

NEW MONEY ISSUE - BOOK-ENTRY-ONLY

Nixon Peabody LLP, Bond Counsel, is of the opinion that interest on the Bonds (as defined herein) is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. See, however, "TAX MATTERS" herein for a description of certain other tax considerations.

THE COMMONWEALTH OF MASSACHUSETTS



\$358,000,000

General Obligation Bonds

Consolidated Loan of 2010, Series D

(Federally Taxable - Build America Bonds - Direct Pay to Issuer)

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 date of delivery and interest will be payable on February 1, 2011 and semiannually thereafter on August 1 and February 1, calculated on the basis of a 360-day year of twelve 30-day months. The Bonds 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 original purchasers, and subject to the unqualified approving opinion as to legality of Nixon Peabody LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Commonwealth by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel. Settlement of the issue is expected at DTC in New York, New York, on or about August 26, 2010.

August 18, 2010

THE COMMONWEALTH OF MASSACHUSETTS

\$358,000,000

General Obligation Bonds

Consolidated Loan of 2010, Series D

(Federally Taxable - Build America Bonds - Direct Pay to Issuer)

Dated: Date of Delivery

Due: August 1, as shown below

\$358,000,000 4.50% Term Bonds Due August 1, 2031 to Price 100% - CUSIP Number* : 57582PWH9

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No dealer, broker, salesperson or other person has been authorized by The Commonwealth of Massachusetts or the original purchasers 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 original purchasers 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.

No action has been taken by the Commonwealth that would permit a public offering of the Bonds or possession or distribution of the Preliminary Official Statement or any other offering material in any jurisdiction outside the United States where action for that purpose is required. Accordingly, the Notice of Sale referenced herein provides that the Bonds may not be re-offered outside the United States unless arrangements are made with the Commonwealth prior to bidding. The successful bidder will be required to agree that it will not offer, sell or distribute any Bonds in a jurisdiction outside the United States unless such bidder has complied with all applicable laws and regulations in force in such jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Preliminary Official Statement or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Bonds under the laws and regulations in force in any foreign jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Commonwealth shall have no responsibility therefor.

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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

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

\$358,000,000

General Obligation Bonds

Consolidated Loan of 2010, Series D

(Federally Taxable - Build America Bonds - Direct Pay to Issuer)

INTRODUCTION

This Official Statement (including the cover page and Appendices A through D attached hereto) provides certain information in connection with the issuance by The Commonwealth of Massachusetts (the "Commonwealth") of its General Obligation Bonds, Consolidated Loan of 2010, Series D (Federally Taxable – Build America Bonds – Direct Pay to Issuer) (the "Bonds"), in the aggregate principal amount of \$358,000,000. The Bonds will be general obligations of the Commonwealth, and the full faith and credit of the Commonwealth will be pledged to the payment of the principal of and interest on the Bonds. However, for information regarding certain statutory limits on state tax revenue growth and expenditures for debt service, see "SECURITY FOR THE BONDS" and the Commonwealth Information Statement (described below) under the headings "COMMONWEALTH REVENUES AND EXPENDITURES – Limitations on Tax Revenues" and "LONG-TERM LIABILITIES – General Authority to Borrow; Limit on Debt Service Appropriations."

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

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through D. 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 June 8, 2010 (the "June Information Statement"), as it appears as Appendix A in the Official Statement dated June 21, 2010 of the Commonwealth with respect to its \$250,000,000 General Obligation Bonds, Consolidated Loan of 2010, Series B (the "June Official Statement"). A copy of the June 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 June Information Statement has been supplemented by the Commonwealth's Information Statement Supplement dated August 10, 2010 (the "August Supplement"), which is attached hereto as Appendix A. The June Information Statement and the August Supplement are referred to herein collectively as 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. Exhibits B and C to the Information Statement contain the financial statements of the Commonwealth for the fiscal year ended June 30, 2009, prepared on a statutory basis and on a GAAP basis, respectively. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with EMMA. The financial statements are also available at the website of the Comptroller of the Commonwealth.

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

Build America Bonds

The Commonwealth intends to elect to treat the Bonds as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (“ARRA”) and to receive a cash subsidy from the United States Treasury (“Interest Subsidy Payments”) in connection therewith. As a result of such elections, interest on the Bonds will be included in the gross income of holders thereof for federal income tax purposes, and the holders will not be entitled to any federal tax credits as to Build America Bonds in connection with their holding of Bonds. Pursuant to ARRA, the Commonwealth will be entitled to receive Interest Subsidy Payments equal to 35% of the interest payable on the Bonds, provided the Commonwealth makes certain required filings in accordance with applicable federal rules pertaining to the Interest Subsidy Payments. Such Interest Subsidy Payments received by the Commonwealth are not pledged to pay the Bonds, nor is their receipt a condition of payment of any portion of the Bonds. Federal tax law imposes certain requirements for qualification of the Bonds as Build America Bonds, including that interest on such Bonds would be, but for the Commonwealth’s election, excludable from gross income for federal income tax purposes. There can be no assurance that the Bonds will qualify as Build America Bonds nor as to the receipt, or timing of receipt, of Interest Subsidy Payments. The Commonwealth is obligated to make payments of the principal of and interest on the Bonds whether or not it receives Interest Subsidy Payments.

