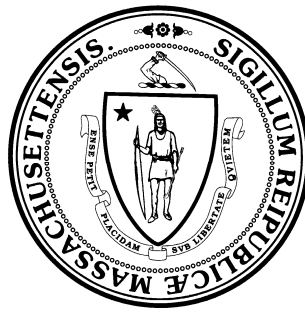


**THE
COMMONWEALTH
OF
MASSACHUSETTS**



INFORMATION STATEMENT SUPPLEMENT

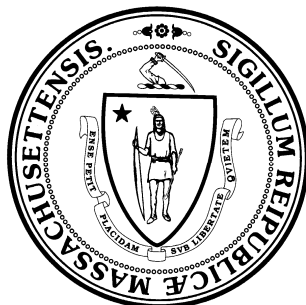
Dated May 13, 2009

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TABLE OF CONTENTS
INFORMATION STATEMENT SUPPLEMENT DATED MAY 13, 2009

RECENT DEVELOPMENTS	3
Fiscal 2009.....	3
Fiscal 2010.....	6
Cash Flow	7
COMMONWEALTH REVENUES	7
Statutory Basis Distribution of Budgetary Revenues	7
Federal and Other Non-Tax Revenue	9
COMMONWEALTH EXPENDITURES.....	9
SELECTED FINANCIAL DATA	10
Statutory Basis	10
Stabilization Fund.....	12
LONG-TERM LIABILITIES	13
Interest Rate Swaps	13
Debt Service Requirements	15
Contingent Liabilities	17
COMMONWEALTH CAPITAL INVESTMENT PLAN	17
Commonwealth Investment Plan	17
LEGAL MATTERS.....	17
MISCELLANEOUS	18
CONTINUING DISCLOSURE.....	18
AVAILABILITY OF OTHER FINANCIAL INFORMATION.....	19

THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Deval L. Patrick.....Governor
Timothy P. MurrayLieutenant Governor
William F. Galvin.....Secretary of the Commonwealth
Martha Coakley..... Attorney General
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

May 13, 2009

This supplement (“Supplement”) to the Information Statement of The Commonwealth of Massachusetts (the “Commonwealth”) dated March 26, 2009 (the “March Information Statement”) is dated May 13, 2009 and contains information which updates the information contained in the March Information Statement. The March Information Statement has been filed with each Nationally Recognized Municipal Securities Information Repository (NRMSIR) currently recognized by the Securities and Exchange Commission (SEC). This Supplement and the March Information Statement must be read collectively and in their entirety in order to obtain the appropriate fiscal, financial and economic information concerning the Commonwealth through May 13, 2009. All capitalized terms not otherwise defined in this Supplement shall have the meanings ascribed to them in the March Information Statement.

The March Information Statement, as supplemented hereby, includes three exhibits. Exhibit A is the Statement of Economic Information as of March 31, 2009, 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, 2008 and the Commonwealth’s Comprehensive Annual Financial Report, reported in accordance with generally accepted accounting principles (GAAP), for the year ended June 30, 2008. 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 each NRMSIR currently recognized by the Securities and Exchange Commission. The financial statements are also available at the web site of the Comptroller of the Commonwealth located at <http://www.mass.gov/osc> by clicking on “Publications and Reports” and then “Financial Reports.”

RECENT DEVELOPMENTS

Fiscal 2009

On April 15, 2009, based on year-to-date fiscal 2009 tax collections through March that were \$117 million below the revised fiscal 2009 tax revenue estimate for the corresponding period, the Secretary of Administration and Finance further revised the tax revenue forecast for fiscal 2009 from \$19.450 billion to \$19.333 billion. The tax revenue shortfall, combined with approximately \$39 million in spending and non-tax revenue-related exposures, resulted in a \$156 million budget gap. The Governor’s plan at that time to close the budget shortfall included the use of \$128 million in federal funds to be received under the American Recovery and Reinvestment Act of 2009, including \$90 million from the State Fiscal Stabilization Fund, \$16 million from additional budget cuts and spending controls and \$12 million in savings from furloughs and workforce reductions.

On May 4, 2009, after analysis of April, 2009 tax revenue collections that fell by \$953 million, or 34.9%, from collections in April, 2008, and which were \$456 million below the monthly benchmark based on the fiscal 2009 revised revenue forecast of \$19.333 billion, pursuant to Section 5B of Chapter 29 of the General Laws, the Secretary of Administration and Finance informed the Governor, the House and Senate Committees on Ways and Means, and the Joint Committee on Revenue that the fiscal 2009 revenue estimate was being further revised to \$18.436 billion, a reduction of \$897 million from the April 15, 2009 tax revenue forecast of \$19.333 billion. Also on May 4, 2009, pursuant to Section 9C of Chapter 29 of the General Laws, the Secretary of Administration and Finance advised the Governor of a probable deficiency of revenue of approximately \$953 million with respect to the appropriations approved to date for fiscal 2009 and certain non-discretionary spending obligations that had not been budgeted. See the March Information Statement under the heading “COMMONWEALTH BUDGET AND FINANCIAL MANAGEMENT CONTROLS - Overview of Operating Budget Process.” The \$953 million projected shortfall to cover expenses resulted from the \$897 million reduction in projected state tax revenues from the revised tax revenue forecast and \$56 million in projected costs not accounted for in the fiscal 2009 budget.

On May 7, 2009, the Governor filed supplemental budget legislation containing a number of solutions to close the projected \$953 million shortfall. The legislation includes five major components to close the projected shortfall: (i) accessing approximately \$322 million in State Fiscal Stabilization Funds included in the American Recovery and Reinvestment Act, (ii) a \$461 million transfer from the Stabilization Fund, (iii) eliminating a planned \$100 million deposit to the Stabilization Fund that was authorized in fiscal 2008 but had yet to be executed, (iv) a \$50 million transfer from the State Convention Center Fund established for the benefit of the Massachusetts Convention Center Authority and (v) reducing the General Fund contribution to the Health Safety Net Trust Fund by \$15 million in order to meet projected deficiencies in the MassHealth program. (Even with this \$15 million reduction, the Health Safety Net is projected to have a surplus in its fiscal 2009). The bill would also decouple the Commonwealth's tax laws from certain provisions of the American Recovery and Reinvestment Act that would otherwise reduce fiscal 2010 state tax revenue by more than \$100 million, while avoiding state taxation of certain additional federal unemployment benefits. The legislation also includes supplemental appropriations totaling \$173.6 million, including \$75.8 million for state employee health benefits, \$32 million for the County Sheriffs Reserves and \$28.4 million for the MassHealth program to meet increasing service utilization costs (raising total projected fiscal 2009 MassHealth spending to \$8.627 billion).

