# ECONOMIC INFORMATION

The information in this section was prepared by the Massachusetts State Data Center (MassSDC) at the University of Massachusetts Donahue Institute and may be relevant in evaluating the economic and financial condition and prospects of the Commonwealth of Massachusetts. The State Data Center archives much of the data about Massachusetts. The demographic information and statistical data, which have been obtained by the MassSDC from the sources indicated, do not necessarily present all factors that may have a bearing on the Commonwealth's fiscal and economic affairs.

All information is presented on a calendar-year basis unless otherwise indicated. **The section was prepared for release on January 31, 2006. Information in the text, tables, charts, and graphs was current as of December 31, 2005.** Sources of information are indicated in the text or immediately following the charts and tables, and also on the *Sources List* on the last page of the Exhibit A section. Although the Commonwealth considers the sources to be reliable, the Commonwealth has made no independent verification of the information presented herein and does not warrant its accuracy.

## Statistical Overview

| ***Population*** *(p. A-2)* | ***Massachusetts*** | ***United States*** |
|---|---|---|
| Estimated Percent Change in Population, April 1, 2000–July 1, 2005 | 0.8% | 5.3% |
| ***Personal Income, Consumer Prices, and Poverty*** *(p. A-7)* | | |
| Per Capita Personal Income, 2004 | $42,102 | $33,041 |
| Average Annual Pay, All Industries, 2004 | $48,916 | $39,354 |
| Percent Change in CPI-U, 2003-2004* | 2.7% | 2.7% |
| Percent Change in CPI-U, November 2004-November 2005* | 3.3% | 3.5% |
| Poverty Rate, 2003-2004 Average | 9.7% | 12.6% |
| Average Weekly Earnings, Manufacturing Production Workers: Nov. 2005(p) | $736.21 | $687.60 |
| Percent Change, Nov. 2004-Nov. 2005(p) | 1.0% | 3.3% |
| ***Employment*** *(p. A-15)* | | |
| Percent Change in Nonfarm Payroll Employment, Nov. 2004-Nov. 2005(p) | 0.5% | 1.5% |
| Unemployment Rate, 2004 | 5.1% | 5.5% |
| Unemployment Rate, November, 2005 | 4.9% | 5.0% |
| ***Economic Base and Performance*** *(p. A-21)* | | |
| Percent Change in Gross State Product, 2003-2004 | 6.9% | 6.6% |
| Percent Change in International Exports, 2003-2004 | 17.0% | 13.0% |
| Percent Change in Housing Permits Authorized, 2003-2004 | 14.2% | 6.2% |
| ***Human Resources and Infrastructure*** *(p. A-38)* | | |
| Expenditure Per Pupil, 2003 | $10,460 | $8,044 |
| Percent of Adults with a Bachelor's Degree or higher, 2004 | 37.4% | 27.0% |

* NOTE: Percent changes in the CPI-U are for the Boston area & the U.S.

Massachusetts is a densely populated state with a well-educated population, comparatively high income levels, low rates of unemployment, and a relatively diversified economy. While the total population of Massachusetts has remained fairly stable in the last twenty-five years, significant changes have occurred in the age distribution of the population: dramatic growth in residents between the ages of 20 and 44 since 1980 is expected to lead to a population distributed more heavily in the 65 and over age group in the next twenty-five years. Just as the working-age population has increased, income levels in Massachusetts since 1980 have grown significantly more than the national average, and a variety of measures of income show that Massachusetts residents have significantly higher amounts of annual income than the national average. These higher levels of income have been accompanied by a significantly lower poverty rate and, with the exception of the recession of the early 1990s, considerably lower unemployment rates in Massachusetts than in the United States since 1980. The state is now recovering from the recession of 2001, but is lagging behind the nation in many indicators, particularly employment levels.

The following five sections provide detailed information on population characteristics, personal income, employment, economic base and performance, and human resources and infrastructure.