THE BONDS

General

The Bonds will mature on August 1 in the years and in the aggregate principal amounts, and shall bear interest at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months), as set forth on the inside cover page of this Official Statement. The Bonds will be dated their date of delivery and will bear interest from such date. Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2011, until the principal amount is paid. The Commonwealth will act as its own paying agent with respect to the Bonds. The Commonwealth reserves the right to appoint from time to time a paying agent or agents or bond registrar for the Bonds.

Book-Entry-Only System. The Bonds will be issued by means of a book-entry-only system, with one bond certificate for each maturity 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.”

Redemption

Optional Redemption with Make-Whole Payment.

The Bonds will be subject to redemption on any date prior to their stated maturity date at the option of the Commonwealth, in whole or in part (on a pro rata basis as described below), at any time, at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points,

plus accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption. For the purpose of determining the Treasury Rate, the following definitions will apply:

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the applicable Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Bond, (a) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the Commonwealth.

“Reference Treasury Dealer” means each of not less than four firms, specified by the Commonwealth from time to time, that are primary U.S. Government securities dealers in the City of New York (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Commonwealth shall substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, at least two business days but not more than 45 calendar days preceding such redemption date.

“Remaining Scheduled Payments” means, with respect to the Bonds of each maturity to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due assuming such Bonds were not so optionally redeemed but, however, giving effect to any mandatory sinking fund installments applicable to such Bonds; provided, however, that, if such redemption date is not an interest payment date with respect to the Bonds, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

Extraordinary Optional Redemption of Bonds.

The Bonds will be subject to extraordinary optional redemption prior to maturity, at the option of the Commonwealth, upon the occurrence of an Extraordinary Event (defined below), in whole or in part (on a pro rata basis as described below), at any time, at the “Extraordinary Redemption Price.” The Extraordinary Redemption Price is equal to the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed to the maturity date of such Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semiannual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate plus 100 basis points, plus accrued interest on the Bonds to be redeemed to the redemption date.

An “Extraordinary Event” will have occurred if the Commonwealth determines that a material adverse change has occurred to section 54AA or section 6431 of the Internal Revenue Code of 1986 (the “Code”) (as in effect on the date of issuance of the Bonds) or there is any guidance published by the Internal Revenue Service or the Department of the Treasury with respect to such sections of the Code or any other determination by the Internal Revenue Service or the Department of the United States Treasury, which determination is not the result of an act or omission by the Commonwealth to satisfy the requirements to receive the Interest Subsidy Payments, pursuant to which the Interest Subsidy Payments are eliminated or reduced below 35% of the amount of interest payable on the Bonds.

Mandatory Sinking Fund Redemption of Bonds.

The Bonds are subject to mandatory sinking fund redemption on a pro rata basis, as described below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date specified for redemption on such dates as set forth in the following table, in the principal amount specified on each such date:

\$358,000,000 4.50% Term Bonds Due August 1, 2031

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$15,000,000	2030	\$216,000,000
2029	85,000,000	2031†	42,000,000

† Stated Maturity.

In the event that any Bonds shall be redeemed at the option of the Commonwealth, an amount equal to the principal amount of the Bonds so redeemed shall be credited on a pro rata basis, as nearly as practicable, toward any remaining sinking fund installment.

Notice of Redemption.

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

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

Pro Rata Redemption of the Bonds.

If the Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Bonds, partial redemptions will be done in accordance with DTC procedures. It is the Commonwealth’s intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Commonwealth and the beneficial owners be made in accordance with these same proportional provisions. However, the Commonwealth can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners on such a proportional basis.

If the Bonds are not registered in book-entry-only form, any redemption of less than all of the Bonds of any maturity will be allocated among the registered owners of such Bonds as nearly as practicable in proportion to the principal amounts of the Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the Bonds. This will be calculated based on the formula:

(principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular Bonds to be redeemed will be determined by the Commonwealth, using such method as it deems fair and appropriate.

Application of Proceeds of the Bonds

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

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

SECURITY FOR THE BONDS

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

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the Bonds, and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires a legislative appropriation. Enforcement of a claim for payment of principal or interest on the Bonds may also be subject to the provisions of federal or state statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as the same may be constitutionally applied. The United States Bankruptcy Code is not applicable to the Commonwealth. Under Massachusetts law, the Bonds have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code. The Bonds are not subject to acceleration.

LITIGATION

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

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

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

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

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

RATINGS

The Bonds have been assigned 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.

COMPETITIVE SALE OF BONDS

After competitive, electronic bidding on August 18, 2010, the Bonds were awarded by the Commonwealth to Citigroup Global Markets Inc., as purchaser. The purchaser of the Bonds has supplied the information as to the public reoffering price of the Bonds set forth on the inside cover hereof. If all of the Bonds were resold to the public at such price, the purchaser of the Bonds has informed the Commonwealth that its total compensation is expected to be \$1,503,600.00. The purchaser of the Bonds may change the public offering prices from time to time.

TAX MATTERS

IRS Circular 230 Notice

The advice under this caption "TAX MATTERS" concerning certain income tax consequences of the acquisition, ownership and disposition of the Bonds was written to support the promotion or marketing of the Bonds. To ensure compliance with requirements imposed by the IRS, Nixon Peabody LLP, Bond Counsel ("Bond Counsel"), informs prospective investors that (i) any Federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by Bond Counsel to the Commonwealth is not intended to be used, and cannot be used, by any bondowner, for the purpose of avoiding penalties that may be imposed on the bondowner under the Code, and (ii) each bondowner should seek advice based on the bondowner's particular circumstances from an independent tax advisor.

