfers	553	2,226.30	1,963.80	770.8	3,460.9	822.0
Total Budgeted Expenditures and Other Uses	**$29,475.90**	**$33,034.70**	**$32,570.40**	**$31,194.40**	**$35,538.5**	**$33,543.7**
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	**($307.10)**	**($495.20)**	**($1,389.20)**	**($113.60)**	**$997.8**	**($441.5)**
Ending Fund Balances						
Reserved or Designated (7)	351.3	171.5	68.9	122	400.1	19.2
Bay State Competitiveness Investment Fund	100.0	-	-	-	-	-
Stabilization Fund	2,335.00	2,119.20	841.3	669.8	1,379.1	1,337.3
Undesignated	114.7	115.1	106.4	111.3	121.7	105.0
Total	**$2,901.00**	**$2,405.80**	**$1,016.60**	**$903.10**	**$1,900.8**	**$1,461.5**

SOURCES: Fiscal 2007-2011, Office of the Comptroller; fiscal 2012, Executive Office for Administration and Finance.

(1) Totals may not add due to rounding.
(2) The fiscal year 2012 budget adopted changes to the Workforce Training Fund, which annually is funded through employer contributions for workforce training initiatives for incumbent workers in the private sector. Beginning in fiscal 2012 the WTF will not be subject to annual appropriation and the employer contributions, estimated at $19.2 million, are transferred directly to the WTF after their collection.
(3) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.
(4) Excludes off-budget Medicaid spending in fiscal 2006 and fiscal 2007 estimated at $292 million and $290 million, respectively. Fiscal 2006 through fiscal 2009 included program administration.
(5) Starting in fiscal 2010 Post Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
(6) Transfers of approximately $133.4 million in fiscal 2010 are included in "Other Program Expenditures" above.
(7) Consists largely of appropriations from previous years, authorized to be expended in current years.
(8) Based on the fiscal 2012 budget tax revenue estimate of $21.010 billion, which was revised by the Executive Office for Administration and Finance on October 17, 2011.

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

The following chart shows the Stabilization Fund balance from fiscal 1987 through fiscal 2011 (actual) and fiscal 2012 (projected).



SOURCE: Fiscal 1987-Fiscal 2011, Office of the Comptroller; Fiscal 2012 (projected), Executive Office for Administration and Finance.

See the March Information Statement "SELECTED FINANCIAL DATA – Stabilization Fund."

State Taxes

Income Tax. State tax receipts for fiscal 2011 were significantly higher than receipts during fiscal 2010. See "Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues – *Fiscal 2011*," below. Pursuant to state law, the state income tax rate will be reduced from 5.3% to 5.25% (effective January 1, 2012), because the growth in fiscal 2011 inflation adjusted baseline revenues (as defined in state law) over fiscal 2010 exceeded 2.5%, and because, for each consecutive three-month period starting in August and ending in November, 2011, there was positive inflation-adjusted baseline revenue growth as compared to the same consecutive three-month period in calendar 2010. The Department of Revenue estimates that the revenue impact of this rate reduction for fiscal 2012 will be between $52 million and $56 million (with a mid-point of $54 million). The revenue impact for fiscal 2013 (assuming no further rate reduction in calendar year 2013) is expected to be between $111 million and $117 million (mid-point of $114 million).

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

Tax Expenditure Commission. The fiscal 2012 budget established a study commission on tax expenditures to review and evaluate the administration and fiscal impact of tax expenditures and make recommendations to the Legislature on the administrative efficiency and cost benefit of tax expenditures. Tax expenditures include credits, deductions and exemptions from the basic provisions of the state tax code. The commission is chaired by the Secretary of Administration and Finance and includes legislators and economists. The commission's report, which may include proposed legislation, is due April 30, 2012.

Tax Revenue Forecasting

On December 12, 2011, the Secretary of Administration and Finance and the House and Senate Ways and Means Committees conducted a hearing on state tax revenue estimates for fiscal 2013. The Commissioner of Revenue provided a forecast that fiscal 2013 tax revenue collections will be $21.612 billion to $21.763 billion, reflecting an actual growth of 2.7% to 3.2% from the projected fiscal 2012 revenues, and baseline growth of 4.4% to 4.9% from the fiscal 2012 forecasting base, which represents growth of $560 million to $683 million over projected fiscal 2012 revenues.

The Secretary of Administration and Finance and the Committees on Ways and Means also heard public testimony from economists and state budget experts from Northeastern University, the Massachusetts Taxpayers Foundation and the Beacon Hill Institute, who provided a range of forecasts for fiscal 2013 tax revenue collections, from $21.447 billion to $22.287 billion.

The Secretary of Administration and Finance is expected to announce a fiscal 2013 consensus tax revenue estimate on or about January 17, 2012.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting."

Fiscal 2010, Fiscal 2011 and Fiscal 2012 Tax Revenues

Fiscal 2011. Tax revenues for fiscal 2011, ended June 30, 2011, totaled approximately $20.517 billion, an increase of approximately $1.973 billion, or 10.6%, over the same period in fiscal 2010. The following table shows the tax collections for fiscal 2011 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in the same month that are dedicated to the MBTA and the MSBA.

Fiscal 2011 Tax Collections (in millions)(1)

Month	Tax Collections	Change from Prior Year	Percentage Change	MBTA Portion(3)	MSBA Portion	Tax Collections: Net of MBTA and MSBA
July	$1,352.7	$102.1	8.2%	$60.3	$60.3	$1,232.1
August	1,385.6	89.1	6.9	55.3	55.3	1,275.0
September	2,015.1	249.2	14.1	76.2	51.9	1,887.1
October	1,342.9	118.0	9.6	55.3	55.3	1,232.3
November	1,426.6	137.9	10.7	52.9	52.9	1,320.8
December	2,072.3	186.4	9.9	83.5	54.5	1,934.2
January	2,052.7	207.6	11.2	66.1	66.1	1,920.5
February	932.5	(70.1)	(7.0)	45.9	45.9	840.8
March	1,773.8	149.1	9.2	79.8	48.8	1,645.6
April	2,505.4	757.9	43.4	54.6	54.6	2,396.1
May	1,504.6	(69.7)	(4.4)	53.0	53.0	1,398.6
June (1)	2,152.4	115.7	5.7	84.1	55.9	2,012.4
Total (2)	**$20,516.6**	**$1,972.9**	**10.6%**	**$767.1**	**$654.7**	**$19,094.9**

SOURCE: Executive Office for Administration and Finance.
(1) Figures are final.
(2) Totals may not add due to rounding.
(3) Includes adjustments of $24.3 million on account of the first quarter, $29 million on account of the second quarter, $31 million on account of the third quarter, and 28.1 million on account of the fourth quarter.

The tax revenue increase of approximately $1.973 billion for fiscal 2011 compared to fiscal 2010 is attributable, in large part, to an increase of approximately $431.8 million, or 34.2%, in income tax payments with returns and extensions (mostly in April), an increase of approximately $573.5 million, or 6.5%, in withholding collections, an increase of approximately $373.2 million, or 25.1%, in income tax estimated payments, a decrease of approximately $101.3 million, or 6.7%, in income tax refunds, an increase of approximately $293.1 million, or 6.4%, in sales and use tax collections, and an increase of approximately $107.6 million, or 5.1%, in corporate and business tax collections. Fiscal 2011 tax collections were approximately $732.6 million above the January 18, 2011 fiscal 2011 tax revenue estimate of $19.784 billion, which was an upward revision from the consensus estimate used for the original fiscal 2011 budget (adjusted for the impacts of the economic development bill and the sales tax holidays in August, 2010).

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

Fiscal 2012. The fiscal 2012 budget approved by the Governor on July 11, 2011 assumes tax revenues of $20.636 billion, reflecting the fiscal 2012 consensus tax estimate of $20.525 billion which was adjusted for the impact of revenue initiatives enacted as part of the budget, most notably including a one-year delay of the FAS 109 deductions ($45.9 million) and enhanced tax enforcement initiatives ($61.5 million). On August 1, 2011, the Governor approved legislation establishing a sales tax holiday on August 13-14, 2011. The $20.615 billion estimate also reflects the revenue loss impact from this two-day sales tax holiday, which is expected to be $20.9 million. (The estimate of $20.9 million was certified by the Commissioner of Revenue on December 30, 2011). As noted above, on October 17, 2011, the Secretary of Administration and Finance, based on available data on tax revenue collections and economic trends, revised the fiscal 2012 tax revenue estimate from $20.615 billion to $21.010 billion. See "RECENT DEVELOPMENTS – Fiscal 2012."

Tax revenues for the first six months of fiscal 2012, ended December 31, 2011, totaled approximately $9.847 billion, an increase of approximately $252.0 million, or 2.6%, over the same period in fiscal 2011. The following table shows the tax collections for the first six months of fiscal 2012 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections during the same six-month period that are dedicated to the MBTA and the MSBA.

Fiscal 2012 Tax Collections (in millions)(1)

Month	Tax Collections	Change from Prior Year	Percentage Change	MBTA Portion(3)	MSBA Portion	Tax Collections: Net of MBTA and MSBA
July	$1,444.6	$91.9	6.8%	$59.6	$59.6	$1,325.3
August	1,425.3	39.7	2.9%	54.1	54.1	1.317.0
September	2,195.8	180.8	9.0%	81.0	52.4	2,062.4
October	1,448.8	105.8	7.9%	56.5	56.5	1,335.8
November	1,363.3	(63.3)	(4.4%)	52.9	52.9	1,257.5
December(1)	1,969.4	(102.9)	(5.0%)	85.4	57.3	1,826.6
Total (2)	**$9,847.1**	**$252.0**	**2.6%**	**$389.5**	**$332.8**	**$9,124.8**

SOURCE: Executive Office for Administration and Finance.
(1) Figures are preliminary
(2) Totals may not add due to rounding.
(3) Includes adjustments of $28.6 million on the account of the first quarter, and $28.1 million on the account of second quarter.