The following chart reflects updated estimates of spending and revenues associated with the Commonwealth Care Trust Fund and the Health Safety Net Trust Fund (including the Governor's proposal discussed above to reduce the General Fund contribution to the Health Safety Net Trust Fund by \$15 million in fiscal 2009).

	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>
Spending Categories (1)			
Commonwealth Care (2)	\$132.9	\$629.8	\$788.3
Section 122 Supplemental Payments (3)	200.0	180.0	160.0
Provider Rates (4)	<u>70.9</u>	<u>165.0</u>	<u>198.2</u>
Total Spending	<u>403.8</u>	<u>974.8</u>	<u>1,146.5</u>
Dedicated Revenue to the CCTF			
Rolling Surplus (5)		(28.3)	(20.0)
Cigarette Tax Revenue (6)	-	-	(135.0)
Individual Tax Penalties	-	(9.7)	(12.4)
Fair Share Assessment (7)	-	(5.4)	(10.3)
One-Time Hospital Assessment (8)	-	-	(15.0)
Total General Fund Contribution to CCTF excluding HSNTF contributions (9)	<u>(403.8)</u>	<u>(995.4)</u>	<u>(953.8)</u>
Total Revenue	<u>403.8</u>	<u>1,038.8</u>	<u>1,146.5</u>
Health Safety Net Trust Fund			
	<u>Fiscal 2007</u>	<u>Fiscal 2008 (11)</u>	<u>Fiscal 2009 (12)</u>
Spending Categories (10)			
Health Safety Net	665.00	415.60	409.50
One-Time Payment to DSH Hospital	_____	_____	<u>64.00</u>
Total Spending	<u>665.00</u>	<u>415.60</u>	<u>473.50</u>
Dedicated Revenue to HSNTF			
Provider and Insurer Assessments	(320.00)	(320.00)	(320.00)
Offset	(70.00)	(60.00)	(70.00)
General Fund Contribution (for HSN)	(290.00)	(49.60)	(48.00)
Dedicated Funding for One-Time Payment to DSH Hospital			(64.00)
Residual UCP Funds	_____	<u>(24.00)</u>	_____
Total Revenue	<u>(680.00)</u>	<u>(453.60)</u>	<u>(502.00)</u>
Spending Less Revenue in HSNTF	<u>(15.00)</u>	<u>(38.00)</u>	<u>(28.50)</u>
Total General Fund Contribution to CCTF including HSNTF	<u>\$(693.80)</u>	<u>\$(1,045.00)</u>	<u>\$(1,001.78)</u>

SOURCE: Executive Office of Administration and Finance. Fiscal 2009 estimates based on mid-year review by Executive Office of Administration and Finance. See footnotes for further information.

(1) Overall spending is gross and therefore does not include federal reimbursements.

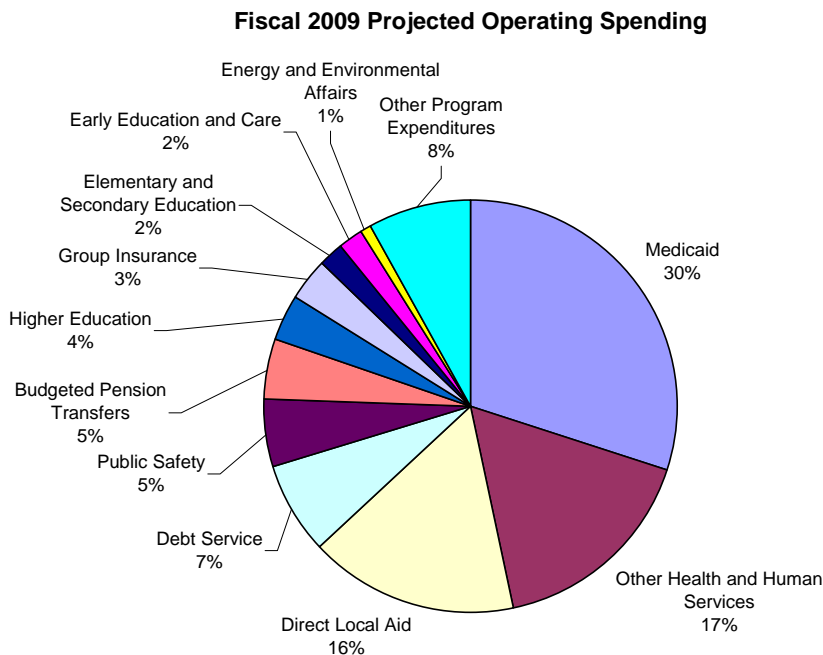
(2) Reflects only the General Fund-supported portion of the Commonwealth Care program and does not reflect spending that is supported by enrollee contributions.

(3) Section 122 supplemental payments are based on date of service (not date of payment). This reflects supplemental payments made to certain hospitals as specified in section 122 of the health care reform legislation.

(4) Provider rates are based on date of service (not date of payment). This reflects hospital and physician rate increases as specified in section 128 of the health care reform legislation.

- (5) In fiscal 2008, this category reflects surplus funds that were transferred to the Commonwealth Care Trust Fund during fiscal 2007 that were not spent. In fiscal 2009, this category reflects funds that were held aside relating to hospital pay-for-performance incentives specified in the health care reform legislation.
- (6) Starting in fiscal year 2009, the state raised cigarette taxes by \$1 per pack and dedicated the increased revenues to the Commonwealth Care Trust Fund.
- (7) Fair Share revenue is net of administrative funding to run the program at the Division of Unemployment Assistance.
- (8) A one-time hospital assessment of \$20 million was included in legislation enacted in August of 2008 to raise revenues to support health care spending. The Commonwealth Care Trust Fund will receive only \$15 million in fiscal 2009 due to the fact that the assessment is paid on a hospital fiscal year calendar (not the state fiscal year calendar).
- (9) For fiscal 2008, the \$995.4 million contribution from the General Fund to the Commonwealth Care Trust Fund (excluding Health Safety Net Trust Fund contributions) is a combination of (i) \$931.4 million to support Commonwealth Care, Section 122 supplemental payments and provider rates; and (ii) \$64 million for a one-time payment to a DSH hospital (that was transferred into the Commonwealth Care Trust Fund in fiscal 2008 and subsequently transferred to the Health Safety Net Trust Fund in fiscal 2009).
- (10) Health Safety Net spending is based on a hospital fiscal year which runs from October 1 to September 30.
- (11) Fiscal 2008 Health Safety Net surplus is pending finalization of claims review. This surplus has been accounted for on the Commonwealth's fiscal 2009 balance sheet and has helped to limit the total amount of emergency spending cuts needed in other health care accounts.
- (12) In fiscal 2009, the \$28.5 million potential Health Safety Net surplus listed above is based on a current spending assumption of \$409.5 million and funding of \$320 million in provider and insurer assessments, \$70 million in offsets from the Medical Assistance Trust Fund and \$48 million in General Fund contributions (\$63 million originally appropriated reduced by \$15 million proposed for transfer to meet MassHealth funding needs in supplemental appropriations legislation filed by the Administration on May 7, 2009). The fiscal 2009 surplus could be lower or higher based on actual Health Safety Net spending needs. Also, in fiscal 2009, the Health Safety Net Trust Fund received \$64 million from the Commonwealth Care Trust Fund to make an anticipated one-time payment to a DSH hospital.

