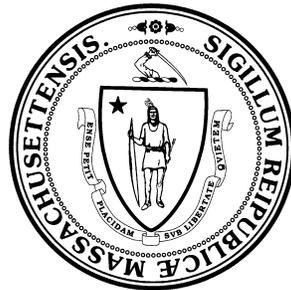


**THE  
COMMONWEALTH  
OF  
MASSACHUSETTS**



**INFORMATION STATEMENT SUPPLEMENT**

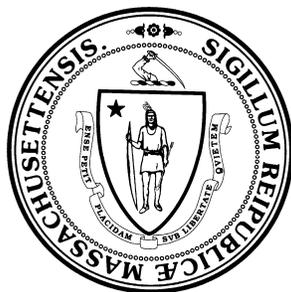
**Dated August 10, 2010**

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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**  
**Timothy P. Cahill ..... Treasurer and Receiver-General**  
**A. Joseph DeNucci..... Auditor**

**LEGISLATIVE OFFICERS**

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

**THE COMMONWEALTH OF MASSACHUSETTS**  
**INFORMATION STATEMENT SUPPLEMENT**

**August 10, 2010**

This supplement (“Supplement”) to the Information Statement of The Commonwealth of Massachusetts (the “Commonwealth”) dated June 8, 2010 (the “June Information Statement”) is dated August 10, 2010 and contains information which updates the information contained in the June Information Statement. The June Information Statement has been filed with the Municipal Securities Rulemaking Board. This Supplement and the June 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 August 10, 2010. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the June Information Statement.

The June Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information as of July 1, 2010, 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, 2009 and the Commonwealth’s Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2009. The Commonwealth’s independent auditor has not been engaged to perform, and has not performed, since the respective dates of its reports included herein, any procedures on the financial statements addressed in such reports, nor has said independent auditor performed any procedures relating to the official statement of which this Supplement is a part. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with the Municipal Securities Rulemaking Board. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on “Publications and Reports” and then “Financial Reports.”

**RECENT DEVELOPMENTS**

**Fiscal 2010**

To date the Governor has signed fiscal 2010 supplemental appropriations legislation totaling \$665.4 million. The majority of additional 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 (see the June Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Medicaid and the Commonwealth Care Trust Fund”), the state program that provides legal representation to indigent persons in criminal and civil court cases and the emergency family shelters program at the Department of Housing and Community Development. There were also other unanticipated costs, such as special elections and increased funding for snow and ice removal that required supplemental funding. The Governor has approved or filed supplemental appropriations to address these funding needs. On July 9, 2010, the Governor filed a final supplemental appropriations bill for fiscal 2010 that provides for net additional spending in the amount of \$28.5 million. This funding primarily addresses outstanding liabilities of the Commonwealth and there are sufficient resources available to cover these expenditures.

On July 16, 2010, the Department of Revenue announced preliminary tax revenue collections for June, 2010 and for fiscal 2010. Fiscal 2010 collections totaled \$18.539 billion, an increase of approximately \$280 million, or 1.5%, over fiscal 2009. The following table shows monthly tax collections for fiscal 2010 and the change from tax collections in the same months in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in fiscal 2010 that are dedicated to the Massachusetts Bay Transportation Authority (“MBTA”) and to the Massachusetts School Building Authority (“MSBA”).

**Fiscal 2010 Tax Collections (in millions)(1)**

<u>Month</u>	<u>Tax Collections</u>	<u>Change from Prior Year</u>	<u>Percentage Change</u>	<u>MBTA Portion (3)</u>	<u>MSBA Portion</u>	<u>Tax Collections: Net of MBTA and MSBA</u>
July	\$ 1,250.6	\$ (131.1)	(9.5)%	\$ 57.6	\$ 54.7	\$ 1,138.4
August	1,296.5	(12.7)	(1.0)	54.4	51.7	1,190.4
September	1,765.9	(333.6)	(15.9)	79.8	47.2	1,638.9
October	1,224.9	74.8	6.5	53.8	51.1	1,120.0
November	1,288.7	32.4	2.6	50.5	48.0	1,190.2
December	1,885.9	23.4	1.3	87.4	48.2	1,750.3
January	1,845.1	54.5	3.0	61.9	58.8	1,724.4
February	1,002.7	49.0	5.1	46.0	43.7	913.0
March	1,624.9	21.7	1.4	83.9	45.3	1,495.8
April	1,747.6	(31.6)	(1.8)	56.0	53.2	1,638.4
May	1,574.3	291.7	22.7	53.0	50.3	1,471.1
<u>June</u>	2,032.2	241.3	13.5	82.8	53.1	1,896.3
<b>Total (2)</b>	<b><u>\$ 18,539.2</u></b>	<b><u>\$ 279.9</u></b>	<b><u>1.5%</u></b>	<b><u>\$767.1</u></b>	<b><u>\$ 605.2</u></b>	<b><u>\$ 17,167.6</u></b>