The year-to-date tax revenue increase of approximately $252.0 million through December 31, 2011 from the same period in fiscal 2011 is attributable, in large part, to an increase of approximately $174.4 million, or 3.8%, in withholding collections, an increase of approximately $34.2 million, 18.0%, in income payments with returns and bills, a decrease of approximately $36.1 million, or 16.7%, in income cash refunds, an increase of approximately $39.7 million, or 1.6%, in sales and use tax collections, an increase of approximately $19.8 million, or 15.2%, in estate collections, which were partly offset by a decrease of approximately $32.9 million, 4.6%, in income cash estimated payments, and a decrease of approximately $34.9 million, or 3.7%, in corporate and business collections,. Year-to-date fiscal 2012 tax collections (through December) were approximately $49 million below the year-to-date benchmark for the fiscal 2012 tax revenue estimate of $21.010 billion, which was revised from $20.615 billion by the Secretary of Administration and Finance on October 17, 2011. See "RECENT DEVELOPMENTS – Fiscal 2012."

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

Federal and Other Non-Tax Revenues

On August 2, 2011, the President approved the Budget Control Act of 2011, which provides for between $2.1 trillion and $2.4 trillion of budgetary savings to the federal government over ten years. The first phase of federal spending reductions is to be implemented through $917 billion in discretionary reductions. However, specific details concerning these reductions, particularly how they may affect state budgets, have not yet been provided by the federal government. The Commonwealth will continue to assess how it may be affected by these reductions and will take appropriate measures to prepare for and manage their impacts.

Lottery Revenues. Fiscal 2011 Lottery operating revenues were $976.5 million, resulting in a $10 million deficit against $986.5 million in commitments appropriated by the Legislature from the State Lottery Fund and the Arts Lottery Fund, including Lottery administrative expenses and appropriations for local aid to cities and towns. Fiscal 2011 Lottery contributions to local aid totaled $802.2 million.

The fiscal 2012 budget assumes total transfers from the Lottery of $986.5 million to fund various commitments appropriated by the Legislature from the State Lottery Fund and the Arts Lottery Fund, including Lottery administrative expenses, and $809.8 million in appropriations for local aid to cities and towns, with the balance, if any, to be transferred to the General Fund for the general activities of the Commonwealth. For fiscal 2012, the State Lottery Commission is currently projecting net operating revenues of $996.4 million to fund the assumed transfers.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Lottery Revenues*."

Tobacco Settlement.

Payments Received Pursuant to the Tobacco Master Settlement Agreement (in millions)(1)

Fiscal Year	Initial Payments	Annual Payments	Total Payments
2000	$186.6(2)	$139.6	$326.2(2)
2001	78.2	164.2	242.5
2002	82.8	221.7	304.5
2003	86.4	213.6	300.0
2004	-	253.6	253.6
2005	-	257.4	257.4
2006	-	236.3	236.3
2007	-	245.4	245.4
2008	-	288.5	288.5
2009	-	315.2	315.2
2010	-	263.7	263.7
2011	-	248.7	248.7
Total	**$434.00**	**$2,894.10**	**$3,328.20**

SOURCE: Office of the Comptroller.
(1) Amounts are approximate. Totals may not add due to rounding.
(2) Payments received for both 1999 and 2000.

Gaming. On November 22, 2011 the Governor approved legislation that would authorize the licensing of up to three regional resort casinos (one per region) and one slot facility (up to 1,250 slots) in the Commonwealth. The legislation would establish an appointed, independent state gaming commission to oversee the implementation of the law and the regulation of the resultant gaming facilities. Licensing fees collected by the commission would be applied to a variety of one-time state and local purposes, and gaming revenues received by the Commonwealth would be applied to a variety of ongoing expenses, including local aid and education, with stipulated percentages also deposited in the Stabilization Fund and applied to debt reduction. The legislation stipulates that initial licensing fees, which would be set by the gaming commission, must be at least $85 million per casino and $25 million for the slot facility. Neither the sponsors of the legislation nor the Executive Office for Administration and Finance have released any cost or revenue projections. The Commonwealth's fiscal 2012 budget does not assume any revenue from expanded gaming.

Settlements and Judgments. The fiscal 2012 budget amended state finance law to provide that any one-time settlement or judgment amounting to $10 million or more is to be deposited in the Stabilization Fund rather than used as revenue for the current fiscal year. Upon receiving a joint certification from the Commissioner of Revenue and the Attorney General that a state agency is in receipt of a one-time settlement or judgment for the Commonwealth in excess of $10 million in any one fiscal year, the Comptroller is to transfer the proceeds of the settlement or judgment from the General Fund to the Stabilization Fund. Thus far in fiscal 2012, the Attorney General and Commissioner of Revenue have certified $163.2 million for transfer to the Stabilization Fund on account of settlements and judgments. Such transfers are made on a bi-monthly basis.

Limitations on Tax Revenues

On September 27, 2011, the Department of Revenue certified that cumulative state tax revenues for fiscal 2011 exceeded the permissible state tax revenue limit set by Chapter 62F by approximately $1.187 billion. Because $9.0 million in Stabilization Fund investment income was transferred to the General Fund during fiscal 2011, as required by the fiscal 2011 budget, that same amount was transferred back to the Stabilization Fund before the remaining cumulative excess as of the end of fiscal 2011 was transferred back to the General Fund for inclusion in the consolidated net surplus.

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

Temporary Holding Fund
(in thousands)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
First quarter - period ended September 30					
Cumulative net tax revenues, current fiscal year	$4,796,700	$4,870,214	$4,374,038	$4,819,581	$5,136,829
Cumulative net tax revenues, prior fiscal year	4,542,170	4,796,700	4,870,214	4,374,038	4,819,581
Permissible growth rate(1)	6.94%	7.89%	4.13%	2.57%	4.72%
Permissible state tax revenues(2)	4,857,306	5,175,160	5,080,266	4,486,538	5,047,065
Cumulative net revenues, current fiscal year, in excess of permissible revenues	$ -	$ -	$ -	$333,042	$89,764
Second quarter - period ended December 31					
Cumulative net tax revenues, current fiscal year	$9,194,513	$9,200,005	$8,834,580	$9,732,050	
Cumulative net tax revenues, prior fiscal year	8,831,036	9,194,513	9,200,005	8,834,580	
Permissible growth rate(1)	6.93%	8.34%	2.10%	3.47%	
Permissible state tax revenues(2)	9,442,585	9,960,876	9,392,837	9,140,698	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	$ -	$ -	$ -	$591,351	
Third quarter - period ended March 31					
Cumulative net tax revenues, current fiscal year	$14,485,334	$13,599,204	$13,358,852	$14,550,178	
Cumulative net tax revenues, prior fiscal year	13,659,294	14,485,334	13,599,204	13,358,852	
Permissible growth rate(1)	7.41%	7.60%	2.00%	4.04%	
Permissible state tax revenues(2)	14,671,584	15,586,799	13,871,188	13,898,416	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	$ -	$.-	$.-	651,763	
Fourth Quarter - Period ending June 30					
Cumulative net tax revenues, current fiscal year	$21,009,329	$18,513,036	$18,792,777	$20,776,223	
Cumulative net tax revenues, prior fiscal year	19,848,064	21,009,085	18,513,036	18,792,777	
Permissible growth rate(1)	7.66%	6.27%	1.61%	4.24%	
Permissible state tax revenues(2)	21,368,426	22,325,305	18,810,911	19,588,839	
Cumulative net revenues, current fiscal year, in excess of permissible revenues	$ -	$ -	$ -	$1,187,394	

SOURCES: Office of the Comptroller .
(1) Defined as inflation plus 2%, but not less than 0%.
(2) Defined as cumulative net state tax revenues, prior fiscal year, multiplied by 1 plus the permissible growth rate.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues."

Medicaid and the Commonwealth Care Trust Fund

Federal 1115 MassHealth Demonstration Waiver. The Commonwealth's 1115 waiver expired on June 30, 2011, but the Commonwealth received six successive one-month extensions from the Centers for Medicare and Medicaid Services (CMS) while renewal negotiations continued. On December 20, 2011 the waiver was renewed by CMS and will extend through June 30, 2014. The $26.750 billion agreement, which represents a $5.690 billion increase over the previous waiver, preserves existing eligibility and benefit levels in the Medicaid and Commonwealth Care programs and includes more than $13.3 billion in revenue to the Commonwealth through federal financial participation. During the three-year waiver period, the Commonwealth will fully implement the federal Affordable Care Act, whose major provisions go into effect on January 1, 2014. The waiver supports spending authority to support alternative payment models and integrated care through Delivery System Transformation Initiative (DSTI) incentive payments to eligible safety net hospitals. The total amount of payments to these safety net providers over the three year period is up to $628 million, of which up to $82.2 million is expected to be covered by state resources annually.

See the March Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – Medicaid and the Commonwealth Care Trust Fund; *Federal 1115 MassHealth Demonstration Waiver*."

Other Health and Human Services

Office of Children, Youth, and Family Services. The first paragraph on page A-29 of the March Information Statement has been revised to read as follows: Through the Department of Transitional Assistance, the Commonwealth-funds three major programs of public assistance for eligible state residents: transitional aid to families with dependent children (TAFDC); emergency aid to the elderly, disabled and children (EAEDC); and the state supplemental benefits for residents enrolled in the federal supplemental security income (SSI) program. In addition, the Department is responsible for administering the entirely federally funded Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which provides food assistance to low-income families and individuals. Lastly, beginning in fiscal 2008, the Department established a new supplemental nutritional program, which provides small supplemental benefits to certain working families currently enrolled in the SNAP program.