Build America Bonds

The Bonds will be issued as "Build America Bonds" and the Commonwealth will elect to receive cash subsidy payments from the U.S. Treasury equal to 35 percent of the interest payable by the Commonwealth on the Bonds. Under no circumstances will the owners of the Bonds be entitled to a credit against the taxes imposed by the Code with respect to such bonds or the interest thereon.

General

The following is a summary of certain anticipated United States Federal income tax consequences of the purchase, ownership and disposition of the Bonds. The summary is based upon the provisions of the Code,

the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Bonds held as capital assets and does not purport to address all aspects of Federal income taxation that may affect particular investors in the light of their individual circumstances or certain types of investors subject to special treatment under the Federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Bonds as a hedge against currency risks or as a position in a “straddle” for tax purposes, or persons whose functional currency is not the United States dollar. Bond Counsel will render its opinion upon issuance of the Bonds in substantially the form attached hereto as Appendix B. Potential purchasers of the Bonds should consult their own tax advisors in determining the Federal, state or local tax consequences to them of the purchase, holding and disposition of the Bonds.

In the opinion of Bond Counsel, interest on the Bonds is not excluded from gross income for Federal income tax purposes and will be fully subject to Federal income taxation. Purchasers other than those who purchase the Bonds in the initial offering at their principal amounts will be subject to Federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Bonds. In general, interest paid on the Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and after adjustment for the foregoing principal payments will be treated as a return of capital.

In all events, purchasers of the Bonds should consult their own tax advisers regarding such matters.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Bonds issued with original issue discount (“Discount Bonds”). A Bond will be treated as having been issued at an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity.

A Bond’s “stated redemption price at maturity” is the total of all payments provided by the Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Bond for each day during the taxable year in which such holder held such Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Bond that were not qualified stated interest payments. Under these rules, holders will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount,

market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

Any owner who purchases a Bond at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Bond as ordinary income to the extent of any remaining accrued market discount (described under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

An owner of a Bond who acquires such Bond at a market discount also may be required to defer, until the maturity date of such Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such Bond in excess of the aggregate amount of interest includable in such owner's gross income for the taxable year with respect to such Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Bond for the days during the taxable year on which the owner held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondowner elects to include such market discount in income currently as described above.

Bond Premium

A purchaser of a Bond who purchases such Bond at a cost greater than its then principal amount (or, in the case of a Bond issued with original issue premium, at a price in excess of its adjusted issue price) will have amortizable bond premium. If the holder elects to amortize the premium under Section 171 of the Code (which election will apply to all bonds held by the holder on the first day of the taxable year to which the election applies, and to all bonds thereafter acquired by the holder), such a purchaser must amortize the premium using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Different rules apply to Bonds that are acquired with "acquisition premium" (that is, at a price generally in excess of the Bond's adjusted issue price). Purchasers of any Bonds who acquire such Bonds at a premium (or with acquisition premium) should consult with their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Sale or Redemption of Bonds

A bondowner's tax basis for a Bond is the price such owner pays for the Bond plus the amount of any market discount previously included in income and reduced on account of any payments received (other than payments of "qualified stated interest"). Gain or loss recognized on a sale, exchange or redemption of a Bond,

measured by the difference between the amount realized and the Bond basis as so adjusted, will generally give rise to capital gain or loss if the Bond is held as a capital asset (except as discussed under “– Market Discount” above). The legal defeasance of the Bonds may result in a deemed sale or exchange of such Bonds under certain circumstances, would result in the owners recognizing taxable gain or loss. Owners of the Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding

A bondowner may, under certain circumstances, be subject to “backup withholding” with respect to interest on the Bonds. Currently, the rate is 28 percent (although the rate may change in the future). This withholding generally applies if the owner of a Bond (a) fails to furnish the payor with its taxpayer identification number; (b) furnishes the payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other “reportable payments” as defined in the Code; or (d) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Non-U.S. Holders. Owners of the Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

Non-U.S. Holders

The following discussion addresses only “Non-U.S. Holders,” that is, beneficial owners of Bonds that are not U.S. Holders. For these purposes, “U.S. Holders” are beneficial owners of Bonds that are, for U.S. federal income tax purposes: (1) individual citizens or residents of the United States, (2) corporations or other business entities organized under the laws of the United States, any state thereof, or the District of Columbia, (3) estates with income subject to United States federal income tax regardless of its source or (4) trusts subject to primary supervision by a United States court and for which “United States persons” (within the meaning of the Code) control all substantial decisions, and certain other trusts that elect to be treated as United States persons.

General. Except for the possible application of U.S. federal withholding tax (as described below) and backup withholding (as described below), Non-U.S. Holders generally will not be subject to U.S. federal income tax on payments of principal of or interest on the Bonds, or on any gain realized from (or accrued interest, if any, treated as received in connection with) the sale, redemption, retirement at maturity or other disposition of the Bonds unless: (1) in the case of interest payments or disposition proceeds representing accrued interest, the Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exception described below (and the Non-U.S. Holder’s U.S. federal income tax liability has not otherwise been fully satisfied through the U.S. federal withholding tax, as described above), (2) in the case of gain, the Non-U.S. Holder is an individual who is present in the United States for 183 or more days during the taxable year of the disposition, such gain is derived from sources within the United States and certain other specific conditions are met (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by United States source capital losses, generally will be subject to a flat 30 percent U.S. federal income tax, even though the disposing Non-U.S. Holder is not considered a resident alien under the Code), or (3) the interest or gain is effectively connected with the Non-U.S. Holder’s conduct of a United States trade or business and, if required by an applicable income tax treaty, is attributable to a United States “permanent establishment” maintained by the Non-U.S. Holder (in which case (x) the interest or gain generally will be subject to U.S. federal income tax on a net basis at the regular graduated rates and in the manner applicable to a U.S. Holder and (y) a “branch profits tax” may be imposed at a 30 percent rate, or a lower rate under an applicable income tax treaty, on a non-U.S. corporation that has earnings and profits that are effectively connected with the conduct of a trade or business in the United States).