The following graph depicts the breakdown of major categories of estimated budgeted operating spending for fiscal 2009.



As reported on May 4, 2009, preliminary tax revenue collections for the first ten months of fiscal 2009, ended April 30, 2009, totaled \$15.187 billion, a decrease of \$1.936 billion, or 11.3%, compared to the same period in fiscal 2008. The following table shows the tax collections for the first ten months of fiscal 2009 and the change from tax collections in the same period in the prior year, both in dollars and as a percentage. The table also notes the amount of tax collections in fiscal 2009 that are dedicated to the Massachusetts Bay Transportation Authority and the Massachusetts School Building Authority.

Fiscal 2009 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	\$1,381.6	\$85.6	6.6	\$60.7	\$54.6	\$1,266.3
August	1,309.1	51.0	4.1	56.9	51.2	1,201.0
September	2,099.4	(108.6)	(4.9)	74.2	49.3	1,976.0
October	1,150.2	(57.3)	(4.7)	57.6	51.8	1,040.7
November	1,256.2	(59.6)	(4.5)	52.0	46.8	1,157.4
December	1,862.4	17.9	1.0	82.1	46.1	1,734.2
January	1,790.7	(409.8)	(18.6)	62.5	56.2	1,672.0
February	953.7	(189.6)	(16.6)	46.8	42.1	864.8
March	1,603.3	(312.2)	(16.3)	82.5	41.5	1,479.3
April (2)	1,780.7	(953.2)	(34.9)	51.9	46.7	1,682.2
May						
June						
Total (2)	15,187.4	(1,935.9)	(11.3)	627.1	486.3	14,073.9

SOURCE: Executive Office for Administration and Finance.

(1) Details may not add to Total due to rounding.

(2) Figures are preliminary.

(3) Includes adjustment of \$19.4 million on the account of the first quarter, \$31 million on the account of the second quarter, and \$36.4 on the account of the third quarter related to the inflation-adjusted floor applicable to tax receipts dedicated to the MBTA.

The year-to-date tax revenue decrease of \$1.936 billion through April 30, 2009 is attributable in large part to a decrease of approximately \$464 million, or 23.8%, in personal income tax estimated payments, a decrease of approximately \$93 million, or 1.2%, in withholding collections, a decrease of approximately \$657 million, or 34.6%, in income tax payments made with returns and extensions, an increase of approximately \$183 million, or 15.6%, in income tax refunds, a decrease of approximately \$184 million, or 5.4%, in sales tax collections and a decrease of approximately \$335 million, or 16.8%, in corporate and business tax collections, which are partially offset by changes in other revenues (net of refunds). The year-to-date fiscal year 2009 collections (through April) were \$456 million below the benchmark estimate for the corresponding period, based on the Secretary of Administration and Finance's revised fiscal 2009 revenue estimate of \$19.333 billion announced on April 15, 2009.

Fiscal 2010

On May 1, 2009, the House of Representatives approved a budget for fiscal 2010 that was based on the original consensus tax revenue estimate for fiscal 2010 of \$19.530 billion, plus \$900 million in anticipated additional sales tax receipts resulting from a proposed increase in the sales tax rate from 5% to 6.25%.

In a joint announcement on May 6, 2009, the Secretary of Administration and Finance and the chairs of the House and Senate Committees on Ways and Means revised the fiscal 2010 revenue estimate downward by \$1.5 billion, from \$19.530 billion to \$17.989 billion. The Executive Office for Administration and Finance is currently in the process of revising the Governor's fiscal 2010 budget recommendations to reflect this most recent revenue estimate and plans to release revised recommendations by the end of May.

On May 13, 2009, the Senate Committee on Ways and Means released its fiscal 2010 budget, which is based upon the revised consensus tax revenue estimate for fiscal 2010 of \$17.989 billion. According to the Committee, its budget provides for \$26.719 billion in spending, and relies upon a \$314 million withdrawal from the Stabilization Fund. The Committee's budget does not include a proposed increase to the state sales tax rate. The budget is expected to be deliberated on the Senate floor during the week of May 18, 2009.

The differing versions of the fiscal 2010 budget will ultimately be reconciled by a legislative conference committee.

Cash Flow

See the March Information Statement under the heading “FISCAL 2009 AND FISCAL 2010 - Cash Flow.”

The Commonwealth continues to pay down its outstanding revenue anticipation notes, including commercial paper. As of May 11, 2009, the Commonwealth had \$378,750,000 in commercial paper outstanding, with \$186,000,000 expected to be repaid in May and the remaining \$192,750,000 expected to be repaid by June 12, 2009. The Commonwealth’s remaining revenue anticipation notes, outstanding in the amount of \$375,000,000, mature on May 29, 2009.

The Commonwealth has drawn down \$627.4 million out of a total fiscal 2009 estimated allotment of \$806 million in federal Medicaid reimbursement (FMAP), with the remainder expected to be drawn down by the end of the fiscal year. The Commonwealth has drawn down \$737 million in principal from the Commonwealth Stabilization Fund out of an authorized and proposed draw of \$1.398 billion. The Commonwealth anticipates drawing the remaining balance as soon as the Governor’s proposal is approved by the Legislature. In addition, \$412 million is expected to be received by the end of fiscal 2009 from the State Fiscal Stabilization Fund pursuant to the American Recovery and Reinvestment Act of 2009 (not to be confused with the Commonwealth’s Stabilization Fund). These resources are expected to permit the Commonwealth to maintain liquidity through the end of fiscal 2009. As of May 11, 2009, average daily cash balances through June 30, 2009 are expected to exceed \$500 million.

The Commonwealth’s next cash flow projection is expected to be released on or about June 1, 2009.