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

PENSION AND OPEB FUNDING

Retirement Systems

On November 16, 2011, the Governor approved legislation containing pension reforms, including increasing the retirement ages, eliminating early retirement subsidies and increasing the period for average earnings from the highest three years to the highest five years for all new state employees who join a retirement system on or after April 2, 2012. The legislation is expected by the Executive Office for Administration and Finance to generate savings over the next 30 years estimated at more than $3 billion for the Commonwealth and nearly $2 billion for municipalities. These savings projections are not assumed in the revised pension funding schedule.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Retirement Systems."

Funding Schedule

The fiscal 2012 budget amended state law to extend the time period for amortizing the Commonwealth's unfunded liability. Under the new law, the liability is to be amortized to zero by June 30, 2040. The fiscal 2012 budget also contains language requiring that pension funding amounts for fiscal 2012 through fiscal 2017 must be equal to or greater than the amounts for those years specified in the proposed funding schedule filed by the Secretary of Administration and Finance on January 18, 2011. See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule."

Actuarial Valuations

On September 30, 2011, pursuant to Chapter 32 of the Massachusetts General Laws, the Public Employee Retirement Administration Commission (PERAC) released its actuarial valuation of the Commonwealth's total pension obligation as of January 1, 2011. This valuation was based on the plan provisions in effect at the time and is based on member data and asset information as of December 31, 2010. See the March Information Statement under the heading "PENSION AND OPEB FUNDING."

The unfunded actuarial accrued liability as of that date for the total obligation was approximately $18.589 billion, including approximately $4.998 billion for the Massachusetts State Employees' Retirement System (MSERS), $11.773 billion for the Massachusetts Teachers' Retirement System (MTRS), $1.536 billion for Boston Teachers and $282 million for cost-of-living increases reimbursable to local systems. The valuation study estimated the total actuarial accrued liability as of January 1, 2011 to be approximately $64.219 billion (comprised of $26.243 billion for MSERS, $34.891 billion for MTRS, $2.804 billion for Boston Teachers and $282 million for cost-of-living increases reimbursable to local systems). Total assets were valued on an actuarial basis at approximately $45.631 billion based on a five-year average valuation method, which equaled 110% of the January 1, 2011 total asset market value.

The principal assumptions used in the valuation were an investment return assumption of 8.25% and a salary increase assumption based on Group and years of service. The ultimate salary increase rate is 4.5% for Groups 1 and 2, 5.0% for Groups 3 and 4, and 4.75% for teachers. The assumption is higher in early years of employment and grades down to the ultimate rate. All assumptions other than the investment return assumption are based on PERAC's most recent Experience Study Analysis for the State Retirement System, published in 2007 and the Massachusetts Teachers' Retirement System, published in 2008.

The Actuarial Cost Method which was used to determine pension liabilities in this valuation is known as the Entry Age Normal Cost Method. Under this method, the Normal Cost for each active member on the valuation date is determined as the level percent of salary, which, if paid annually from the date the employee first became a retirement system member, would fully fund by retirement, death, disability or termination, the projected benefits which the member is expected to receive. The Actuarial Liability for each member is determined as the present value as of the valuation date of all projected benefits which the member is expected to receive, minus the present value of future annual Normal Cost payments expected to be made to the fund. Since only active members have a Normal Cost, the Actuarial Liability for inactives, retirees, and survivors is simply equal to the present value of all projected benefits. The Unfunded Actuarial Liability is the Actuarial Liability less current assets.

The Normal Cost for a member will remain a level percent of salary for each year of membership, except for changes in provisions of the plan or the actuarial assumptions employed in projection of benefits and present value determinations. The Normal Cost for the entire system will also be changed by the addition of new members or the retirement, death, disability, or termination of members. The Actuarial Liability for a member will increase each year to reflect the additional accrual of Normal Cost. It will also change if the plan provisions or actuarial assumptions change.

Differences each year between the actual experience of the plan and the experience projected by the actuarial assumptions are reflected by adjustments to the Unfunded Actuarial Liability. An experience difference which increases the Unfunded Actuarial Liability is an Actuarial Loss and one which decreases the Unfunded Actuarial Liability is an Actuarial Gain.

The Actuarial Value of Assets is determined in accordance with the deferred recognition method under which 20% of the gains or losses occurring in the prior year are recognized, 40% of those occurring two years prior are recognized, etc., so that 100% of gains and losses occurring five years ago are recognized. This has the effect of smoothing the short-term volatility of market values over a five-year period. The actuarial value of assets will be adjusted, if necessary, in order to remain between 90% and 110% of market value. In valuations prior to 1998, plan assets were determined at market value. As part of the 1998 valuation, this methodology was adjusted to reduce the potential volatility in the market value approach from year to year. The actuarial value of assets as of January 1, 2011 is 110% of the market value (the 110% limit has applied as of January 1, 2009, 2010 and 2011). The unfunded actuarial liability decreased from $20.0 billion on January 1, 2010 to $18.6 billion on January 1, 2011. However, the unfunded liability is expected to increase in the ensuing years as remaining 2008 investment losses are recognized and the 90%-110% corridor no longer applies.

The following table shows the valuation of accrued liabilities and assets from 2007 through 2011:

Pension Fund Valuation and Unfunded Accrued Liabilities (in millions)

			Unfunded Accrued Liabilities	
Valuation Date(Jan. 1)	Total Actuarial Accrued Liability	Actuarial Value of Assets(1)	Unfunded Actuarial Liability(2)	Market Value of Unfunded Liability
2007	53,761	40,412	13,349	8,859
2008	56,637	44,532	12,105	7,402
2009	59,142	37,058	22,084	25,453
2010	61,576	41,589	19,986	23,767
2011	64,219	45,631	18,589	22,737

SOURCE: Public Employee Retirement Administration Commission.
(1) Based on five-year average smoothing methodology.
(2) Based on actuarial valuation.

The following table shows the pension funding progress from 2007 through 2011:

Pension Funding Progress for the last five fiscal years
(Amounts in thousands except for percentages)

	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
State Employees' Retirement System Actuarial Valuation as of Jan. 1						
2011	$ 21,244,900	$ 26,242,776	$ 4,997,876	81.0%	$ 4,808,250	103.94%
2010	19,019,062	24,862,421	5,843,359	76.5%	4,711,563	124.00%
2009	16,992,214	23,723,240	6,731,026	71.6%	4,712,655	142.80%
2008	20,400,656	22,820,502	2,419,846	89.4%	4,574,233	52.90%
2007	18,445,225	21,670,810	3,225,585	85.1%	4,391,891	73.40%
Teachers; Retirement System Actuarial Valuation as of Jan. 1						
2011	$ 23,117,952	$ 34,890,991	$ 11,773,039	66.3%	$ 5,558,311	211.81%
2010	21,262,462	33,738,966	12,476,504	63.0%	5,509,698	226.40%
2009	18,927,731	32,543,782	13,616,051	58.2%	5,389,895	252.60%
2008	22,883,553	30,955,504	8,071,951	73.9%	5,163,498	156.30%
2007	20,820,392	29,320,714	8,500,322	71.0%	4,969,092	171.10%

SOURCE: Public Employee Retirement Administration Commission.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Actuarial Valuations."

Annual Required Contributions

The following table sets forth the annual required contribution (ARC) by the Commonwealth under generally accepted accounting principles, its reimbursement to Boston for its payments to SBRS (the fiscal 2010 payment includes both the final payment in arrears and the first annual contribution under 2010 legislation described in the March Information Statement under the heading "PENSION AND OPEB FUNDING – Retirement Systems") and payments for municipal COLAs for each of the fiscal years indicated. The ARC is determined annually based on the most recent Commonwealth valuation. Valuations have been performed annually since January 1, 2000. As noted in the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule," the Commonwealth also develops a revised funding schedule by statute at least every three years, and the Commonwealth made the full contribution required, under the then-current funding schedule, for each year displayed in the table. The prior funding schedule was filed in February, 2009 and based on valuation results as of January 1, 2008. Since the funding schedule can be several years old when the ARC is determined, the funding schedule information lags the more current ARC information except in the year in which the funding schedule is developed. Accordingly, in some years the ARC will exceed the contribution made and in other years the contribution made will exceed the ARC. Due to significant investment losses in 2008, the unfunded liability (and therefore the ARC) increased significantly for fiscal 2009. However, the funding schedule was based on the 2008 valuation before the market downturn. This accounts for the discrepancy between the ARC and contributions made in fiscal 2009. In fiscal 2010 the discrepancy is accounted for by the market downturn and the double payment to SBRS described above. As noted in the March Information Statement under the heading "PENSION AND OPEB FUNDING – Funding Schedule," in January, 2011, a revised Commonwealth schedule was filed that extended the amortization period to 2040.

Annual Required Contributions and Other Pension Contributions

(amounts in thousands)

	SERS	MTRS	Total	COLA(1)	BTRS(1)
2011					
Annual required contribution (ARC)…………………………………………………………	$471,096	$767,960	$1,239,056	n/a	n/a
Contributions made, excluding COLAs………………………………………………..	431,166	855,201	1,286,367	34,153	121,290
% Funded for the fiscal year……………………………………………….	92%	111%	104%		
2010					
Annual required contribution (ARC)…………………………………………………………	$646,932	$1,106,052	$1,752,984	n/a	n/a
Contributions made, excluding COLAs………………………………………………..	410,682	690,397	1,101,079	32,683	242,857
% Funded for the fiscal year……………………………………………….	63%	62%	63%		
		-	-	-	-
2009					
Annual required contribution…………………………………………………………	697,340	1,149,629	1,846,969	n/a	n/a
Contributions made, excluding COLAs………………………………………………..	397,482	781,026	1,178,508	34,696	122,216
% Funded for the fiscal year……………………………………………….	57%	68%	64%		
2008					
Annual required contribution…………………………………………………………	369,866	749,853	1,119,719	n/a	n/a
Contributions made, excluding COLAs………………………………………………..	460,788	809,000	1,269,788	34,000	98,000
% Funded for the fiscal year……………………………………………….	125%	108%	113%		
2007					
Annual required contribution…………………………………………………………	432,219	763,798	1,196,017	n/a	n/a
Contributions made, excluding COLAs………………………………………………..	435,610	747,000	1,182,610	37,005	93,300
% Funded for the fiscal year……………………………………………….	101%	98%	99%		

SOURCE: Office of the Comptroller.