Portfolio Interest. A Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on payments of principal or interest on a Bond, under the “portfolio interest exception” of the Code provided that: (1) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code, (2) such interest is not effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the United States, and (3) the Non-U.S. Holder provides a signed written statement, on an Internal Revenue Service Form

W-8BEN (or other applicable form) which can reliably be related to the Non-U.S. Holder, certifying under penalties of perjury that such Non-U.S. Holder is not a United States person within the meaning of the Code and providing the Non-U.S. Holder's name and address to (x) the issuer or the applicable paying agent or (y) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds Bonds on behalf of the Non-U.S. Holder and that certifies to the issuer or the applicable paying agent under penalties of perjury that it, or the bank or financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a signed, written statement and provides the issuer or the applicable paying agent with a copy of this statement.

Effectively Connected Income. If a Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exception, payments of interest made to such Non-U.S. Holder will be subject to 30 percent U.S. federal withholding tax unless the Non-U.S. Holder provides a properly executed (1) Internal Revenue Service Form W-8ECI (or other applicable form) stating that interest paid on the Bonds is not subject to U.S. federal withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States, or (2) Internal Revenue Service Form W-8BEN (or other applicable form) claiming an exemption from or reduction in U.S. federal withholding tax under an applicable income tax treaty.

Backup Withholding. In addition, backup withholding may apply as explained above unless the Non-U.S. Holder of a Bond provides to the applicable withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a credit against the Non U.S. Holder's actual U.S. federal income tax liability or in some circumstances may be refunded to such Non-U.S. Holder.

ERISA

The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bonds.

State Taxes

For Massachusetts income tax purposes, Massachusetts gross income is federal gross income generally as described under the Code, with certain modifications. As a result, in general, federally taxable interest on obligations of the Commonwealth is also taxable for purposes of the Massachusetts personal income tax. However, as described above, the Commonwealth intends to issue the Bonds as "Build America Bonds" under ARRA. Section 1531(d) of ARRA provides, in part, as follows:

"Except as otherwise provided by a State after the date of enactment of [ARRA], the interest on any build America bond (as defined in Section 54AA of [the Code], as added by this section)...shall be treated for purposes of the income tax laws of such State as being exempt from Federal income tax."

To date, the Commonwealth has not taken any action with respect to the Massachusetts personal income tax status of interest on any Build America Bond and accordingly, Bond Counsel is further of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Prospective purchasers of the Bonds should be aware that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon is 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 under the laws of any state other than Massachusetts.

OPINION OF COUNSEL

The unqualified approving opinion as to the legality of the Bonds will be rendered by Nixon Peabody LLP, of Boston, Massachusetts, Bond Counsel to the Commonwealth. The proposed form of the opinion of Bond Counsel relating to the Bonds is 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.

CONTINUING DISCLOSURE

In order to assist the successful bidder of the Bonds 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 Karol D. Ostberg, Director of Capital Finance, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to this Official Statement and the Bonds should be directed to Peter S. Johnson, Nixon Peabody LLP, 100 Summer Street, Boston, Massachusetts 02110, telephone (617) 345-1021.

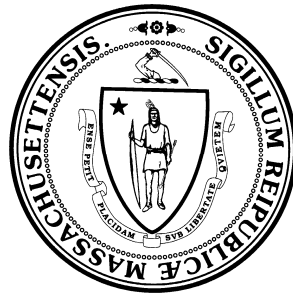
THE COMMONWEALTH OF MASSACHUSETTS

By /s/ Timothy P. Cahill
Timothy P. Cahill
Treasurer and Receiver-General

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

August 18, 2010

**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

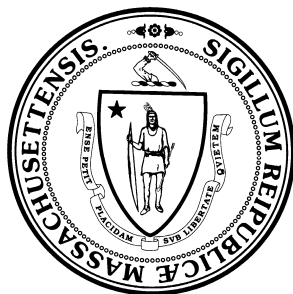
Dated August 10, 2010

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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
Total (2)	<u>\$ 18,539.2</u>	<u>\$ 279.9</u>	<u>1.5%</u>	<u>\$767.1</u>	<u>\$ 605.2</u>	<u>\$ \$17,167.6</u>

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

4991452v.5

APPENDIX B

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

[Date of Delivery]

The Honorable Timothy P. Cahill
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

The Commonwealth of Massachusetts
General Obligation Bonds,
Consolidate Loan of 2010, Series D
(Federally Taxable – Build America Bonds – Direct Pay to Issuer)
dated August 26, 2010

We have acted as Bond Counsel to The Commonwealth of Massachusetts in connection with the issuance by the Commonwealth of \$358,000,000 aggregate principal amount of General Obligation Bonds, Consolidated Loan of 2010, Series D (Federally Taxable – Build America Bonds – Direct Pay to Issuer) dated August 26, 2010 (the “Bonds”).