Overview of Fiscal 2009 Non-Segregated Operating Cash Flow (in millions) (1)

(based on data available as of May 11, 2009)

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Opening Balance	\$ 1,198.2	\$ 832.5	\$ 790.5	\$ 753.7	\$ 1,090.4	\$ 1,259.4	\$ 1,014.3	\$ 1,275.7	\$ 734.1	\$ 517.8	\$ 1,011.7	\$ 813.8
CP/RANs Issuance	\$ -	\$ 500.0	\$ 233.6	\$ 750.0	\$ 490.5	\$ 270.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	\$ 2,736.3	\$ 3,346.2	\$ 4,025.9	\$ 4,064.4	\$ 3,783.6	\$ 4,289.5	\$ 3,422.0	\$ 3,141.1	\$ 4,041.6	\$ 4,554.5	\$ 3,412.4	\$ 4,439.5
Total Expenditures	\$ 3,101.9	\$ 3,387.9	\$ 4,372.1	\$ 3,627.7	\$ 3,614.5	\$ 4,756.3	\$ 3,160.6	\$ 3,683.6	\$ 4,596.2	\$ 4,060.5	\$ 4,171.2	\$ 4,787.6
Stabilization Transfers	\$ -	\$ -	\$ 310.0	\$ (100.0)	\$ -	\$ 221.9	\$ -	\$ -	\$ 338.3	\$ -	\$ 561.0	\$ 57.0
Closing Balance	\$ 832.6	\$ 790.7	\$ 754.3	\$ 1,090.5	\$ 1,259.5	\$ 1,014.4	\$ 1,275.8	\$ 733.2	\$ 517.8	\$ 1,011.8	\$ 813.9	\$ 522.7

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

COMMONWEALTH REVENUES

Statutory Basis Distribution of Budgetary Revenues

The following table sets forth the Commonwealth’s revenues in its budgeted operating funds for fiscal 2004 through fiscal 2008 and projected revenues for fiscal 2009.

Commonwealth Revenues - Budgeted Operating Funds
(in millions)(1)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Projected Fiscal 2009
Article I. Tax Revenues:						
Alcoholic Beverages	\$ 67.9	\$ 68.6	\$ 68.9	\$ 71.0	\$ 71.2	\$ 70.9
Banks	238.7	198.9	349.9	340.9	547.8	309.0
Cigarettes	425.4	423.6	435.3	438.1	436.9	453.9
Corporations	997.6	1,062.7	1,390.7	1,587.6	1,512.2	1,599.6
Deeds	187.0	220.3	210.1	194.1	153.9	103.9
Income	8,830.3	9,690.3	10,483.4	11,399.6	12,483.8	10,628.6
Inheritance and Estate	194.7	255.1	196.3	249.6	254.0	253.1
Insurance(2)	420.2	423.4	448.5	418.6	417.7	359.8
Motor Fuel	684.2	685.5	671.8	676.1	672.2	653.4
Public Utilities	64.7	71.1	118.5	178.3	120.2	35.6
Room Occupancy	88.9	97.8	105.8	111.1	119.2	114.1
Sales:						
Regular	2,591.6	2,746.6	2,864.7	2,927.7	2,952.2	2,785.7
Meals	531.7	555.6	584.1	608.7	632.9	632.1
Motor Vehicles	<u>625.8</u>	<u>584.2</u>	<u>555.5</u>	<u>531.1</u>	<u>501.6</u>	<u>433.0</u>
Sub-Total-Sales	3,749.2	3,886.4	4,004.3	4,067.5	4,086.7	3,850.9
Miscellaneous(3)	<u>4.2</u>	<u>3.9</u>	<u>4.0</u>	<u>3.8</u>	<u>3.1</u>	<u>3.3</u>
Total Tax Revenues	<u>15,953.3</u>	<u>17,087.9</u>	<u>18,487.4</u>	<u>19,736.3</u>	<u>20,879.2</u>	<u>18,436.0</u>
MBTA Transfer	(684.3)	(704.8)	(712.6)	(734.0)	(756.0)	(767.1)
MSBA Transfer (4)	<u> -</u>	<u>(395.7)</u>	<u>(488.7)</u>	<u>(557.4)</u>	<u>(634.7)</u>	<u>(702.3)</u>
Total Budgeted Operating Tax Revenues	<u>15,269.0</u>	<u>15,987.4</u>	<u>17,286.2</u>	<u>18,444.9</u>	<u>19,488.5</u>	<u>16,966.6</u>
Non-Tax Revenues:						
Federal Reimbursements (5)	5,098.5	4,697.0	5,210.1	6,167.6	6,429.5	8,105.6
Departmental and Other Revenues(6)	1,847.7	1,948.9	2,094.3	2,218.4	2,355.9	2,466.3
Inter-fund Transfers from Non - Budgeted Funds and Other Sources (7)	<u>1,773.1</u>	<u>1,740.1</u>	<u>1,714.9</u>	<u>1,785.0</u>	<u>2,039.3</u>	<u>3,314.8</u>
Budgeted Non-Tax Revenues and Other Sources	<u>8,719.3</u>	<u>8,386.0</u>	<u>9,019.3</u>	<u>10,171.0</u>	<u>10,824.7</u>	<u>13,886.7</u>
Budgeted Revenues and Revenues from Other Sources	<u>\$23,988.3</u>	<u>\$24,373.4</u>	<u>\$26,305.5</u>	<u>\$28,615.9</u>	<u>\$30,313.2</u>	<u>\$30,853.3</u>

SOURCE: Fiscal 2004-2008, Office of the Comptroller; fiscal 2009, Executive Office for Administration and Finance.

(1) Totals may not add due to rounding. Table does not reflect inter-fund transfers among budgeted funds and other sources that have no effect on ending balances. Excludes certain miscellaneous taxes expended outside the budget process.

(2) Includes unemployment insurance surcharges.

(3) Includes miscellaneous receipts from departments comprising boxing receipts, beano receipts remittable to the Commonwealth and receipts from raffle and bazaar fees.

(4) Beginning in fiscal 2005, sales tax transfers to the MSBA replaced budgetary appropriations for school building assistance. Actual expenditures for school building assistance in fiscal 2004 was \$551.4 million.

(5) Federal reimbursements include increases in Medicaid matching funds (Federal Medical Assistance Percentage).

(6) Excludes intergovernmental revenues.

(7) Inter-fund transfers from non-budgeted funds and other sources include profits from the State Lottery, tobacco settlement funds and abandoned property proceeds, as well as other transfers.

Federal and Other Non-Tax Revenue

Lottery Revenues. Due to the negative economic climate, the Lottery Commission has revised its estimate for operating revenues in fiscal 2009 to \$949.1 million (this includes a \$1 million spending reduction in operating expenses). After the \$1 million spending reduction in operating expenses and an additional \$2 million spending reduction in administrative expenses, the result is an expected shortfall of \$54.3 million against the assumed \$1.005 billion. Overall Lottery revenues for fiscal 2009 are currently trending closer to revenues reported in fiscal 2007 of \$4.460 billion than the record revenues reported in fiscal 2008 of \$4.709 billion. See the March Information Statement under the heading “COMMONWEALTH REVENUES - Federal and Other Non-Tax Revenue; *Lottery Revenues.*”

For fiscal 2010, the State Lottery Commission is currently projecting net operating revenues of \$950.9 million to fund various commitments expected to be appropriated by the Legislature from the State Lottery Fund and Arts Lottery Fund. The fiscal 2010 budget has not yet been finalized, but assuming the commitments from the State Lottery Fund and Arts Lottery Fund remain the same in fiscal 2010 as in fiscal 2009, it is projected that the State Lottery Fund, a non-budgeted fund, would end fiscal 2010 in a deficit position of approximately \$54.4 million.