(1) COLA and BTRS contributions are additional amounts funded by the Commonwealth, but are not part of the Commonwealth's funding of ARC.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – Annual Required Contributions."

PRIT Fund Investments

The PRIM Board's overall investment performance goal is to achieve an annual rate of return that exceeds the targeted actuarial rate of return used in determining the Commonwealth's pension obligations (currently 8.25%). The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation. The PRIM Board's last comprehensive review of the PRIT Fund asset allocation was conducted in the beginning of fiscal 2011.

In addition to asset allocation diversification, the PRIM Board seeks to diversify the PRIT Fund by choosing complementary investment styles and strategies within asset classes. The PRIM Board also develops detailed investment guidelines for each investment manager to ensure that portfolios are adequately diversified at the individual manager level.

The PRIT Fund's asset allocation plan currently uses the following categories of investments (the description is as of June 30, 2011):

Domestic Equity. Domestic Equity constitutes 22% of the PRIT Fund portfolio, approximately 23% of which is invested using a large capitalization stock strategy (two active managers), with the remaining 77% invested under a Russell 3000 index strategy (one passive manager). The portfolio is style neutral as between growth- and value-oriented stocks.

International Equity. International Equity constitutes 22% of the PRIT Fund portfolio which is allocated to one passively managed account (which comprises 44% of the portfolio) and four actively managed accounts (56% of the portfolio). The PRIM Board maintains a target weighting of 50% passive and 50% active for the international equity portfolio. The primary strategy for this portfolio is investing in companies in developed market, industrialized nations outside of the United States.

Emerging Markets. Emerging Markets constitutes 7% of the PRIT Fund portfolio, which is allocated to three active managers (which comprise about 76% of the emerging market portfolio) and one passive manager (24%). Since May, 2010, the PRIM Board has targeted a weighting of 75% active and 25% passive for this portfolio.

Core Fixed Income. Core Fixed Income constitutes 13% of the PRIT Fund portfolio, which is invested in corporate, government and mortgage-backed securities in the investment grade bond market (37% active, 36% passive). Approximately 13% is invested in global inflation linked bonds, and approximately 10% in U. S. Treasury Inflation Protected Securities. The balance of the portfolio (4%) contains investments under the PRIM Board's economically targeted investment (ETI) program.

Value-Added Fixed Income. Value Added Fixed Income constitutes 6% of the PRIT Fund portfolio, which is invested in distressed debt (44%), high-yield bonds (24%), emerging markets debt (23%) and bank loans (9%).

Private Equity. Private Equity constitutes 11% of the PRIT Fund portfolio. Two components comprise the private equity portfolio: venture capital (early-stage and multi-stage) and special equity partnerships (large market buyout, middle market buyout, and growth equity). These private market investments are illiquid and typically have 10- to 15-year life cycles. The portfolio is highly diversified at the underlying portfolio company level.

Real Estate. Real estate holdings constitute 8% of the PRIT Fund portfolio, which consists of directly-owned properties (73%) and real estate investment trusts (27%).

Timber/Natural Resources. Timber/Natural Resources constitutes 4% of the PRIT Fund portfolio, which is invested in both timberland investments (52%), and natural resource-oriented companies (48%) such as oil, mining and energy companies.

Hedge Funds. Hedge Funds constitute 7% of the PRIT Fund portfolio. This portfolio has investments in five active hedge funds of funds managers and one residual liquidating portfolio.

PRIT Fund Asset Allocation
(As of June 30)

	2011	2010	2009	2008	2007
Domestic Equity	22.00%	19.90%	24.40%	26.10%	29.90%
International Equity	21.70%	20.00%	19.00%	20.00%	21.00%
Emerging Markets	6.60%	5.70%	5.00%	5.50%	5.50%
Fixed Income	13.20%	14.00%	13.00%	16.80%	15.40%
Value-Added Fixed Income	6.00%	7.00%	7.70%	5.00%	4.60%
Private Equity	10.70%	10.60%	9.60%	8.40%	6.70%
Real Estate	8.20%	9.10%	10.90%	10.90%	8.60%
Timber/Natural Resources	4.00%	4.10%	4.70%	2.10%	3.20%
Hedge Funds	7.20%	7.70%	5.70%	5.20%	5.10%
Portable Alpha Wind Down(1)	0.40%	1.90%	0.00%	0.00%	0.00%

(1) Prior to January 1, 2010, Portable Alpha Assets were reflected in the Domestic Equity portfolio.

SOURCE: Pension Reserves Investment Management Board.

The following table sets forth the gross investment rates of return for the assets in the PRIT Fund for the last five fiscal years:

PRIT Fund Rates of Return

Fiscal Year	Rate of Return
2011	22.30%
2010	12.82%
2009	(23.87)%
2008	(1.81)%
2007	19.92%
5yr average	4.35%
10yr average	6.53%
Assumed Rate	8.25%

SOURCE: Pension Reserves Investment Management Board.

See the March Information Statement under the heading "PENSION AND OPEB FUNDING – PRIT Fund Investments."

Other Post-Retirement Benefit Obligations (OPEB)

The fiscal 2012 budget provides that 10% of all tobacco settlement payments received by the Commonwealth in fiscal 2013 are to be deposited in the State Retiree Benefits Trust Fund, with the amount of payments to be deposited increasing by 10 percentage points in each succeeding year until the amount to be deposited reaches 100% of the payments. See "COMMONWEALTH REVENUE AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Tobacco Settlement*" and the March Information Statement under the heading "PENSION AND OPEB FUNDING – Other Post-Retirement Benefit Obligations (OPEB)."

STATE WORKFORCE

Unions and Labor Negotiations

Concessions made by most state collective bargaining units to help the Commonwealth manage through the fiscal challenges caused by the recession over the last couple of years included delaying wage increases to which the Commonwealth had previously agreed by one year. If tax revenue collections exceeded certain thresholds, however, then the wage increases would be delayed by six months instead of one year. In either case, the delay of the wage increases results in permanent annual savings to the Commonwealth of tens of millions of dollars.

Fiscal year 2011 tax revenue collections exceeded the threshold in the collective bargaining agreements that triggers a six-month wage increase delay for fiscal years 2011 and 2012 instead of a one-year delay. Because the fiscal year 2011 and fiscal year 2012 budgets had been based on tax revenue estimates that were below the threshold, those budgets did not fund the additional costs associated with a six-month delay instead of a one-year delay. The Executive Office of Administration estimates that the potential aggregate additional cost resulting from tax revenues exceeding the threshold is $110 million for fiscal years 2011 and 2012 combined. As a result of the fact that this cost was not anticipated and is not budgeted, the Executive Office of Administration and Finance has been negotiating with state collective bargaining units to amend the collective bargaining agreements to eliminate the provisions that allow the delayed wage increases to be accelerated by six months in exchange for a two-year extension of the existing collective bargaining agreements. Several of the Commonwealth's largest employee unions have already agreed to the contract amendments and negotiations are continuing with the other unions. At this point, the Executive Office of Administration and Finance does not plan to seek supplemental appropriations to fund any costs associated with the provisions providing for a six-month acceleration of the delayed wage increases previously negotiated.

See the March Information Statement under the heading "STATE WORKFORCE – Unions and Labor Negotiations."

CASH FLOW

On September 6, 2011, the State Treasurer and the Secretary of Administration and Finance released cash flow statements for fiscal 2011 and fiscal 2012. On December 1, 2011, the State Treasurer and the Secretary of Administration and Finance released a revised cash flow statement for fiscal 2012. The September 6, 2011 cash flow statement for fiscal 2011 and the December 1, 2011 cash flow statement for fiscal 2012 are summarized in the tables below.

The next cash flow statement is expected to be released on or about February 29, 2012. See the March Information Statement under the heading "FISCAL 2011 AND FISCAL 2012 – Cash Flow."

Overview of Final Fiscal 2011 Non-Segregated Operating Cash Flow (in millions) (1)

(as of August 31, 2011)