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

1. The Bonds are valid and binding general obligations of The Commonwealth of Massachusetts and the full faith and credit of the Commonwealth are pledged for the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the General Laws of The Commonwealth of Massachusetts establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit. It should further be noted that Chapter 29, Section 60B, 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.

2. Interest on the Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and will be fully subject to Federal income taxation. This opinion is not intended or provided by Bond Counsel to be used and cannot be used by an owner of the Bonds for the purpose of avoiding penalties that may be imposed on the owner of the Bonds. The opinions set forth herein are provided to support the promotion or marketing of such Bonds. Each owner of the Bonds should seek advice based on its particular circumstances from an independent tax advisor.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. This opinion is based, in part, on Section 1531(d)

of the American Recovery and Reinvestment Act of 2009. 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.

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

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

NIXON PEABODY LLP

The Commonwealth of Massachusetts

\$358,000,000

General Obligation Bonds

Consolidated Loan of 2010, Series D

(Federally Taxable - Build America Bonds - Direct Pay to Issuer)

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, 2010, (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 June 8, 2010 (the “Information Statement”), as it appears as Appendix A in the Official Statement dated June 21, 2010 of the Commonwealth with respect to its \$250,000,000 General Obligation Bonds, Consolidated Loan of 2010, Series B, which Official Statement has been filed with EMMA, and substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	“COMMONWEALTH BUDGET AND FINANCIAL MANAGEMENT CONTROLS - Statutory Basis Distribution of Budgetary Revenues and Expenditures”
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	“SELECTED FINANCIAL DATA - GAAP Basis”
3. 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”
4. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	“COMMONWEALTH REVENUES AND EXPENDITURES – Employee Benefits; <i>Pension</i> ”
5. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	“STATE WORKFORCE”

Financial Information and Operating Data Category		Reference to Information Statement for Level of Detail
6.	Five-year summary presentation of actual capital project expenditures	“COMMONWEALTH CAPITAL INVESTMENT PLAN”
7.	Statement of Commonwealth debt and debt related to general obligation contract liabilities as of the end of the prior fiscal year	“LONG-TERM LIABILITIES – Outstanding Long Term Commonwealth Debt”
8.	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”
9.	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”
10.	Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	“LONG-TERM LIABILITIES - Budgetary Contract Assistance Liabilities”
11.	Five-year summary presentation of authorized but unissued general obligation debt	“LONG-TERM LIABILITIES - Authorized But Unissued Debt”
12.	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”
13.	Summary presentation of the then-current, Commonwealth interest rate swap agreements	“LONG-TERM LIABILITIES - Interest Rate Swaps”

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 to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule), if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial 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 or events affecting the tax-exempt status of the security;
- (vii) modifications to the rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities;^{2/} and
- (xi) rating changes.

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

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

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

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

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.



Official Notice of Sale
\$358,000,000*
The Commonwealth of Massachusetts
General Obligation Bonds
Consolidated Loan of 2010, Series D
(Federally Taxable - Build America Bonds - Direct Pay To Issuer)

August 11, 2010

NOTICE IS HEREBY GIVEN that electronic bids will be received by Timothy P. Cahill, Treasurer and Receiver-General of The Commonwealth of Massachusetts (the “State Treasurer”), for the purchase of General Obligation Bonds, Consolidated Loan of 2010, Series D (Federally Taxable – Build America Bonds – Direct Pay to Issuer) (the “Bonds”), of The Commonwealth of Massachusetts (the “Commonwealth”) to be sold in a preliminary aggregate principal amount of \$358,000,000.* Bids for the purchase of the Bonds will be submitted via Parity. No other method of submitting bids will be accepted. The bids will be received via Parity up to the time described below under the captions “Time” and “Procedures for Electronic Bidding.”

The Bonds will constitute general obligations of the Commonwealth, and the full faith and credit of the Commonwealth are pledged to the payment of the principal of and interest on the Bonds. The Preliminary Official Statement referred to below contains certain information regarding statutory limits on state tax revenue growth and on expenditures for debt service and should be read in conjunction herewith.

Time. Bids will be received by the Commonwealth via Parity at 11:00 a.m. (Boston time) on August 18, 2010 (subject to the provisions described below under the caption “Procedures for Electronic Bidding”) or at such later date and/or other time as shall be established by the State Treasurer and communicated on Thomson Municipal Market Monitor News (www.tm3.com) (“TM3”), as described herein under the caption “Postponement.” If no legal bid or bids are received for the Bonds on August 18, 2010, an alternative date and time may be designated by the State Treasurer and communicated on TM3.

Details of the Bonds. The Bonds will be dated and bear interest, calculated on the basis of 30-day months and a 360-day year, from the date of delivery, at the rate per annum per maturity specified by the successful bidder, payable semiannually on February 1 and August 1 in each year until maturity, beginning February 1, 2011. The Bonds shall mature or come due through mandatory sinking fund redemptions (subject to adjustment as described herein) on August 1 of each year, as shown below:

<u>August 1</u>	<u>Preliminary Principal Amount*</u>
2028	\$15,000,000
2029	85,000,000
2030	216,000,000
2031	42,000,000

* Preliminary, subject to change.