SOURCE: Executive Office for Administration and Finance.

(1) Figures are preliminary.

(2) Totals may not add due to rounding.

(3) Includes adjustment of \$30.2 million on the account of the first quarter, \$36.7 million on the account of the second quarter, \$36.2 million on account of the third quarter and an anticipated \$26.9 million on account of the fourth quarter related to the inflation-adjusted floor applicable to tax receipts dedicated to the MBTA.

The tax revenue increase of \$279.9 million from fiscal 2009 is attributable in large part to an increase of approximately \$743 million, or 19.2%, in sales and use tax collections, an increase of approximately \$21 million, or 1.0%, in corporate and business collections, offset by a decrease of approximately \$473 million, or 4.5%, in income tax collections. The preliminary tax revenue figures from the Department of Revenue indicate that fiscal 2010 tax collections were \$79 million above the revised fiscal 2010 estimate of \$18.460 billion announced by the Secretary of Administration and Finance on January 7, 2010. See the June Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting.” Additional relatively minor adjustments to fiscal 2010 tax revenues are expected to be made by the Department of Revenue, the State Auditor and the Comptroller prior to October 31, 2010, when the Commonwealth is expected to issue its Statutory Basis Financial Report for fiscal 2010.

**Fiscal 2011**

On June 30, 2010 the Governor approved the fiscal 2011 budget, which totaled \$27.570 billion. The Governor vetoed approximately \$457 million from the budget that was enacted by the Legislature. Such vetoes included \$372 million of appropriations funded from additional federal Medicaid matching funds (FMAP) that were assumed in the budget, but which the United States Congress had not yet approved. (As described below, the FMAP extension legislation was subsequently approved.) A six-month extension of the enhanced FMAP rate was anticipated in the Governor’s fiscal 2011 budget proposals filed in January, as well as in both the House and Senate versions of the budget. See the June Information Statement under the heading “FISCAL 2010 AND FISCAL 2011 – Fiscal 2011 Budget Proposals.” In addition, the budget enacted by the Legislature included \$54 million in anticipated federal assistance for needy families that has not yet been approved by Congress. The budget enacted by the Legislature also included approximately \$17 million in Lottery revenues in excess of revenue projections given by the State Lottery Commission. The Governor has vetoed certain funding in the fiscal 2011 budget to solve for these anticipated exposures.

The fiscal 2011 budget includes a \$100 million withdrawal from the Stabilization Fund, the use of fiscal 2011 interest earnings on the Stabilization Fund and an additional \$95 million in savings by suspending the statutory carryover of the General Fund balance into the next fiscal year. Taking all that into account, the Stabilization Fund is

projected to have a \$556 million balance at the end of fiscal 2011. The fiscal 2011 budget also relies on \$809 million in remaining available federal funds under the American Recovery and Reinvestment Act of 2009.

On August 10, 2010, the President signed a \$26 billion state-aid package that would provide additional federal funding to the states for Medicaid and teachers' pay. This measure extends the FMAP rate originally set to expire December 31, 2010 to June 30, 2011, which is expected to provide approximately \$463 million in additional Medicaid reimbursement to the Commonwealth. The state-aid package is also expected to provide approximately \$205 million to the Commonwealth to retain or hire teachers at local school districts.