	Jul-10	Aug-10)	Sep -10	Oct -10	Nov -10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	June-11)	Total FY 2011
Opening Non-Segregated Operating Cash Balance	$844.3	$1,082.2	$1,852.1	$1,715.3	$1,522.2	$1,661.9	$1,558.0	$1,948.2	$1,591.3	$924.8	$2,246.0	$2,363.0	$844.3
Operating Activities:													
Budgetary Funds:													
Transfer from/(to) Stabilization Fund	$0.0	$0.0	$12.7	$0.0	($11.3)	$0.0	$0.0	$0.0	$0.0	$4.3	$0.0	$0.0	$5.8
Total Budgetary Revenue/Inflows	$2,642.8	$2,369.4	$3,004.9	$2,476.0	$2,841.3	$3,231.5	$3,010.1	$2,402.1	$3,131.8	$4,043.8	$2,669.6	$3,383.1	$35,206.5
Total Budgetary Expenditures/Outflows	$2,461.6	$2,273.0	$3,096.3	$2,376.6	$2,643.2	$3,135.5	$2,152.3	$2,666.7	$3,360.6	$2,628.5	$2,071.2	$2,889.7	$31,755.2
Net Budgetary Funds	$181.2	$96.4	($91.4)	$99.4	$198.1	$96.0	$857.8	($264.6)	($228.8)	$1,415.3	$598.4	$493.5	$3,451.3
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Total Non Budgetary Revenue/Inflows	$748.4	$730.7	$755.9	$757.5	$1,117.3	$440.0	$810.8	$876.8	$475.6	$1,317.7	$658.0	$707.7	$9,396.5
Total Non Budgetary Expenditures/Outflows	$892.6	$949.0	$933.0	$944.0	$981.5	$1,235.6	$925.5	$934.3	$1,065.3	$859.9	$1,038.8	$1,076.1	$11,835.7
Net Non Budgetary Funds	($144.2)	($218.4)	($177.1)	($186.5)	$135.8	($795.6)	($114.7)	($57.5)	($589.7)	$457.8	($380.8)	($368.3)	($2,439.2)
Net Undesignated Revenue/Inflows and Expenditures/Outflows	($14.5)	$1.5	$1.6	$1.9	$1.6	$1.9	$1.6	$7.7	$1.6	$1.6	$7.5	$3.2	$17.4
Net Operating Activities	$22.5	($120.4)	($266.9)	($85.2)	$335.6	($697.6)	$744.7	($314.4)	($816.9)	$1,874.6	$225.1	$128.4	$1,029.5
Federal Grants:													
Total Federal Grants Revenue/Inflows	$277.5	$194.3	$278.9	$180.7	$179.5	$330.0	$48.8	$383.3	$379.3	$191.6	$322.0	$361.8	$3,127.8
Total Federal Grants Expenditures/Outflows	$230.2	$332.8	$188.1	$195.7	$235.8	$294.5	$253.3	$278.7	$301.8	$250.1	$317.1	$287.4	$3,165.5
Net Federal Grants	$47.3	($138.5)	$90.8	($15.0)	($56.2)	$35.6	($204.5)	$104.6	$77.5	($58.5)	$4.9	$74.4	($37.8)
Capital Funds:													
Total Capital Revenue/Inflows	$422.4	$56.4	$256.4	$146.2	$68.1	$754.1	$35.2	$30.5	$250.8	$52.8	$511.2	$311.7	$2,895.8
Total Capital Expenditures/Outflows:	$254.3	$227.5	$217.1	$239.0	$207.7	$195.9	$185.3	$177.6	$177.9	$193.0	$193.0	$245.1	$2,513.4
Net Capital Funds	$168.1	($171.1)	$39.3	($92.8)	($139.6)	$558.2	($150.0)	($147.1)	$72.9	($140.1)	$318.3	$66.6	$382.4
Financing Activities:													
Cash Flow Financing Activities Inflows:													
Commercial Paper	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Revenue Anticipation Notes (RANS)	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,200.0
Total Cash Flow Financing Activities Inflows	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,200.0
Cash Flow Financing Activities Outflows:													
Commercial Paper – (Principal + Interest)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
RANS – (Principal + Interest)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$354.7	$431.4	$432.0	$1,218.1
Total Cash Flow Financing Activities Outflows	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$354.7	$431.4	$432.0	$1,218.1
Net Financing Activities	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($354.7)	($431.4)	($432.0)	($18.1)
Ending Non-Segregated Operating Cash Balance	$1,082.2	$1,852.1	$1,715.3	$1,522.2	$1,661.9	$1,558.0	$1,948.2	$1,591.3	$924.8	$2,246.0	$2,363.0	$2,200.4	$2,200.4

SOURCE: Office of the Treasurer and Receiver-General.

(1) Totals may not add due to rounding.

Overview of Fiscal 2012 Non-Segregated Operating Cash Flow (in millions) (1)
(as of November 30, 2011)

	Jul-11	Aug-11	Sep -11	Oct -11	Nov -11(2)	Dec-11 (2)	Jan-12 (2)	Feb-12 (2)	Mar-12(2)	Apr-12 (2)	May-12(2)	June-12(2)	Total FY 2012 (2)
Opening Non-Segregated Operating Cash Balance	$2,200.4	$2,194.6	$2,153.0	$1,461.9	$1,522.5	$1,445.7	$981.4	$1,531.8	$1,005.3	$356.7	$1,376.2	$759.1	$2,200.4
Operating Activities:													
Budgetary Funds:													
Transfer from/(to) Stabilization Fund	$0.0	$0.0	$2.8	($71.3)	($717.7)	$185.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($601.3)
Total Budgetary Revenue/Inflows	$2,275.6	$2,555.9	$2,865.4	$2,377.4	$1,674.0	$3,221.9	$3,157.0	$2,212.3	$3,254.3	$4,161.7	$2,507.4	$3,531.3	$33,794.2
Total Budgetary Expenditures/Outflows	$2,304.8	$2,444.0	$3,434.0	$1,929.3	$2,671.9	$3,486.1	$2,435.0	$2,546.7	$3,783.6	$2,331.3	$2,364.1	$3,154.3	$32,885.1
Net Budgetary Funds	($29.3)	$111.9	($568.6)	$448.2	($997.9)	($264.3)	$722.1	($334.4)	($529.3)	$1,830.4	$143.3	$377.0	$909.1
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Total Non Budgetary Revenue/Inflows	$842.3	$900.7	$794.1	$438.4	$829.6	$889.0	$822.6	$701.6	$962.8	$678.7	$663.6	$837.3	$9,360.7
Total Non Budgetary Expenditures/Outflows	$806.7	$1,018.2	$1,029.3	$803.5	$1,038.5	$1,106.0	$1,037.0	$898.2	$1,067.5	$906.0	$826.0	$946.0	$11,482.9
Net Non Budgetary Funds	$35.6	($117.5)	($235.2)	($365.1)	($208.9)	($217.0)	($214.4)	($196.6)	($104.7)	($227.3)	($162.4)	($108.7)	($2,122.2)
Net Undesignated Revenue/Inflows and Expenditures/Outflows	$7.1	($10.6)	$1.2	$1.3	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$7.1
Net Operating Activities	$13.4	($16.2)	($802.5)	$84.4	($1,205.8)	($480.3)	$508.7	($530.0)	($632.9)	$1,604.1	($18.1)	$269.4	($1,206.0)
Federal Grants:													
Total Federal Grants Revenue/Inflows	$191.0	$299.9	$178.1	$156.5	$245.0	$295.0	$250.0	$230.0	$225.0	$250.0	$225.0	$285.6	$2,831.0
Total Federal Grants Expenditures/Outflows	$231.7	$284.9	$185.0	$178.8	$230.0	$291.5	$233.0	$234.0	$241.5	$234.5	$224.0	$275.5	$2,844.4
Net Federal Grants	($40.7)	$14.9	($6.9)	($22.3)	$15.0	$3.5	$17.0	($4.0)	($16.5)	$15.5	$1.0	$10.1	($13.4)
Capital Funds:													
Total Capital Revenue/Inflows	$288.0	$222.9	$355.1	$234.2	$156.9	$242.0	$242.1	$216.3	$209.9	$226.1	$226.1	$285.1	$2,904.6
Total Capital Expenditures/Outflows:	$266.4	$263.3	$236.8	$235.7	$242.8	$229.5	$217.4	$208.7	$209.1	$226.1	$226.1	$285.1	$2,847.0
Net Capital Funds	21.62	(40.32)	118.26	(1.48)	(85.93)	12.48	24.68	7.57	0.77	0.00	0.00	0.00	$57.6
Financing Activities:													
Cash Flow Financing Activities Inflows:													
Commercial Paper	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Revenue Anticipation Notes (RANS)	$0.0	$0.0	$0.0	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,200.0
Total Cash Flow Financing Activities Inflows	$0.0	$0.0	$0.0	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,200.0
Cash Flow Financing Activities Outflows:													
Commercial Paper – (Principal + Interest)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
RANS – (Principal + Interest)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$600.0	$600.0	$0.0	$1,200.0
Total Cash Flow Financing Activities Outflows	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$600.0	$600.0	$0.0	$1,200.0
Net Financing Activities	$0.0	$0.0	$0.0	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	($600.0)	($600.0	$0.0	($0.0)
Ending Non-Segregated Operating Cash Balance	$2,194.6	$2,153.0	$1,461.9	$1,522.5	$1,445.7	$981.4	$1,531.8	$1,005.3	$356.7	$1,376.2	$759.1	$1,038.6	$1,038.6

SOURCE: Office of the Treasurer and Receiver-General.
(1) Totals may not add due to rounding.
(2) Figures are estimated.

LONG-TERM LIABILITIES

General and Special Obligation Long-Term Debt Issuance and Repayment Analysis (in thousands) (1)

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Beginning Balance as of July 1	$18,461,406	$18,736,961	$18,734,440	$19,264,569	$19,726,507
Debt Issued	1,556,485	1,280,824	1,887,108	1,667,584	2,233,368
Subtotal	20,017,891	20,017,785	20,621,548	20,932,153	21,959,875
Debt retired or defeased, exclusive of refunded debt	(1,399,715)	(1,179,730)	(1,227,029)	(1,207,150)	(974,770)
Refunding debt issued, net of refunded debt (3)	118,785	(103,615)	(129,950)	1,504	(110,050)
Ending Balance June 30 (2)	**$18,736,961**	**$18,734,440**	**$19,264,569**	**$19,726,507**	**$20,875,055**

SOURCE: Office of the Comptroller.
(1) Including premium, discount and accretion of capital appreciation bonds.
(2) Includes federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums are used to pay interest on the refunding bonds until the refunded bonds are callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continues to be paid from pledged revenues as before.
(3) Amounts may be negative due to defeasances of debt of authorities from the issuance of Commonwealth debt as afforded under General Laws.

See the March Information Statement under the heading "LONG-TERM LIABILITIES– General and Special Obligation Long-Term Debt Issuance and Repayment Analysis."

Outstanding Long Term Commonwealth Debt (in thousands)

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
General Obligation Debt	$15,822,591	$16,086,470	$17,051,724	$17,655,539	$18,516,760
Special Obligation Debt	1,248,750	1,112,590	1,078,630	1,063,501	1,591,505
Federal Grant Anticipation Notes	1,665,620	1,535,380	1,134,215	997,467	766,790
TOTAL	**$18,736,961**	**$18,734,440**	**$19,264,569**	**$19,726,507**	**$20,875,055**

SOURCE: Office of the Comptroller.