The Bonds will be issued as serial bonds, as term bonds or as a combination of serial bonds and term bonds in accordance with the bid submitted by the successful bidder (see “Bidding Parameters” below).

The Bonds will be issued by means of a book-entry-only system evidencing ownership therein, in principal amounts of \$5,000 or integral multiples thereof, and transfer thereof on the records of The Depository Trust Company (“DTC”) and its participants. The book-entry-only system is more fully described in the Preliminary Official Statement.

Redemption.

Optional Redemption with Make-Whole Payment.

The Bonds will be subject to redemption on any date prior to their stated maturity date at the option of the Commonwealth, in whole or in part (on a pro rata basis as described below), at any time, at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points,

plus accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption.

For the purpose of determining the Treasury Rate, the following definitions will apply:

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the applicable Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Bond, (a) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (b) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the Commonwealth.

“Reference Treasury Dealer” means each of not less than four firms, specified by the Commonwealth from time to time, that are primary U.S. Government securities dealers in the City of New York (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Commonwealth shall substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, at least two business days but not more than 45 calendar days preceding such redemption date.

“Remaining Scheduled Payments” means, with respect to the Bonds of each maturity to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due assuming such Bonds were not so optionally redeemed but, however, giving effect to any mandatory sinking fund installments applicable to such Bonds; provided, however, that, if such redemption date is not an interest payment date with respect to the Bonds, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

Extraordinary Optional Redemption of Bonds.

The Bonds will be subject to extraordinary optional redemption prior to maturity, at the option of the Commonwealth, upon the occurrence of an Extraordinary Event (defined below), in whole or in part (on a pro rata basis as described below), at any time, at the “Extraordinary Redemption Price.” The Extraordinary Redemption Price is equal to the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed to the maturity date of such Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semiannual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate plus 100 basis points, plus accrued interest on the Bonds to be redeemed to the redemption date.

An “Extraordinary Event” will have occurred if the Commonwealth determines that a material adverse change has occurred to Section 54AA or Section 6431 of the Internal Revenue Code of 1986 (the “Code”), as in effect on the date of issuance of the Bonds, or there is any guidance published by the Internal Revenue Service or the Department of the Treasury with respect to such sections of the Code or any other determination by the Internal Revenue Service or the Department of the United States Treasury, which determination is not the result of an act or omission by the Commonwealth to satisfy the requirements to receive the interest subsidy payments applicable to Build America Bonds, pursuant to which the interest subsidy payments are eliminated or reduced below 35% of the amount of interest payable on the Bonds.

Adjustments to Principal Amounts of the Bonds. The preliminary aggregate principal amount of the Bonds of \$358,000,000* and the preliminary principal amount of each annual maturity of the Bonds as set forth in this Notice of Sale may be revised before the receipt of electronic bids for their purchase. The preliminary principal amounts of the Bonds may be increased or decreased. All Bonds will mature on August 1, and the final maturity will be no later than August 1, 2031, but particular maturities may be eliminated from the sale. Any revisions to the preliminary principal amounts or maturities of the Bonds made prior to the receipt of electronic bids will be published on TM3 not later than 9:30 a.m. (Boston time) on the bid day. If revised principal amounts and/or maturities are published, bidders shall submit bids on the revised principal amounts and/or maturities, and the revised principal amounts and/or maturities will be used to compare bids and select a successful bidder. If no revisions are made, bidders shall submit bids on the original, preliminary principal amounts and maturities.

Bidding Parameters. Bids must be for all of the Bonds offered and must offer to pay an aggregate price for all maturities of not less than 99% of the aggregate principal amount of the Bonds.

Bids may provide for all the Bonds to be issued as serial bonds only, or may designate consecutive annual principal amounts (bearing interest at the same rate) to be combined into no more than two term bonds. The Bonds will be issued as serial bonds, as term bonds or as a combination of serial bonds and term bonds in accordance with the bid

* Preliminary, subject to change.

submitted by the successful bidder. Bonds issued as term bonds shall be subject to mandatory sinking fund redemption commencing on August 1 of the first year in which maturities have been combined to form such term bond and continuing on August 1 in each year thereafter until the stated maturity date of such term bond.

Bids must state a single fixed interest rate for the Bonds of each maturity. The rate of interest stated for any given maturity shall be in a multiple of one-thousandth of one percent per annum. In addition, the bidder is to set forth the reoffering yield or price of the Bonds of each maturity. No Bond of a maturity that is to be issued as a serial bond may have a reoffering price that exceeds the par amount of such Bond by more than one-fourth of one percent (0.25%) multiplied by the number of whole years to the maturity date of such Bond. Similarly, no Bond of a maturity that is to be issued as a term bond may have a reoffering price that exceeds the par amount of such Bond by more than one-fourth of one percent (0.25%) multiplied by the weighted average maturity of such term bond.

No action has been taken by the Commonwealth that would permit a public offering of the Bonds or possession or distribution of the Preliminary Official Statement or any other offering material in any jurisdiction outside the United States where action for that purpose is required. Accordingly, the Bonds may not be re-offered outside the United States unless arrangements are made with the Commonwealth no later than 5:00 p.m. (Boston time) on the second business day preceding the bid date. Furthermore, the successful bidder, by virtue of having submitted its bid to purchase the Bonds, will be deemed to have agreed that it will not offer, sell or distribute any Bonds in a jurisdiction outside the United States unless such underwriter has complied with all applicable laws and regulations in force in such jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes the Preliminary Official Statement or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Bonds under the laws and regulations in force in any foreign jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Commonwealth shall have no current or future responsibility therefor.