Notwithstanding the passage of the federal legislation, departments may need to make significant reductions to programs and services below levels that were contemplated in the original budget proposals of the Governor, the House and the Senate. These spending reductions and continued case-load-driven pressures in programs and services like the MassHealth program, emergency family shelters and other safety-net programs may require departments and agencies to manage over \$1 billion in spending reductions and potential exposures during fiscal 2011. State departments and agencies have prepared implementation plans detailing the necessary steps that each department or agency might need to take to manage their fiscal 2011 programs and services, generally at reduced funding levels from the previous fiscal year. These plans will inform the Executive Office for Administration and Finance and the Governor's office of layoffs or regulatory, statutory or other changes that may be required for departments and agencies to operate at reduced funding. The Executive Office for Administration and Finance is currently reviewing the submitted plans with the respective state department or agency. Ultimately, any decision on how to allocate the \$463 million in additional Medicaid reimbursements will affect departments' implementation plans relative to the \$1 billion in spending reductions and exposure to which they are managing.

On August 5, 2010, the Governor signed into law legislation relating to economic development that includes four sets of provisions affecting tax revenues:

- The legislation extends the net operating loss carry-forward period for specified categories of taxpayers (generally including business corporations but not financial institutions or utility corporations) filing under the corporate excise tax from five years to 20 years, for losses sustained in tax years beginning in calendar year 2010. The Department of Revenue estimates that the static revenue loss under this provision will be approximately \$4.7 million in fiscal 2016, \$12.6 million in fiscal 2017, \$19.8 million in fiscal 2018, \$25.5 million in fiscal 2019, and \$30.3 million in fiscal 2020. The Department of Revenue estimates that the static revenue loss under this provision will increase annually until the tax law change is fully phased in by fiscal 2031, at which point the annual revenue loss will be approximately \$92.2 million.
- The legislation institutes a reduced 3% capital gains tax rate under the individual income tax for sale of investments in certain Massachusetts-based start-ups. The new rate takes effect for tax years beginning on or after January 1, 2011 with respect to investments in corporations incorporated on or after January 1, 2011, but a three-year holding period is required. The Department of Revenue estimates that this provision will result in a static revenue loss of \$0.1 million in fiscal 2014, \$0.7 million in fiscal 2015, \$2.3 million in fiscal 2016, \$4.0 million in fiscal 2017, and \$5.7 million in fiscal 2018. The Department of Revenue estimates that the static revenue loss under this provision will increase annually until fiscal 2022, at which point the annual revenue loss will be approximately \$13.5 million.
- The legislation provides for the exclusion of income of a non-U.S. corporation from a "water's edge" combined report under the corporate excise tax if the income is not subject to U.S. federal income tax by reason of an exemption in a federal bi-lateral treaty, effective for tax years beginning January 1, 2009. Other income of a non-U.S. corporation that is derived from U.S. sources (as well as income effectively connected with a U.S. trade or business) would continue to be included in the combined group's Massachusetts income tax base in accordance with the combined reporting statute and regulations, including in situations where a federal treaty reduces the federal tax rate on such income but does not completely exempt the income from tax. The Department of Revenue estimates that this provision will result in a revenue reduction or revenue forgone of up to approximately \$28 million annually, with a potentially larger revenue loss in fiscal 2011 due to the retroactive nature of the change. See the June Information Statement under the heading "COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes – Corporate Tax Reform."

- The legislation establishes a sales tax holiday on August 14-15, 2010. All non-business retail sales of \$2,500 or less are exempt from the Massachusetts sales tax, excluding telecommunications services, motor vehicles, meals, utilities, motor boats, and tobacco products. The Department of Revenue estimates that the sales tax holiday will result in a static revenue loss of approximately \$20 million in fiscal 2011. See the June Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes – *Sales and Use Tax*.”

Preliminary tax revenues for the first month of fiscal 2011, ended July 31, 2010, totaled \$1.353 billion, an increase of approximately \$103 million, or 8.2%, over the same month in fiscal 2010. The following table shows the tax collections for the first month of fiscal 2011 and the change from tax collections in the same month in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in the same month that are dedicated to the MBTA and the MSBA.

#### Fiscal 2011 Tax Collections (in millions)(1)

<u>Month</u>	<u>Tax Collections</u>	<u>Change from Prior Year</u>	<u>Percentage Change</u>	<u>MBTA Portion</u>	<u>MSBA Portion</u>	<u>Tax Collections: Net of MBTA and MSBA</u>
July	\$1,353.3	\$102.7	8.2%	\$60.3	\$60.3	\$1,232.6

SOURCE: Executive Office for Administration and Finance.