See the March Information Statement under the heading "LONG-TERM LIABILITIES–Outstanding Long Term Commonwealth Debt."

Debt Service Requirements

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

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

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

General Obligation Bonds

Period Ending	Principal	Compounded Interest	Gross Interest	Build America Bonds Subsidies	Net Interest	Debt Service
6/30/2012	$353,995	$0	$436,247	$(18,279)	$417,969	$771,964
6/30/2013	1,342,899	9,413	833,785	(36,557)	797,228	2,149,540
6/30/2014	1,266,297	7,735	780,851	(36,557)	744,294	2,018,326
6/30/2015	1,128,428	7,686	728,595	(36,557)	692,038	1,828,152
6/30/2016	1,176,015	6,652	677,145	(36,557)	640,588	1,823,254
6/30/2017	952,287	5,580	625,688	(36,557)	589,131	1,546,997
6/30/2018	890,300	4,237	581,076	(36,557)	544,518	1,439,055
6/30/2019	874,266	3,688	537,247	(36,557)	500,690	1,378,644
6/30/2020	870,829	2,970	495,789	(36,300)	459,489	1,333,288
6/30/2021	1,133,033	2,566	446,606	(35,014)	411,593	1,547,191
6/30/2022	1,036,371	2,274	395,098	(32,698)	362,400	1,401,044
6/30/2023	814,238	2,130	349,448	(31,412)	318,036	1,134,403
6/30/2024	764,750	1,796	311,112	(31,295)	279,817	1,046,364
6/30/2025	711,860	1,679	276,229	(31,295)	244,934	958,473
6/30/2026	664,501	1,577	243,763	(30,776)	212,987	879,065
6/30/2027	575,599	1,524	214,822	(30,203)	184,619	761,742
6/30/2028	535,965	1,667	189,596	(28,953)	160,643	698,275
6/30/2029	643,744	1,021	162,772	(26,687)	136,085	780,849
6/30/2030	604,701	623	131,113	(22,892)	108,221	713,545
6/30/2031	517,331	355	97,984	(16,808)	81,176	598,863
6/30/2032	258,797	157	82,021	(14,776)	67,245	326,199
6/30/2033	187,300		69,908	(12,440)	57,468	244,768
6/30/2034	188,585		60,460	(11,068)	49,392	237,977
6/30/2035	196,755		50,745	(9,647)	41,098	237,853
6/30/2036	205,130		40,643	(8,177)	32,466	237,596
6/30/2037	214,730		30,106	(6,654)	23,452	238,182
6/30/2038	194,135		19,102	(5,077)	**14,025**	208,160
6/30/2039	123,805		10,940	(3,445)	7,495	131,300
6/30/2040	91,905		4,596	(1,609)	2,988	94,893
TOTAL	**$18,518,550**	**$65,328**	**$8,883,490**	**$(701,404)**	**$8,182,085**	**$26,765,963**

Federal Highway Grant Anticipation Notes

Period Ending	Principal	Gross Interest	Build America Bonds Subsidies	Net Interest	Debt Service
6/30/2012	$47,425	$15,197	$(747)	$14,450	$61,875
6/30/2013	161,285	26,876	(1,494)	25,382	186,667
6/30/2014	170,710	17,450	(1,494)	15,956	186,666
6/30/2015	178,390	9,773	(1,494)	8,279	186,669
6/30/2016	11,390	4,098	(1,434)	2,664	14,054
6/30/2017	11,635	3,720	(1,302)	2,418	14,053
6/30/2018	11,925	3,277	(1,147)	2,130	14,055
6/30/2019	12,245	2,780	(973)	1,807	14,052
6/30/2020	12,600	2,235	(782)	1,453	14,053
6/30/2021	12,985	1,648	(577)	1,071	14,056
6/30/2022	13,390	1,020	(357)	663	14,053
6/30/2023	13,830	348	(122)	226	14,056
TOTAL	**$657,810**	**$88,422**	**$(11,923)**	**$76,499**	**$734,309**

	Special Obligation Revenue Bonds (Convention Center)			Special Obligation Revenue Bonds (CTF-Accelerated Bridge Program)					Special Obligation Revenue Bonds (Gas Tax)		
Period Ending	Principal	Interest	Debt Service	Principal	Gross Interest	Build America Bonds Subsidies	Net Interest	Debt Service	Principal	Interest	Debt Service
6/30/2012		$17,243	$17,243		$16,312	$(6,157)	$10,155	$10,155	$39,135	$9,902	$49,037
6/30/2013		34,486	34,486		32,623	(12,314)	20,309	20,309	41,150	17,772	58,922
6/30/2014		34,486	34,486		32,623	(12,314)	20,309	20,309	37,170	15,534	52,704
6/30/2015	$19,995	34,486	54,481		32,623	(12,314)	20,309	20,309	39,070	13,631	52,701
6/30/2016	21,075	33,436	54,511		32,623	(12,314)	20,309	20,309	39,900	11,482	51,382
6/30/2017	22,210	32,330	54,540		32,623	(12,314)	20,309	20,309	42,465	9,287	51,752
6/30/2018	23,310	31,164	54,474		32,623	(12,314)	20,309	20,309	23,040	7,261	30,301
6/30/2019	24,475	30,126	54,601		32,623	(12,314)	20,309	20,309	24,300	5,994	30,294
6/30/2020	23,380	28,842	52,222		32,623	(12,314)	20,309	20,309	25,640	4,658	30,298
6/30/2021	24,610	27,673	52,283		32,623	(12,314)	20,309	20,309	26,905	3,392	30,297
6/30/2022	25,970	26,380	52,350		32,623	(12,314)	20,309	20,309	28,385	1,912	30,297
6/30/2023	27,440	24,952	52,392		32,623	(12,314)	20,309	20,309	9,520	476	9,996
6/30/2024	28,990	23,443	52,433	$21,325	32,623	(12,314)	20,309	41,634	0	0	0
6/30/2025	30,625	21,848	52,473	22,395	31,546	(11,937)	19,609	42,004	0	0	0
6/30/2026	32,360	20,164	52,524	23,550	30,381	(11,529)	18,851	42,401	0	0	0
6/30/2027	34,190	18,384	52,574	24,860	29,054	(11,065)	17,989	42,849	0	0	0
6/30/2028	36,125	16,504	52,629	26,245	27,655	(10,575)	17,079	43,324	0	0	0
6/30/2029	38,170	14,517	52,687	27,710	26,177	(10,058)	16,119	43,829	0	0	0
6/30/2030	40,330	12,418	52,748	29,250	24,616	(9,512)	15,105	44,355	0	0	0
6/30/2031	42,610	10,199	52,809	30,880	22,969	(8,935)	14,034	44,914	0	0	0
6/30/2032	45,020	7,856	52,876	32,635	21,200	(8,316)	12,884	45,519	0	0	0
6/30/2033	47,565	5,380	52,945	34,485	19,329	(7,661)	11,668	46,153	0	0	0
6/30/2034	50,250	2,764	53,014	36,440	17,353	(6,970)	10,383	46,823	0	0	0
6/30/2035				38,505	15,265	(6,239)	9,026	47,531	0	0	0
6/30/2036				40,685	13,058	(5,466)	7,591	48,276	0	0	0
6/30/2037				42,995	10,726	(4,650)	6,076	49,071	0	0	0
6/30/2038				45,430	8,262	(3,718)	4,544	49,974	0	0	0
6/30/2039				48,005	5,659	(2,546)	3,112	51,117	0	0	0
6/30/2040				50,730	2,907	(1,308)	1,599	52,329	0	0	0
TOTAL	**$638,700**	**$509,081**	**$1,147,781**	**$576,125**	**$713,947**	**$(274,414)**	**$439,533**	**$1,015,658**	**$376,680**	**$101,300**	**$477,980**

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

Liquidity Facilities

The following table describes the liquidity facilities that the Commonwealth had in connection with certain of its outstanding bond issues as of December 31, 2011.

Variable Rate Bonds	Facility Amount (in thousands)	Bank	Facility Type	Termination Date
1997 Series B (Refunding)	$271,280	Helaba(1)	Line	2/08/2012
1998 Series A (Refunding)	$222,355	JP Morgan Chase Bank	Line	3/12/2013
2000 Series A	$200,000	Bank of America	Line	12/23/2014
2000 Series B	$75,590	State Street Bank	Line	3/29/2012
2001 Series B (Refunding)	$248,110	Landesbank Hessen-Thuringen (Helaba)(2)	Line	2/08/2012
2001 Series C (Refunding)	$248,115	State Street Bank	Line	2/20/2014
2006 Series A	$150,000	Wells Fargo Bank, National Association	Line	8/15/2014
2006 Series B	$200,000	Bank of America	Line	4/02/2012

SOURCE: Office of the Treasurer and Receiver General.
(1) The Commonwealth will replace Helaba with JPMorgan Chase Bank effective 1/11/2012.
(2) The Commonwealth is currently negotiating with other banks to replace the existing bank on this facility.

Budgetary Contract Assistance Liabilities

City of Chelsea Commonwealth Lease Revenue Bonds. In November, 1993, the Chelsea Industrial Development Financing Authority issued approximately $95.8 million of lease revenue bonds. The proceeds of the bonds were loaned to the Massachusetts Industrial Finance Agency (now MassDevelopment) and applied to the cost of the Massachusetts Information Technology Center, a tax and data processing facility of the Department of Revenue and certain other departments and agencies of the Commonwealth. The bonds bore interest at a variable rate, and under two interest rate swap agreements that were entered into at the time with Lehman Brothers Special Financing, Inc. (LBSF), MassDevelopment received variable rate payments with respect to the bonds and was obligated to make fixed rate payments in exchange therefor. Simultaneously with the issuance of the bonds, the Commonwealth entered into a 30-year lease, which provided for the payment of debt service on the bonds, including swap related payments, and certain other expenses associated with the project. In September, 2008, LBSF and its parent, Lehman Brothers Holdings Inc. (LBHI), filed for bankruptcy. In December, 2008, the bonds were refinanced by the Commonwealth through the issuance of general obligation debt, and the Commonwealth made a $2.3 million payment to LBSF to terminate the swap agreements. In May, 2010, LBHI advised the Executive Office for Administration and Finance that it calculated the termination value to be approximately $13.7 million. In June, 2011, LBHI issued a subpoena to the Executive Office for Administration and Finance relating to the termination of the swap agreements. Any obligation of the Commonwealth with respect to this termination does not constitute a general obligation or a pledge of the credit of the Commonwealth or of MassDevelopment and is subject to appropriation by the Legislature.