COMMONWEALTH EXPENDITURES

The following table identifies certain major spending categories of the Commonwealth and sets forth the budgeted expenditures for each fiscal year within each category. In addition, budgeted expenditures and other uses are adjusted to reflect the school building assistance program payments in fiscal 2004 as if they had been non-budgeted in that year as they are beginning in fiscal 2005 with the creation of the Massachusetts School Building Authority.

Commonwealth Expenditures—Budgeted Operating Funds (in millions)(1)

<u>Expenditure Category</u>	<u>Fiscal 2004</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Projected Fiscal 2009</u>
Direct Local Aid(2)	\$4,149.2	\$4,224.1	\$4,430.0	\$4,805.2	\$5,040.5	\$4,723.6(9)
Medicaid(3)	5,742.4	5,977.2	6,852.5	7,550.4	8,246.3	8,627.9
Other Health and Human Services	4,174.2	4,226.0	4,433.6	4,625.3	4,796.5	4,864.7
Group Insurance	787.6	846.4	963.7	1,022.3	852.5	971.3
Dept. of Elementary and Secondary Education	394.0	476.7	408.6	459.0	485.8	578.7
Higher Education	831.3	915.0	987.8	1,115.7	1,084.4	1,027.7
Dept. of Early Education and Care	338.7	348.8	387.1	507.1	549.9	567.8
Public Safety(4)	1,203.2	1,206.5	1,288.0	1,399.2	1,544.4	1,540.1
Energy and Environmental Affairs	169.2	181.1	202.0	238.5	227.1	224.5
Debt Service	1,569.2	1,738.8	1,826.7	2,234.4	1,990.1	2,104.7
Budgeted Pension Transfers	701.9(5)	1,216.9	1,274.7	1,335.2	1,398.6	1,314.4
Other Program Expenditures	<u>2,097.1</u>	<u>1,927.2</u>	<u>2,138.7</u>	<u>2,364.9</u>	<u>2,414.1</u>	<u>2,336.2</u>
Sub Total - Programs and Services before transfers to Non-budgeted funds	<u>\$22,158.0</u>	<u>\$23,284.7</u>	<u>\$25,193.4</u>	<u>\$27,657.2</u>	<u>\$28,630.2</u>	<u>28,881.6</u>

**Inter-fund Transfers to
Non-budgeted Funds**

Commonwealth Care Trust Fund(6)	-	-	-	722.1	1,045.9	1,001.8
State Retiree Benefit Trust Fund	-	-	-	-	354.7	352.0
Medical Assistance Trust Fund(7)	-	-	70.0	364.0	376.7	609.0
Other	<u>690.3</u>	<u>494.4</u>	<u>321.2</u>	<u>179.6</u>	<u>400.9</u>	<u>1,650.9</u>
<i>Sub Total</i>	<u>\$690.3</u>	<u>\$494.4</u>	<u>\$391.2</u>	<u>\$1,265.7</u>	<u>\$2,178.2</u>	<u>\$3,613.7</u>
Budgeted Expenditures and Other Uses	<u>\$22,848.3</u>	<u>\$23,779.1</u>	<u>\$25,584.6</u>	<u>\$28,922.9</u>	<u>\$30,808.4</u>	<u>\$32,495.3</u>
Adjustment for items moved off budget(8)	<u>(551.4)</u>	-	-	-	-	-
Adjusted Budgeted Expenditures and Other Uses	<u>\$22,296.9</u>	<u>\$23,779.1</u>	<u>\$25,584.6</u>	<u>\$28,922.9</u>	<u>\$30,808.4</u>	<u>\$32,495.3</u>

SOURCES: Fiscal 2004-2008 Office of the State Comptroller; fiscal 2009 and off-budget adjustments, Executive Office for Administration and Finance.

(1) Totals may not add due to rounding. Table does not reflect inter-fund transfers among budgeted funds and other sources that have no effect on ending balances. Excludes certain miscellaneous taxes expended outside the budget process.

(2) Restated fiscal 2004 to fiscal 2007 Direct Local Aid differ from Direct Local Aid expenditures reported in the fiscal 2004 to 2007 SBFs.

(3) Excludes off-budget Medicaid spending in fiscal 2004, 2005, 2006 and 2007 estimated at \$288 million, \$292 million, \$292 million and \$290 million, respectively. Fiscal 2004 also excludes budgeted expenditures for the administration of the Medicaid program. Fiscal 2005 through 2007 include program administration.

(4) Public Safety comprises expenditures for the Executive Office of Public Safety and Security, plus the Commonwealth's expenditures for sheriffs. Prior fiscal years have been restated to identify public safety spending.

(5) The fiscal 2004 general appropriations act funded the Commonwealth's scheduled pension obligation using \$687.3 million in cash and a transfer of assets to the pension fund valued at \$145 million. The asset transfer has not occurred and is not expected to occur. The amount in the table also includes non-contributory pensions paid from the General Fund.

(6) Commonwealth Care Trust Fund transfers are based on projected program spending offset in part by revenues dedicated to the Trust Fund, including certain cigarette tax revenue dedicated to the Trust Fund beginning in fiscal 2009.

(7) Medical Assistance Trust Fund transfers are shown according to date of payment, rather than date of service or authorization year.

(8) Includes expenditures for school building assistance in fiscal 2004 preceding off-budget restructuring of these expenditures. The amounts are subtracted from that year to facilitate trend analysis.

(9) Approximately \$412 million in State Fiscal Stabilization Funds from the American Recovery and Reinvestment Act of 2009 are expected to be used as a substitute for state funds that would otherwise go toward Chapter 70 education funding.

SELECTED FINANCIAL DATA

Statutory Basis

During a fiscal year there are numerous transactions among these budgeted funds, which from a fund accounting perspective create offsetting inflows and outflows. In conducting the budget process, the Executive Office for Administration and Finance excludes those inter-fund transactions that by their nature have no impact on the combined fund balance of the budgeted funds. The following table isolates this inter-fund activity from the budgeted sources and uses to align more clearly forecasts prepared during the budget process to the detailed fund accounting of the Commonwealth's annual financial statements.