Bids may not include any conditions not otherwise expressly provided for herein.

Procedures for Electronic Bidding. A prospective electronic bidder must register electronically to bid for the Bonds via Parity pursuant to this Official Notice of Sale. By submitting its bid for the Bonds, a prospective bidder represents and warrants to the Commonwealth that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

Each prospective electronic bidder shall be solely responsible to register to bid via Parity. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access Parity for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the Commonwealth nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Commonwealth nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The Commonwealth is using Parity as a communication mechanism, and not as the Commonwealth's agent, to conduct the electronic bidding for the Bonds. The Commonwealth is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Official Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of the bidders, and the Commonwealth is not responsible, directly or indirectly, for any such costs or expenses. To the extent that any instructions or directions set forth in Parity conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, such bidder should telephone Parity's new issues desk at (212) 849-5021.

Electronic bids must be submitted for the purchase of the Bonds (all or none) via Parity by 11:00 a.m. (Boston time) on Wednesday, August 18, 2010. Bids submitted after such time will not be deemed received via Parity for the purposes of this bidding process. Bids will be communicated electronically to the Commonwealth at 11:00 a.m. (Boston time), on Wednesday, August 18, 2010. Prior to that time, an eligible prospective bidder may (i) input the proposed terms of its bid via Parity, (ii) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (iii) withdraw its

proposed bid. Once the bids are communicated electronically via Parity to the Commonwealth, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Commonwealth, as described under "Basis of Award" set forth below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Good Faith Deposit. Upon notification from the Commonwealth, the successful bidder shall wire transfer to the State Treasurer an amount equal to 1% of the aggregate principal amount of the Bonds (the "Good Faith Deposit"), in immediately available funds, no later than 1:00 p.m. (Boston time) on the bid date. In the event that the State Treasurer has not received such funds by the time stated, the State Treasurer may revoke his acceptance of the bid. No interest on the Good Faith Deposit will accrue to the successful bidder. The Good Faith Deposit will be applied to the purchase price of the Bonds. If the successful bidder fails to honor its accepted bid, the Good Faith Deposit will be retained by the Commonwealth.

Basis of Award. The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest true interest cost (TIC) to the Commonwealth. The TIC will be determined after subtracting thirty-five percent (35%) of each interest payment (reflecting the federal subsidy payment that the Commonwealth will elect to receive as a result of the Bonds being qualified as "Build America Bonds"). The TIC (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semiannually, which, when applied against each semiannual debt service payment (interest, or principal and interest, as due) for the Bonds, will cause the sum of such discounted semi-annual payments to be equal to the total purchase price. The TIC shall be calculated from the expected settlement date of the Bonds (August 26, 2010).

The Commonwealth reserves the right to reject any or all proposals and to waive any irregularity or informality with respect to any proposal. Any award by the State Treasurer to a successful bidder is subject to the approval of the Governor.

Official Statement. The Preliminary Official Statement dated August 11, 2010 and the information contained therein have been deemed final by the Commonwealth as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but are subject to change without notice and to completion or amendment in the Official Statement in final form ("the Final Official Statement"). The Preliminary Official Statement may be viewed and downloaded from the State Treasurer's website: www.mass.gov/treasury/debt.

The Commonwealth will make available to the successful bidder in a timely manner a reasonable number of copies of the Final Official Statement, for delivery (at the expense of the successful bidder or bidders) to each potential investor requesting a copy of the Final Official Statement and to each person to whom such bidder and members of its bidding group initially sell the Bonds, provided that the successful bidder cooperates in providing the information required to complete the Final Official Statement. The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

Reoffering Price Certification. At the time of settlement of the Bonds, the successful bidder shall furnish to the Commonwealth a certificate acceptable to Nixon Peabody LLP, Bond Counsel, to the effect that (i) all of the Bonds of each maturity thereof have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "General Public") at initial offering prices no higher than, or yields no lower than, those shown on the inside cover of the Final Official Statement, (ii) as of the sale date of the Bonds, the successful bidder reasonably expected to sell each maturity of the Bonds to the General Public at initial offering prices no higher than, or yields no lower than, those shown on the inside cover of the Final Official Statement, and (iii) based on the records of and information available to the successful bidder at least 10% of each maturity of the Bonds was first sold to the General Public at the respective initial offering price or yield for such maturity shown on the inside cover page of the Final Official Statement. In the event that the successful bidder cannot provide the certification in (iii), above, as to a particular maturity, such bidder shall instead provide a statement as to why the expectation described in (ii) was not satisfied.

In addition to executing and delivering a certificate as described in the previous paragraph, the successful bidder may be required to (a) demonstrate that it has made a bona-fide offering of all such Bonds to the General Public at prices no higher than, or yields no lower than, the initial public offering prices, (b) provide an explanation of why any Bonds sold by the successful bidder between the bid date and the date of the delivery were sold for a price higher than, or a yield lower than, the initial public offering prices, and (c) provide documentation identifying the initial purchasers of the Bonds, including information sufficient to enable the Commonwealth and Nixon Peabody LLP to determine that such purchasers are the General Public.

Continuing Disclosure. To assist bidders 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 of the Preliminary Official Statement and will also be set forth in the Final Official Statement.