Authorized but Unissued Debt

Fiscal Year	Authorized But Unissued Debt
2007	8,349,391
2008	7,043,446
2009	19,517,272
2010	18,516,310
2011	15,870,432

SOURCE: Office of the Comptroller.

See the March Information Statement under the heading "LONG-TERM LIABILITIES–Authorized But Unissued Debt."

COMMONWEALTH CAPITAL INVESTMENT PLAN

In November, 2011, the Governor released a five-year capital investment plan for fiscal 2012 through fiscal 2016, totaling over $17.3 billion. With the release of the plan, the Governor announced that the bond cap is expected to be $1.75 billion for fiscal 2012, plus $148 million in unused bond cap from fiscal 2011 which has been carried forward to support spending in fiscal 2012. The bond cap for fiscal 2013 is projected to be $1.875 billion, and is projected to increase by $125 million in each subsequent fiscal year through fis cal 2016.

The following table shows the annual bond cap, the resulting estimated total annual debt service payment obligations and the estimated debt service as a percentage of estimated budgeted revenues, all as presented in the debt affordability analysis released in November, 2011.

Bond Cap (in thousands)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Bond Cap (1)	$1,898,000	$1,875,000	$2,000,000	$2,125,000	$2,250,000
Total Debt Service Obligations	2,155,501	2,362,788	2,435,106	2,516,124	2,685,599
Estimated Budgeted Revenues	32,266,808	33,117,853	34,106,820	35,125,321	36,178,258
Debt Service as % of Budgeted Revenues	6.68%	7.13%	7.14%	7.16%	7.42%

SOURCE: Executive Office for Administration and Finance, Debt Affordability Analysis, released November, 2011.
(1) Includes $148 million of fiscal 2011 unused bond cap that has been carried forward to fiscal 2012.

In terms of funding from the U.S. government for surface transportation and transit projects, the 2005 multi-year national highway bill - Safe, Accountable, Flexible, Efficient Transportation Equity Act - A Legacy for Users (SAFETEALU) -expired in 2009. Since then, the authorization for federal transportation programs (as funded by 14.1¢ of the 18.4¢ in federal gasoline taxes and 20.1¢ of the 24.4¢ in federal diesel taxes) has been extended several times, most recently on September 19, 2011 until March 31, 2012. The U. S. Congress will need to continue passing additional continuing resolutions, or perhaps several short-term measures, to keep surface transportation programs funded until such time as a new highway bill is enacted. Ideally, a new, multi-year highway reauthorization bill will be passed which will allow for multi-year contracts to be extended which is critical for large surface transportation infrastructure projects to be undertaken and completed.

The U. S. Senate and the U. S. House of Representatives are currently considering conflicting proposals for the long-term reauthorization of the program. The Senate is proposing a two-year extension at existing funding levels, which would require approximately $12 billion in additional federal revenues, either through a revenue increase or a reallocation of budget authority from other programs. The House is proposing a six-year extension funded from existing revenue streams, which would translate into a reduction of approximately 30% in federal transportation funding.

The Commonwealth is monitoring these developments and developing contingency plans for each.

For the table in the March Information Statement captioned "Capital Investment Plan – Sources of Funds," the forecast for federal funding was based on level funding from the prior year.

See the March Information Statement under the heading "COMMONWEALTH CAPITAL INVESTMENT PLAN."

LEGAL MATTERS

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

Programs and Services

Rosie D., et al. v. The Governor, United States District Court, Western Division. MassHealth estimates that its implementation of program changes in compliance with the Remedy Order will increase its costs, including administrative costs, by approximately $215 million annually.

Disability Law Center, Inc. v. Massachusetts Department of Correction et al, United States District Court. In December, 2011, the parties entered into a settlement agreement, which is subject to court approval. In order to implement the terms of the settlement, the Department of Corrections will need to hire additional staff at a cost of approximately $5.6 million per year.

Finch, et al. v. Commonwealth Health Insurance Connector Authority, et al. Finch, et al. v. Commonwealth Health Insurance Connector Authority, et al. On January 5, 2012, the Supreme Judicial Court held that the Massachusetts statute limiting the eligibility of many legal immigrants for Commonwealth Care violates the equal protection provisions of the Massachusetts Constitution. This decision has significant fiscal implications for the Commonwealth, adding several tens of million dollars in costs in fiscal 2012 and more than $150 million in annual costs in fiscal 2013. The Executive Office for Administration and Finance and the Commonwealth Health Insurance Connector Authority are working expeditiously to identify the resources required, obtain needed appropriations of funds by the Legislature, and determine and implement the operational steps that must be taken to integrate all eligible, legal immigrants into the Commonwealth Care program in accordance with the Court's decision as quickly as possible.

Connor B., ex rel. Vigurs, et al. v. Patrick, et al., United States District Court, Western Division. On September 6, 2011, the defendants moved to decertify the class on the basis of *Wal-Mart Stores, Inc. v. Dukes*, 131 S.Ct. 2541 (2011), but this motion was denied on November 10, 2011.

Massachusetts Community College Council, Inc., et al. v. Board of Higher Education, et al., Suffolk County Superior Court. In July, 2011, the complaint was amended to name additional defendants, namely the boards of trustees of several community colleges. While the case is not a class action, if the plaintiffs prevail, it is expected that the Commonwealth would likely make similarly situated persons eligible for coverage or contribution. If plaintiffs obtain rights to enroll in GIC health care coverage, those who would become eligible for enrollment in GIC health insurance coverage might also successfully argue for pension benefits in a separate, subsequent proceeding. It is not possible, at this time, to accurately estimate the costs that would be incurred if the plaintiffs prevail, but it appears that funding for any health care coverage for the individual plaintiffs as a result of this action would be from funds controlled by the board of trustees of each community college employing a plaintiff. The state law governing community colleges provides that the division of continuing education is to be run at no expense to the Commonwealth.

Medicaid Audits and Regulatory Reviews

In re: Centers for Medicare and Medicaid Services regulations (Uncompensated Care Pool/Health Safety Net Trust Fund). By the end of pool fiscal year 2012 the Commonwealth will have collected an estimated $5.157 billion in acute hospital assessments since 1990 and an estimated $2.037 billion in surcharge payments since 1998.

In re: Disallowance of 2005 MassHealth acute hospital supplemental payments. In February 2011, CMS sent EOHHS a Notice of Disallowance of $25,543,963 in FFP for payments to UMMHC. EOHHS filed a Request for Reconsideration with the U.S. Department of Health and Human Services on March 31, 2011.

Boston Medical Center Corp. and Boston Medical Center Health Plan, Inc. v. Secretary of the Executive Office of Health and Human Services, Suffolk Superior Court. Plaintiffs have appealed to the Massachusetts Appeals Court, and their appellate brief was filed on September 30, 2011. Boston Medical Center's appeal and Holyoke Medical Center's appeal (see below) were consolidated. The Commonwealth's consolidated brief was filed on October 28, 2011.

Holyoke Medical Center, Inc., et al. v. Secretary of the Executive Office of Health & Human Services, Suffolk Superior Court. Plaintiffs have appealed to the Massachusetts Appeals Court, and their appellate brief was filed on September 30, 2011. Holyoke Medical Center's appeal and Boston Medical Center's appeal (see above) were consolidated. The Commonwealth's consolidated brief was filed on October 28, 2011.

Taxes

Feeney, et al. v. Dell, Inc. v. Commissioner of Revenue, Middlesex Superior Court. On November 3, 2011, the Superior Court denied Dell's renewed motion to dismiss. Subsequently, the Appeals Court granted Dell's request to consider an interlocutory appeal from that ruling; the appeal is now pending on the Appeals Court's docket.

Vodafone Americas, Inc. v. Commissioner of Revenue, Appellate Tax Board. In June, 2011, the parties entered into a broad settlement of these and other issues in this dispute, requiring the Commonwealth to issue a refund to Vodafone in the amount of approximately $170,000.

Other Revenues

Commonwealth of Massachusetts v. Philip Morris Inc., RJ Reynolds Tobacco Company, Lorillard Tobacco Company, et al., Supreme Judicial Court, Middlesex Superior Court (a/k/a the Tobacco Master Settlement Agreement, Nonparticipating Manufacturer ("NPM") Adjustment Dispute)(2003 NPM Adjustment). On November 3, 2011, the manufacturers advised the arbitrators that Massachusetts was one of 14 states and territories whose claims of "diligence" were no longer being contested. Since the December 5, 2011 deadline for any state to challenge the claim of another state has passed, Massachusetts's claim to its allocable share of the 2003 NPM Adjustment is no longer in dispute. Massachusetts can expect to receive approximately $30 million withheld by certain manufacturers from the payment due April 15, 2006. Due to certain reallocation provisions of the MSA and orders entered by the arbitration panel, Massachusetts cannot expect to receive this money before 2013, after resolution of the contested states' claims by the arbitration panel. Those hearings will begin in May, 2012 and are not expected to be concluded before the end of calendar year 2012.

Grand River Enterprises Six Nations, Ltd. v. William Pryor, et al., United States District Court, New York. The court has granted the states' summary judgment motion on all counts, prompting the plaintiff to file a motion for reconsideration and a notice of appeal with the United States Court of Appeals for the Second Circuit.