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

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Projected Fiscal 2009
<u>Beginning Fund Balances</u>						
Reserved or Designated	\$ 76.8	\$ 664.6	\$ 355.6	\$ 947.2	\$ 351.3	\$ 171.5
Bay State Competitiveness Investment Fund	-	-	-	-	100.0	-
Transitional Escrow Fund	-	-	304.8	-	-	-
Stabilization Fund	641.3	1,137.3	1,728.4	2,154.7	2,335.0	2,119.2
Undesignated	<u>34.7</u>	<u>90.9</u>	<u>98.4</u>	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>
Total	<u>752.8</u>	<u>1,892.8</u>	<u>2,487.2</u>	<u>3,208.1</u>	<u>2,901.0</u>	<u>2,405.8</u>
<u>Revenues and Other Sources</u>						
Tax Revenues	15,269.0	15,987.4	17,286.2	18,444.9	19,488.5	16,966.6(4)
Federal Reimbursements	5,098.5	4,697.0	5,210.1	6,167.6	6,429.5	8,105.6
Departmental and Other Revenues	1,847.7	1,948.9	2,094.3	2,218.4	2,355.9	2,466.3
Inter-fund Transfers from Non-budgeted Funds and Other Sources (2)	<u>1,773.1</u>	<u>1,740.2</u>	<u>1,714.9</u>	<u>1,785.0</u>	<u>2,039.3</u>	<u>3,314.8</u>
Budgeted Revenues and Other Sources	23,988.3	24,373.4	26,305.5	28,615.9	30,313.2	30,853.3
Inter-fund Transfers	<u>2,058.7</u>	<u>2,231.3</u>	<u>1,358.1</u>	<u>552.9</u>	<u>2,226.3</u>	<u>1,745.7</u>
Total Budgeted Revenues and Other Sources	<u>26,047.0</u>	<u>26,604.7</u>	<u>27,663.6</u>	<u>29,168.8</u>	<u>32,539.5</u>	<u>32,599.0</u>
<u>Expenditures and Uses</u>						
Programs and Services	22,158.0	23,284.7	25,193.4	27,657.2	28,630.2	28,881.6
Inter-fund Transfers to Non-budgeted Funds and Other Uses	<u>690.3</u>	<u>494.4</u>	<u>391.2</u>	<u>1,265.7</u>	<u>2,178.2</u>	<u>3,613.7</u>
Budgeted Expenditures and Other Uses	22,848.3	23,779.1	25,584.6	28,922.9	30,808.4	32,495.3
Inter-fund Transfers	<u>2,058.7</u>	<u>2,231.2</u>	<u>1,358.1</u>	<u>553.0</u>	<u>2,226.3</u>	<u>1,745.7</u>
Total Budgeted Expenditures and Other Uses	<u>24,907.0</u>	<u>26,010.3</u>	<u>26,942.7</u>	<u>29,475.9</u>	<u>33,034.7</u>	<u>34,241.0</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>1,140.0</u>	<u>594.4</u>	<u>720.9</u>	<u>(307.1)</u>	<u>(495.2)</u>	<u>(1,642.0)</u>
<u>Ending Fund Balances</u>						
Reserved or Designated (3)	664.6	355.6	947.2	351.3	171.5	28.7
Bay State Competitiveness Investment Fund	-	-	-	100.0	-	-
Transitional Escrow Fund	-	304.8	-	-	-	-
Stabilization Fund	1,137.3	1,728.4	2,154.7	2,335.0	2,119.2	766.2
Undesignated	<u>90.9</u>	<u>98.4</u>	<u>106.2</u>	<u>114.7</u>	<u>115.1</u>	<u>104.2</u>
Total	<u>\$1,892.8</u>	<u>\$2,487.2</u>	<u>\$3,208.1</u>	<u>\$2,901.0</u>	<u>\$2,405.8</u>	<u>\$899.1</u>

SOURCES: Fiscal 2004-2008, Office of the Comptroller; fiscal 2009, Executive Office for Administration and Finance.

(1) Totals may not add due to rounding.

(2) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.

(3) Consists largely of appropriations from previous years, authorized to be expended in current years.

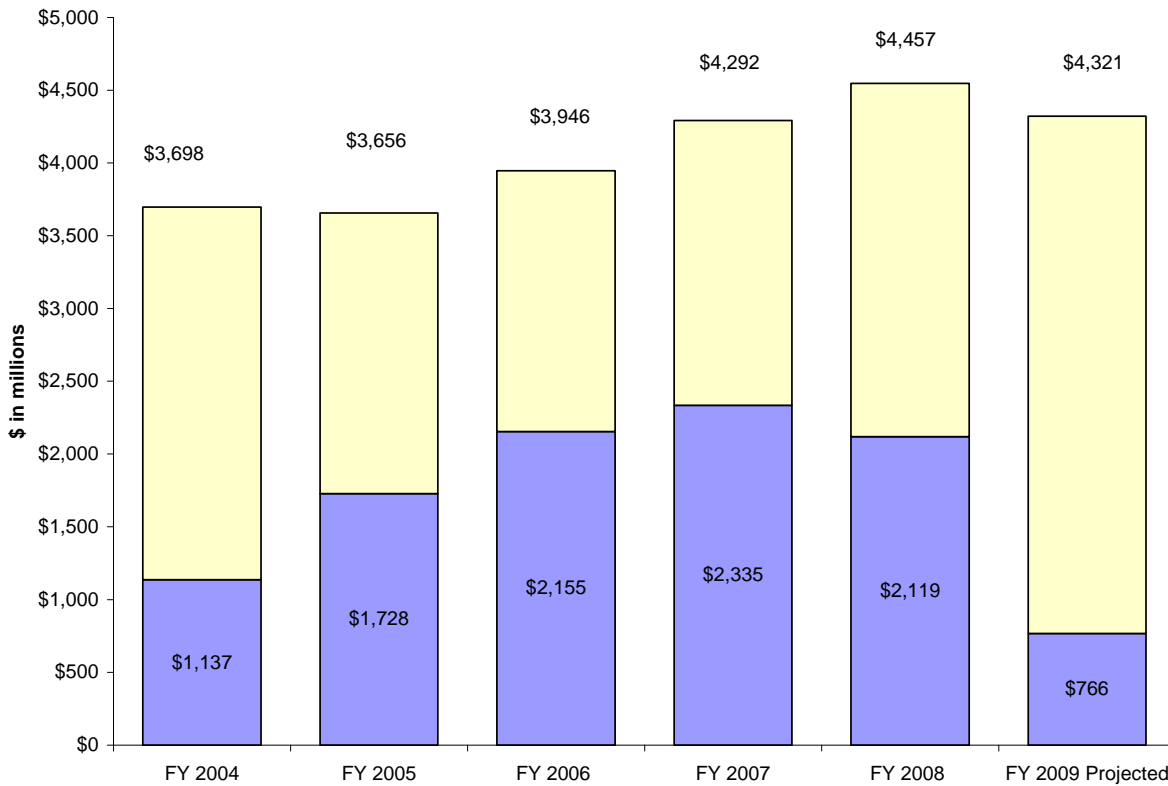
(4) This table reflects the fiscal 2009 revised tax revenue estimate of \$18.436 billion, net of transfers to the MSBA and MBTA.