Expenses. Each bid will be deemed to be an all-in bid. The successful bidder will be under no obligation to pay the Commonwealth's issuance costs. The Commonwealth will not pay any expenses of the successful bidder in connection with the purchase of the Bonds.

Settlement. The Bonds will be delivered on August 26, 2010, in New York, New York, at DTC against payment of the purchase price therefor (less the amount of the Good Faith Deposit). The successful bidder must make payment of the purchase price of the Bonds by 10:00 a.m. (Boston time) on August 26, 2010 in immediately available funds in Boston.

There will also be furnished the usual closing papers, including (a) a certificate signed by the Attorney General of the Commonwealth stating that no litigation of any kind is now pending or, to her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of a material portion of the taxes or other revenues of the Commonwealth, or in any manner questioning the proceedings or authority under which the Bonds are issued, or affecting the validity of the Bonds, or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or Final Official Statement or contesting the title to his office of any official signing the Bonds or the Final Official Statement; and (b) a certificate signed by the State Treasurer and the Secretary of Administration and Finance to the effect that, except for the initial offering prices or yields of the Bonds on the inside cover page of the Final Official Statement and any other information concerning the reoffering of the Bonds included therein at the request of the successful bidder and the information in the Preliminary Official Statement and Final Official Statement under the heading "Book-Entry-Only System" and in any Appendix other than Appendix A, to the best of their respective knowledge and belief, the Preliminary Official Statement, as of the date of sale of the Bonds, and the Final Official Statement, both as of the date of sale and the date of settlement of the Bonds, did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Legal Opinions. The approving opinion of Nixon Peabody LLP, Boston, Massachusetts, Bond Counsel, in substantially the form set forth in the Preliminary Official Statement, will be furnished to the successful bidder. An opinion of Nixon Peabody LLP, Boston, Massachusetts, Bond Counsel, will also be furnished to the successful bidder to the effect that (i) the information contained in the Preliminary Official Statement and the Final Official Statement under the headings "The Bonds," "Security for the Bonds" and in Appendix B, insofar as such information constitutes summaries of certain provisions of the Bonds and applicable Massachusetts law, presents a fair summary of such provisions, and (ii) in the course of such counsel's participation in the preparation of the Preliminary Official Statement and the Final Official Statement, no facts came to such counsel's attention that have caused it to conclude that the Preliminary Official Statement, as of its date, or the Final Official Statement, as of the date of sale or the date of settlement of the Bonds (except for the initial offering prices or yields of the Bonds on the inside cover page of the Final Official Statement and any other information concerning the reoffering of the Bonds included therein at the request of the successful bidder and the information in the Preliminary Official Statement and the Final Official Statement under the headings "Book-Entry-Only System," "Ratings" and "Competitive Sale of Bonds - Bonds" and in any Appendix other than Appendix B, as to which no opinion need be expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. An opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel, will also be furnished to the successful bidder to the effect

that in the course of such counsel's participation in the preparation of the Commonwealth Information Statement (as defined in the Preliminary Official Statement), and as it may have been further supplemented as of the date of sale of the Bonds, no facts came to such counsel's attention that have caused it to conclude that the Commonwealth Information Statement as of the date of the Preliminary Official Statement, or, as it may have been supplemented as of the date of sale of the Bonds, as of said date of sale or as of the date of settlement of the Bonds (except for the financial and statistical data included therein and the information contained in the Exhibits thereto, as to which no opinion need be expressed), contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CUSIP Numbers. CUSIP numbers will be applied for with respect to the Bonds, but the Commonwealth will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers. Neither failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP numbers on the Bonds shall be the responsibility of and shall be paid for by the successful bidder.

Right to Modify or Amend Notice of Sale. The Commonwealth reserves the right to modify or amend this Official Notice of Sale prior to the bid date. If any modifications occur, supplemental information with respect to the Bonds will be communicated by posting on TM3 not later than 9:30 a.m. (Boston time) on the day on which bids may be submitted, and bidders shall bid upon the Bonds based upon the terms thereof set forth in this Official Notice of Sale, as so modified by such supplemental information.

Postponement. The Commonwealth reserves the right to postpone the date and time established for the receipt of bids. Any such postponement will be announced by posting on TM3 no later than 9:30 a.m. (Boston time) on the announced bid date. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced at least one business day prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit bids electronically as described above for the purchase of the Bonds in conformity in all respects with the provision of this Official Notice of Sale, except for the date and time of sale and except for any changes announced by posting on TM3 at the time the sale date and time are announced.

Minority/Women Business Enterprises. It is the policy of the Commonwealth that appropriate consideration be given to firms who (a) are minority business enterprises and women's business enterprises and (b) have significant local ownership or presence. The State Treasurer requests and strongly urges bidders to make a good-faith effort to meet this goal by including such firms in their management group or syndicate and/or in the provision of legal services or other advisory services.

Additional Information. Further information concerning the Commonwealth and the Bonds is contained in the Preliminary Official Statement dated August 11, 2010, to which prospective bidders are directed, and to which this Official Notice of Sale is attached. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Official Notice of Sale. Copies of the Preliminary Official Statement and this Official Notice of Sale may be viewed and downloaded at the State Treasurer's website: www.mass.gov/treasury/debt. Additional information may be obtained from Colin A. MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver General (617- 367-3900, ext. 226).

The Commonwealth of Massachusetts



Timothy P. Cahill
Treasurer and Receiver-General

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