(1) Figures are preliminary.

The tax revenue increase of \$102.7 million in July from the same month in fiscal 2010 is attributable in large part to an increase of approximately \$20.8 million, or 3.0%, in income tax collections and an increase of approximately \$105.7 million, or 30.7%, in sales and use tax collections. Preliminary July tax collections were \$79 million above the July benchmark estimate, which is based on the fiscal 2011 consensus tax revenue estimate of \$19.098 billion (which is equal to the \$19.050 billion consensus estimate plus \$48 million in fiscal 2011 tax initiatives authorized in the fiscal 2011 general appropriations act). See the June Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – Tax Revenue Forecasting; *Fiscal 2011*.”

#### Cash Flow

Fiscal 2010 ended with an overall increase in the non-segregated cash balance from \$805.3 million to \$844.2 million, as compared to a projection of \$860.2 million in the June 3, 2010 cash flow forecast. See the June Information Statement under the heading “FISCAL 2010 AND FISCAL 2011 – Cash Flow.”

The Commonwealth expects to sell fixed-rate revenue anticipation notes as part of its annual cash flow borrowing in August 2010.

### COMMONWEALTH REVENUES AND EXPENDITURES

#### State Taxes

The proponents of the initiative petitions to remove the sales tax on alcoholic beverages and to reduce the sales and use tax rates to 3% collected sufficient signatures to place both petitions on the November, 2010 ballot. See the June Information Statement under the heading “COMMONWEALTH REVENUES AND EXPENDITURES – State Taxes; *Sales and Use Tax*.”

## LONG-TERM LIABILITIES

### Contingent Liabilities

*Massachusetts Health and Educational Facilities Authority.* On August 10, 2010, the Governor approved legislation, effective October 1, 2010, that authorizes the Massachusetts Health and Educational Facilities Authority (“HEFA”) to issue bonds for the benefit of nonprofit community hospitals and nonprofit community health centers. Such bonds would be secured by capital reserve funds funded at the time of bond issuance in an amount equal to maximum annual debt service on the bonds. The legislation provides that the Authority is to notify the Governor if any such capital reserve fund needs to be replenished, and that the Legislature is to appropriate the amount necessary to restore the fund to its required level. The legislation contains no limit on the amount of such bonds that may be issued. Any project to be financed by such bonds must be approved by the Secretary of Health and Human Services, and any loan to a community hospital or community health center (and the issuance and terms of the related bonds) must be approved by the Secretary of Administration and Finance. If any such institution defaults on a loan, any moneys in the custody of the Commonwealth that are payable to the institution may be withheld by the Commonwealth and used to pay debt service or to replenish the applicable capital reserve fund. If, following a Commonwealth transfer to replenish a capital reserve fund, the applicable institution fails to reimburse the Commonwealth within six months, the Commonwealth may withhold funds payable to the institution, and all contracts issued by the Group Insurance Commission, the Commonwealth Health Insurance Connector Authority and MassHealth to a third party for the purposes of providing health care insurance paid for by the Commonwealth are to provide that the third party is to withhold payments to the institution and transfer the withheld amounts to the Commonwealth. If, following a Commonwealth transfer to replenish a capital reserve fund, the Commonwealth has not been fully reimbursed within one year, HEFA would be required to reimburse the Commonwealth according to a schedule to be determined by the Secretary of Administration and Finance.

## LEGAL MATTERS

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

*Rosie D., et al. v. The Governor,* United States District Court, Western Division. In a memorandum of decision dated January 26, 2006, the District Court ruled in favor of a class of Medicaid-recipient children that the Commonwealth fails to provide the home- and community-based services required under the Early and Periodic Screening, Diagnosis and Treatment (“EPSDT”) provisions of the Medicaid Act. In February 2007, the District Court adopted the defendants’ proposed remedial plan, with some modifications, and, in July 2007, entered judgment in accordance with that plan, as modified. The Commonwealth did not appeal from that judgment and has begun implementation of its remedial plan. The plan originally contemplated full implementation by June 30, 2009, but, on the Commonwealth’s motion, the court modified the judgment to extend the date for full implementation to November 30, 2009. In January 2009, the Court allowed plaintiffs’ motion for \$7 million in legal fees. The cost of implementation is likely to exceed \$20 million annually beginning in fiscal 2009. Although in fiscal 2009 the Commonwealth paid the plaintiffs’ attorneys approximately \$7.1 million in court-approved fees, plaintiffs are entitled to submit additional petitions for recovery of attorneys’ fees incurred post-judgment (*e.g.*, for monitoring activity), through the end of the remedial plan implementation period (July, 2012). In late May 2010, plaintiffs moved the court for payment of approximately \$1.48 million in attorneys’ fees for monitoring the implementation of the judgment during the period from January 1, 2007, through June 30, 2009. Defendants’ counsel has filed an objection to approximately \$250,000 of the fees requested.