Stabilization Fund

The fiscal 2009 budget suspends the statutorily required deposit and authorizes the transfer of Stabilization Fund investment earnings in fiscal 2009 to the General Fund. The fiscal 2009 budget relies upon \$1.389 billion in Stabilization Fund moneys, including the \$461 million withdrawal from the Fund proposed in the supplemental budget legislation filed by the Governor on May 7, 2009. The Governor’s budget proposals for fiscal 2010, filed on January 28, 2009, included a \$489 million draw from the Stabilization Fund. The Governor’s fiscal 2010 budget proposal also suspends the statutorily required deposit for fiscal 2010. The Executive Office for Administration and Finance has not determined what amount, if any, of Stabilization Funds will be used as part of the revised fiscal 2010 budget recommendations to be filed by the end of May. The fiscal 2010 budget approved by the House of Representatives on May 1, 2009 does not include a withdrawal from the Stabilization Fund, though it does suspend the statutorily required deposit for fiscal 2010. The Senate Committee on Ways and Means fiscal 2010 budget, released on May 13, 2009, includes a \$314 million withdrawal from the Stabilization Fund and suspends the statutorily required deposit for fiscal 2010.

Stabilization Fund Balance Compared to Allowable Stabilization Fund Balance

(in millions)



SOURCES: Fiscal 2004-2008, Office of the Comptroller; fiscal 2009, Executive Office for Administration and Finance.

LONG-TERM LIABILITIES

Interest Rate Swaps

The following table describes the interest rate swap agreements that the Commonwealth has entered into in connection with certain of its outstanding bond issues as of May 13, 2009.

<u>Swap Structure</u>	<u>Associated Bond Issue</u>	<u>Outstanding Notional Amount (in thousands)</u>	<u>Bond Floating Rate</u>	<u>Swap Fixed Rate Paid (Range)</u>	<u>Swap Variable Rate Received</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Counterparty</u>
<i>General Obligation Bonds:</i>								
Floating-to-fixed	Series 1997B	\$162,768	VRDB	4.659%	Cost of Funds	8/12/1997	8/1/2015	Goldman Sachs Matsui Marine Derivative Products Co., LP
Floating-to-fixed	Series 1997B	108,512	VRDB	4.659%	Cost of Funds	8/12/1997	8/1/2015	Ambac Financial Services, LP
Floating-to-fixed	Series 1998A (refunding)	295,986	LIBOR	4.174%	LIBOR	11/17/2008	9/1/2016	Deutsche Bank AG
	Consolidated Loan of 2006, Series A							
	Central Artery Loan of 2000, Series A							
	Central Artery Loan of 2000, Series B							
Floating-to-fixed	Series 1998A	197,324	VRDB	4.174%	Cost of Funds	9/17/1998	9/1/2016	Citi Swapco, Inc.
Floating-to-fixed	Series 2001B & C	496,225	VRDB	4.150%	Cost of Funds	2/20/2001	1/1/2021	Morgan Stanley Derivative Products Inc.
Floating-to-fixed	Series 2003B	87,455	CPI	4.500%	Cost of Funds/CPI	3/12/2003	3/1/2014	Goldman Sachs Matsui Marine Derivative Products Co., LP
Floating-to-fixed	Series 2003B	10,000	CPI	4.500%	Cost of Funds/CPI	10/8/2008	3/1/2013	Deutsche Bank AG
Floating-to-fixed	Series 2005A	540,725	SIFMA	2.925 - 4.000%	SIFMA	3/29/2005	2/1/2028	Citi
Floating-to-fixed	Series 2006C	100,000	CPI	3.730 - 3.850%	Cost of Funds/CPI	11/29/2006	11/1/2020	Citi
Floating-to-fixed	Consolidated Loan of 2007, Series A	400,000	LIBOR	4.420%	LIBOR	5/30/2007	5/1/2037	Barclays Bank, PLC
Floating-to-fixed	Series 2007A (refunding)	31,665	LIBOR	3.963%	Cost of Funds/LIBOR	10/8/2008	11/2/2025	Deutsche Bank AG
Floating-to-fixed	Series 2007A (refunding)	414,130	LIBOR	4.083%	Cost of Funds/LIBOR	10/8/2008	8/1/2018	Bank of New York Mellon
Floating-to-fixed	Central Artery Loan of 2000, Series A	109,125	SIFMA	3.942%	SIFMA	10/8/2008	8/1/2018	Merrill Lynch Capital Services, Inc.
Floating-to-fixed	Central Artery of 2000, Series A	54,525	SIFMA	3.942%	SIFMA	8/16/2008	6/15/2033	Bear Stearns Financial Products
Floating-to-fixed	Consolidated Loan of 2006, Series B	294,000	LIBOR	4.515%	LIBOR	11/25/2008	6/15/2033	Barclays Bank, PLC
	Consolidated Loan of 2000, Series D							
Subtotal		<u>3,020,470</u>						

*Special Obligation
Dedicated Tax
Revenue Bonds*

(CPI Based Swaps):

Special Obligation Dedicated Tax Revenue Bonds (CPI Based Swaps):

Floating-to-fixed	Series 2004	28,863	CPI	4.450 - 5.250%	Cost of Funds/CPI	6/29/2004	1/1/2018	Goldman Sachs Capital Markets, LP
Floating-to-fixed	Series 2004	28,863	CPI	4.450 - 5.250%	Cost of Funds/CPI	6/29/2004	1/1/2018	J.P. Morgan Chase Bank
Floating-to-fixed	Series 2004	28,863	CPI	4.450 - 5.250%	Cost of Funds/CPI	6/29/2004	1/1/2018	J. P. Morgan Chase Bank
Floating-to-fixed	Series 2005A	<u>96,490</u>	CPI	4.771 - 5.060%	Cost of Funds/CPI	6/12/2005	6/1/2022	Merrill Lynch Capital Services, Inc.
Subtotal		<u>183,079</u>						
Total		<u>\$3,485,519</u>						

Debt Service Requirements

The following table sets forth, as of April 2, 2009, the annual fiscal year debt service requirements on outstanding Commonwealth general obligation bonds, special obligation bonds and federal grant anticipation notes. For variable-rate bonds with respect to which the Commonwealth is a fixed-rate payor under an associated interest rate swap agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable-rate bonds, the schedule assumes a 5% interest rate.