Sandra Murphy, et al. v. Massachusetts Turnpike Authority, Supreme Judicial Court. Plaintiffs' motion for direct appellate relief was allowed on May 25, 2011. Plaintiffs' initial brief and the Turnpike Authority's brief have both been filed with the court. Plaintiffs filed a reply brief on December 16, 2011. Oral argument has not yet been scheduled.

Carol Surprenant v. Massachusetts Turnpike Authority, Massachusetts Port Authority, and Massachusetts Department of Transportation. United States District Court. The Plaintiff has voluntarily dismissed her appeal, and a judgment of dismissal was entered on August 4, 2011.

Environment

National Association of Government Employees v. Commonwealth, Suffolk Superior Court, and *Association of County Employees v. McDonald,* Plymouth Superior Court. Although the Supreme Judicial Court's opinion in *Boston Housing Auth. v. National Conf. of Firemen & Oilers, Local 3*, held evergreen clauses to be generally invalid, the recently enacted Chapter 198 of the Acts of 2011 revived certain ones.

Other

Perini Corp., Kiewit Construction Corp., Jay Cashman, Inc. d/b/a Perino-Kiewit-Cashman Joint Venture v. Commonwealth. In several related cases and potential litigation, plaintiffs make claims for alleged increased costs arising from differing site conditions and other causes of delay on the Central Artery/Ted Williams Tunnel project. Plaintiffs have asserted claims in excess of $160 million. These claims are at various stages of resolution, including the Superior Court and the Central Artery Tunnel Project Dispute Review Board ("DRB") panel. The DRB has issued decisions on some of the claims, awarding plaintiffs approximately $69.6 million on claims of approximately $102.8 million. Those decisions are now the subject of further court proceedings. Plaintiffs also still have in excess of $62 million in claims pending.

In May, 2011, the Massachusetts Appeals Court upheld the award of approximately $5 million in post-award interest on two DRB awards and the Supreme Judicial Court denied the Commonwealth's request for further appellate review of that decision.

Local 589, Amalgamated Transit Union, et al. v. Commonwealth of Massachusetts, et al., Suffolk Superior Court. On April 13, 2011, the Superior Court (a) approved the voluntary filing of an amended complaint by plaintiffs that had the effect of dropping the pension claims from the case, and (b) entered summary judgment for the Commonwealth on the remaining health-insurance claims. The plaintiffs have appealed the entry of summary judgment on the health-insurance claims, and the Superior Court is in the process of assembling the appellate record.

In November, 2011, the Legislature enacted Chapter 189 of the Acts of 2011, which amends the 2009 transportation reform legislation to allow the MBTA to engage in collective bargaining over supplemental health insurance coverage that provides benefits above and beyond that provided by the Group Insurance Commission.

OPEIU, Local 6 and the Massachusetts Trial Court. In April, 2011, the Governor signed a supplemental budget containing a $30 million appropriation to the Trial Court that will be applied toward the arbitration award. OPEIU, Local 6 has since agreed to dismiss the Superior Court action.

New Legal Matters

The matters described below commenced after the March Information Statement was published.

Disability Policy Consortium, Inc., et al v. Commonwealth of Massachusetts. United States District Court. On July 26, 2011, the Disability Policy Consortium, Inc. (DPC) and eight individuals, claiming to be "qualified individuals" within the definition of the Americans with Disabilities Act Title II (ADA) and Section 504 of the Rehabilitation Act, filed suit in federal district court alleging that MassHealth does not meet its obligations under the ADA and Section 504 of the Rehabilitation Act. Plaintiffs claim that MassHealth forms, materials and other information are not accessible to persons with visual, hearing or other developmental/cognitive disabilities and that MassHealth has failed to provide plaintiffs reasonable accommodations required under the ADA and other federal laws so that they can access services, complete forms, and access notices, bills and other materials. Plaintiffs also allege that MassHealth's violations of the ADA and the Rehabilitation Act are intentional and longstanding. Plaintiffs seek injunctive relief, money damages and reasonable attorney's fees and costs. Defendant has filed an answer and the matter is now in the discovery phase.

Administrative proceeding regarding challenge to MassHealth's payment system for acute hospital outpatient services. A total of 60petitioners have filed claims for administrative hearings before the MassHealth Board of Hearings (BOH), challenging MassHealth's former Ambulatory Payment Group (APG) payment system for acute hospital outpatient services. The petitioners generally claim that there were errors in the payment system that resulted in incorrect payments to the petitioners, and that MassHealth's efforts to correct those errors through a "parallel system" were ineffective and continued to result in incorrect payments from October, 1997 through December, 2003. While a number of these petitioners had entered into settlements regarding payments for services provided from October, 1997 through December, 2000, the administrative appeals of all 60 petitioners involve payments for the period 2001 through 2003, and for some of those petitioners the appeals involve payments for the entire time period. Five of the 60 petitioners had filed complaints in Superior Court in 2005. The Superior Court actions were stayed in 2007 and remanded to BOH. The current BOH hearing began on November 6, 2008 and is ongoing. During the course of these proceedings, MassHealth agreed to rerun and reprice the disputed claims, the results of which may form the basis for a potential global settlement. Of the 60 petitioners that filed claims regarding incorrect payments from the former APG system, only five petitioners have proposed a specific written dollar settlement associated with those claims. The aggregate dollar settlement amount proposed by only those petitioners is approximately $10.4 million. The dollar amount associated with the claims made by the rest of the petitioners could be significantly more.

Home Depot U.S.A., Inc. v. Commissioner of Revenue, Appellate Tax Board. On or about October 13, 2011, Home Depot USA filed a withdrawal with prejudice at the Appellate Tax Board. The Commissioner retained the entire amount at issue.

Potential suit asserting a sales/use tax abatement claim. This matter involves a tax abatement claim in the amount of $21.8 million filed as a result of a class action suit against the taxpayer. This matter has not been filed with the Appellate Tax Board.

Potential suit asserting corporate excise/public utilities (M.G.L. c. 63) abatement claims. The taxpayer and related entities have filed amended returns/abatements seeking $96 million. This matter has not yet been filed with the Appellate Tax Board.

Slater et al. v. Harold W. Clarke et al., United States District Court, Washington, and United States Court of Appeals for the Ninth Circuit (interlocutory appeal). Plaintiffs in this civil suit seek damages and injunctive and declaratory relief from a number of Massachusetts defendants, including current or former employees of the Department of Correction, the Commonwealth Fusion Center, the Executive Office of Public Safety and Security, and the Worcester County District Attorney's Office, in connection with the murders of Beverly and Brian Mauck, in Washington State, by Daniel Tavares, a former Massachusetts inmate. Plaintiffs allege that Massachusetts officials improperly and prematurely released Tavares from Massachusetts custody and that, after Tavares fled to Washington State, Massachusetts officials failed to extradite Tavares, knowing that he posed a danger to Washington residents.

Plaintiffs voluntarily dismissed the suit against the former Commissioner of the Department of Correction, Harold W. Clarke. The remaining defendants moved to dismiss the complaint on the grounds of lack of personal jurisdiction, absolute prosecutorial immunity, qualified immunity, and failure to state a claim upon which relief may be granted. The court dismissed the case against William Lochrie, an employee of the Department of Correction Office of Investigative Services, for lack of personal jurisdiction. The court denied the motions to dismiss of the remaining defendants with respect to personal jurisdiction and absolute immunity. The court has yet to rule on the remaining issues raised in defendants' motions to dismiss. Defendants filed a notice of interlocutory appeal to the Ninth Circuit Court of Appeals on the issues of personal jurisdiction and absolute immunity. The appeal has been docketed and remains pending.

MISCELLANEOUS

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

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

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

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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

CONTINUING DISCLOSURE

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

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

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

AVAILABILITY OF OTHER FINANCIAL INFORMATION

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

THE COMMONWEALTH OF MASSACHUSETTS

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

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

January 9, 2012

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

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

EDWARDS
WILDMAN

EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

[Date of Delivery]

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

$171,145,000
The Commonwealth of Massachusetts
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth 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 excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. 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 regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS WILDMAN PALMER LLP

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

EDWARDS WILDMAN

EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

[Date of Delivery]

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

$291,705,000
The Commonwealth of Massachusetts
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)
(the "Bonds")
Dated Date of Delivery

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid general obligations of the Commonwealth and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of the Commonwealth 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 excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the Bonds to become

included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. 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 regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS WILDMAN PALMER LLP

The Commonwealth of Massachusetts

$171,145,000
General Obligation Refunding Bonds
(SIFMA Index Bonds)
2012 Series A

$291,705,000
General Obligation Bonds
Consolidated Loan of 2012, Series A
(SIFMA Index Bonds)

Continuing Disclosure Undertaking
[to be included in bond form]

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2012, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated March 15, 2011 (the "Information Statement"), as it appears as Appendix A in the Official Statement dated March 23, 2011 of the Commonwealth with respect to its $80,005,000 General Obligation Refunding Bonds, 2011 Series B and its $360,000,000 General Obligation Bonds, Consolidated Loan of 2011, Series A, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

	Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1.	Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUE AND EXPENDITURES – Statutory Basis Distribution of Budgetary Revenues and Expenditures"
2.	Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	"SELECTED FINANCIAL DATA – GAAP Basis"
3.	Summary presentation on a five-year comparative basis of lottery revenues and profits	"COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; *Lottery Revenues*"

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

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

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

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

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;[1/]

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

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

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

(vii) modifications to the rights of security holders, if material;

(viii) bond calls, if material;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds, if material;[2/]

(xi) rating changes;

(xii) tender offers;

(xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;[3/]

(xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xv) appointment of a successor or additional trustee or the change of name of a trustee, if material. [4/]

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

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

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

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

[4/] Not applicable to the Bonds.

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

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