*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 filed suit in July 2009 claiming that they are owed at least \$120.9 million in additional payments by the Commonwealth’s Medicaid program for fiscal 2009. Plaintiffs allege that the Commonwealth was obligated to set higher Medicaid reimbursement rates for services provided to Medicaid clients by the Boston Medical Center hospital and managed care organization entities. Defendant filed an Answer denying all claims. A hearing on the Defendant’s motion to dismiss all claims is scheduled for September 29, 2010.

*Holyoke Medical Center, Inc., et al. v. Secretary of the Executive Office of Health & Human Services*, Suffolk Superior Court. Six community hospitals that mainly serve patients covered by state and federal public insurance plans filed suit in December 2009 claiming that they are owed at least \$115.9 million by the Commonwealth's Medicaid program. Plaintiffs allege that the Commonwealth was obligated to set higher Medicaid reimbursement rates for services provided to Medicaid clients by the six plaintiff hospitals. A hearing on the Defendant's motion to dismiss all claims is scheduled for October 14, 2010.

*Carol Surprenant v. Massachusetts Turnpike Authority, Massachusetts Port Authority, and Massachusetts Department of Transportation*. United States District Court. Plaintiff originally sued the Massachusetts Turnpike Authority (MTA) and the Massachusetts Port Authority (MassPort) on behalf of a purported "class" consisting of all toll-payers at the Tobin Memorial Bridge and the Sumner and Ted Williams Tunnels who use E-Z Pass or Fast Lane transponders but do not qualify for the so-called "Resident Discount Programs." The plaintiff claims that the "Resident Discount Programs" are unconstitutional. The MTA and MassPort filed a motion to dismiss the complaint. On March 4, 2010, the court allowed, in part, their motion to dismiss under the federal Privileges and Immunities Clause and denied it, in part, as to the claim under the federal Commerce Clause. The Court authorized a 90 day period for discovery, followed by supplemental briefing. On April 5, 2010, plaintiff filed her first amended complaint, adding the Massachusetts Department of Transportation ("MassDOT") as a defendant. MassDOT answered the amended complaint by denying all claims, and by asserting that the claims against it are barred by the Commonwealth's sovereign immunity, and by the fact that neither the Commonwealth nor MassDOT is subject to suit under 42 U.S.C. § 1983. Discovery in this matter is ongoing.

*Perini Corp., Kiewit Constr. Corp., Jay Cashman, Inc., d/b/a Perini - 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 \$130 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 \$55 million on claims of \$73.8 million. Those decisions are now the subject of further court proceedings. Plaintiffs also still have in excess of \$60 million in claims pending.

*TJX Companies v. Commissioner of Revenue ("TJX II")*, Appeals Court. In *TJX II*, the taxpayer challenged a tax liability of approximately \$18 million (including interest) arising from the Commissioner's disallowance of deductions for various royalty payments and interest taken in connection with transactions between several subsidiaries of the taxpayer. The Appellate Tax Board decided *TJX II* in favor of the Commissioner, and the taxpayer appealed. The Appeals Court affirmed the decision of the Appellate Tax Board in an unpublished decision dated July 23, 2010.

## 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 June 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 June 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 June 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 June 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 June 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 June 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 June Information Statement or this Supplement or requests for additional information concerning the Commonwealth should be directed to Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-3900, or to Karol Ostberg, Director of Capital Finance, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to the June 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/ Timothy P. Cahill  
Timothy P. Cahill  
Treasurer and Receiver-General

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

August 10, 2010

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