Debt Service Requirements on Commonwealth Bonds as of April 2, 2009 (in thousands) (1)

Period Ending	DEBT SERVICE REQUIREMENTS GO General Obligation Bonds As of Apr 2, 2009 through Maturity				DEBT SERVICE REQUIREMENTS GANS Federal Highway Grant Anticipation Notes As of Apr 2, 2009 through Maturity			DEBT SERVICE REQUIREMENTS SO Special Obligation Revenue Bonds As of Apr 2, 2009 through Maturity		
	Principal	Interest	Compounded Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
6/30/2009	96,480	134,741		231,221	69,510	29,425	98,935	33,960	12,482	46,442
6/30/2010	1,021,862	781,327	6,913	1,810,102	142,845	53,403	196,248	35,530	57,887	93,417
6/30/2011	1,038,082	727,818	7,768	1,773,668	151,290	44,957	196,247	37,240	56,178	93,418
6/30/2012	941,533	673,595	8,266	1,623,393	159,365	36,880	196,245	39,135	54,290	93,425
6/30/2013	1,012,599	624,360	9,413	1,646,372	194,580	28,933	223,513	41,150	52,258	93,408
6/30/2014	904,012	576,808	7,735	1,488,555	239,065	16,727	255,792	37,170	50,020	87,190
6/30/2015	895,812	532,942	7,111	1,435,865	247,070	5,641	252,711	59,065	48,117	107,182
6/30/2016	949,779	490,745	5,733	1,446,257				60,975	44,918	105,893
6/30/2017	840,401	448,354	4,172	1,292,926				64,675	41,617	106,292
6/30/2018	714,717	409,950	3,230	1,127,897				46,350	38,425	84,775
6/30/2019	708,943	373,632	20,762	1,103,337				48,775	36,121	84,896
6/30/2020	785,164	337,756	1,875	1,124,795				49,020	33,499	82,519
6/30/2021	976,514	294,561	1,613	1,272,688				51,515	31,064	82,579
6/30/2022	771,054	251,254	1,428	1,023,736				54,355	28,292	82,647
6/30/2023	711,909	214,153	1,175	927,237				36,960	25,428	62,388
6/30/2024	635,601	180,993	918	817,512				28,990	23,443	52,433
6/30/2025	577,430	152,030	626	730,085				30,625	21,848	52,473
6/30/2026	438,349	126,795	459	565,602				32,360	20,164	52,524
6/30/2027	430,770	105,768	276	536,815				34,190	18,384	52,574
6/30/2028	239,895	88,919	175	328,989				36,125	16,504	52,629
6/30/2029	322,322	75,250	52	397,624				38,170	14,517	52,687
6/30/2030	279,630	59,554		339,184				40,330	12,418	52,748
6/30/2031	291,435	45,025		336,460				42,610	10,199	52,809
6/30/2032	101,515	35,366		136,881				45,020	7,856	52,876
6/30/2033	104,730	30,450		135,180				47,565	5,380	52,945
6/30/2034	102,925	25,472		128,397				50,250	2,764	53,014

6/30/2035	107,885	20,394		128,279			0	0	0	
6/30/2036	112,930	15,087		128,017			0	0	0	
6/30/2037	119,075	9,510		128,585			0	0	0	
6/30/2038	94,915	3,634		98,549			0	0	0	
6/30/2039	20,915	772		21,687			0	0	0	
TOTAL	16,349,180	7,847,015	89,702	24,285,898	1,203,725	215,967	1,419,692	1,122,110	764,072	1,886,182

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

Contingent Liabilities

Massachusetts Turnpike Authority. On April 24, 2009, the Governor approved legislation renewing the authority of the Secretary of Administration and Finance to guarantee the Turnpike Authority's swap obligations. The new authority expires on June 30, 2009. As of May 12, 2009, the aggregate termination costs of the Turnpike Authority's swaps were estimated (based on mid-market valuations) to be approximately \$326 million for the UBS swaps and \$10.9 million for the JPMorgan Chase Bank basis swap. See the March Information Statement under the heading "LONG-TERM LIABILITIES - Contingent Liabilities; *Massachusetts Turnpike Authority.*"

COMMONWEALTH CAPITAL INVESTMENT PLAN

Commonwealth Investment Plan

On April 7, 2009, the House of Representatives approved its version of legislation designed to reform the state's transportation system. The House bill would eliminate the Massachusetts Turnpike Authority and would establish a new Massachusetts Transportation and Infrastructure Authority, which would control the state highway system, the Massachusetts turnpike, the Metropolitan Highway System and the Tobin Bridge, and which would be supported by a dedicated state revenue stream as well as turnpike, tunnel and bridge tolls. A legislative conference committee to reconcile the House and Senate bills to reform the state transportation system held its first meeting on May 7, 2009. See the March Information Statement under the heading "COMMONWEALTH CAPITAL INVESTMENT PLAN - Commonwealth Investment Plan."

LEGAL MATTERS

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

Ricci v. Okin. The United States Supreme Court denied the petition of the Fernald class members for a writ of certiorari, and so the decision of the U. S. Court of Appeals for the First Circuit, favorable to the Commonwealth, stands.

Disability Law Center, Inc. v. Massachusetts Department of Correction, et al., United States District Court. This case is stayed while the parties are engaged in settlement discussions. A report on the progress of those discussions is due to be filed in court on May 15, 2009.

Demoranville v. Commonwealth, Supreme Judicial Court. Following dismissal of the case by the Superior Court in January, 2009, the Supreme Judicial Court has granted direct appellate review of that decision.

TJX Companies v. Commissioner of Revenue, Appeals Court. The Appeals Court largely affirmed the decision of the Appellate Tax Board in an unpublished decision dated April 3, 2009. TJX has applied to the Supreme Judicial Court for further appellate review, which the state defendant will oppose.

Capital One Bank v. Commissioner of Revenue, United States Supreme Court. The state defendant will file an opposition to Capital One Bank's petition for writ of certiorari prior to the end of May, 2009.

Geoffrey, Inc. v. Commissioner of Revenue, United States Supreme Court. Prior to the end of May, 2009, the Commonwealth will submit an opposition to a petition for writ of certiorari filed by Geoffrey, Inc. in the Supreme Court.

MISCELLANEOUS

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

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

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

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

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

CONTINUING DISCLOSURE

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

On behalf of the Commonwealth, the State Treasurer will provide to each NRMSIR within the meaning of Rule 15c2-12 of the SEC, no later than 270 days after the end of each fiscal year of the Commonwealth, certain financial information and operating data relating to such fiscal year, as provided in said Rule 15c2-12, together with audited financial statements of the Commonwealth for such fiscal year. In December, 2008, in conjunction with adoption of amendments to Rule 15c2-12, the SEC designated the Municipal Securities Rulemaking Board (MSRB) as the sole NRMSIR, effective July 1, 2009. 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 six 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 NRMSIRs and the MSRB.

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

AVAILABILITY OF OTHER FINANCIAL INFORMATION

Questions regarding the March Information Statement or this Supplement 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, or Lori D. Hindle, Capital Finance Program Manager, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to the March Information Statement or this Supplement should be directed to John R. Regier, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-1720.

THE COMMONWEALTH OF MASSACHUSETTS

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

By /s/ Leslie A. Kirwan
Leslie A. Kirwan
Secretary of Administration and Finance

May 13, 2009