## Population Characteristics

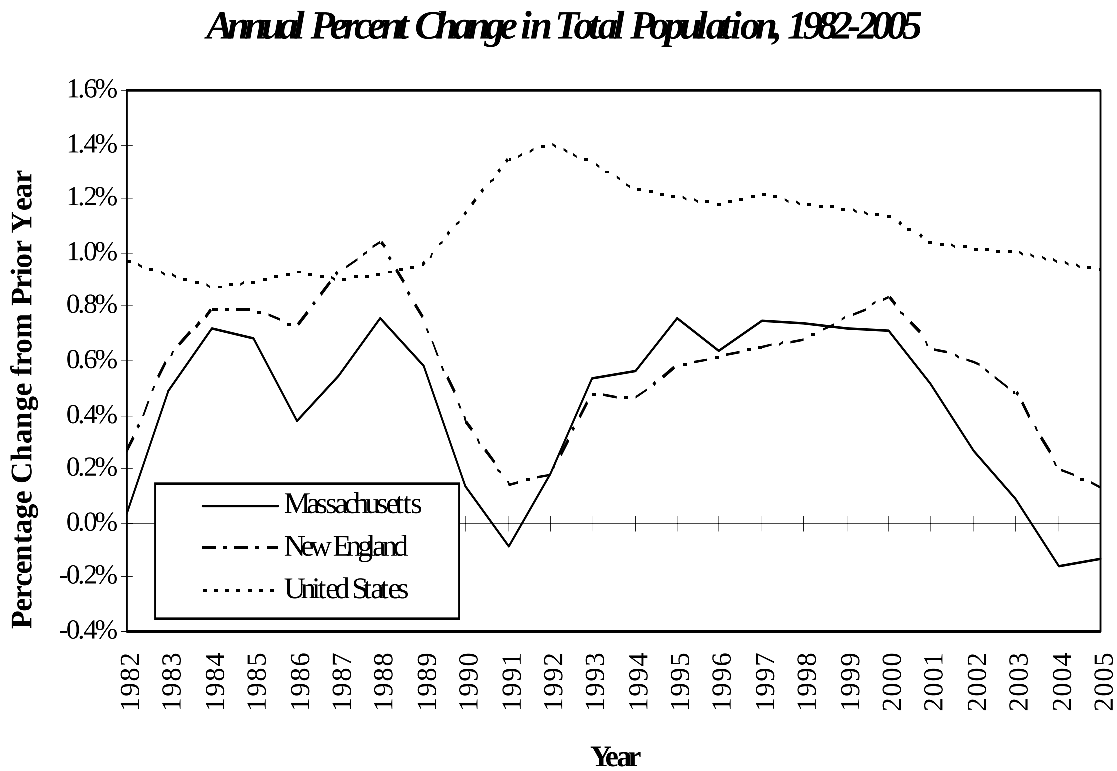
Massachusetts is a relatively slow growing but densely populated state with a comparatively large percentage of its residents living in metropolitan areas. The population density of Massachusetts was estimated as of July 1, 2005 to be 816.2 persons per square mile, as compared to 83.8 for the United States as a whole. Among the 50 states, only Rhode Island and New Jersey have a greater population density. Massachusetts also ranked just behind the same two states in percentage of residents living in metropolitan areas according to the metropolitan definitions released in 2003 which are based on whole counties. According to this new definition, the entire state is considered metropolitan except for the two island counties (99.6 percent of state residents in 2004) while Rhode Island, New Jersey and D.C. are wholly metropolitan.

The State's population is concentrated in its eastern portion. The city of Boston is the largest city in New England, with a 2004 population estimated at 569,165, or 9.0 percent of the state's population. Boston is the hub of the seven-county Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area (MSA), which includes the two southeastern New Hampshire counties, and which had a total population in 2003 estimated at 4,439,971; over 30 percent of the total New England population. The three-county Boston-Quincy, MA Metropolitan Division is the largest component of that MSA, with a total population in 2003 estimated at 1,822,557.

The second largest MSA in the state is the Worcester, MA MSA, with a 2004 population estimated at 779,488. The city of Worcester, situated approximately 40 miles west of Boston with a 2004 population estimated at 175,966, is the third largest city in New England as well as the second largest in the state. Its service, trade, and manufacturing industries combine for more than 70 percent of Worcester's total employment. As a major medical and educational center, the Worcester area is home to 19 patient care facilities, including the University of Massachusetts Medical School, and twelve other colleges and universities.

The third largest MSA in Massachusetts is the three-county Springfield MSA, with a 2004 population estimated at 687,973. Springfield, the third largest city in the Commonwealth with a 2004 population estimated at 152,082, is located in the Connecticut River Valley in Western Massachusetts and enjoys a diverse body of corporate employers, the largest of which are Baystate Health System, Big Y Supermarkets, MassMutual Financial Group, and Hasbro Games (Milton Bradley). In addition, Springfield is home to three independent colleges.

As the following chart and table indicate, the population in Massachusetts generally grows more slowly than the population of New England and much more slowly than the nation as a whole. According to the Census Bureau's latest revised estimates, only the District of Columbia, North Dakota, and West Virginia have grown more slowly than Massachusetts since Census 2000, and the state has even had a slight population loss since apparently peaking in 2003.




SOURCE: United States Department of Commerce, Bureau of the Census.
Note: Figures for all years shown are estimates as of July 1.

The following table compares the population level and percentage change in the population level of Massachusetts with those of the New England states and the United States.

## *Population, 1972-2005*

*(in thousands)*

| | Massachusetts | | New England | | United States | |
|---|---|---|---|---|---|---|
| Year | Total | Percent Change | Total | Percent Change | Total | Percent Change |
| **1972** | 5,760 | 0.4% | 12,082 | 0.7% | 209,284 | 1.2% |
| **1973** | 5,781 | 0.4% | 12,140 | 0.5% | 211,357 | 1.0% |
| **1974** | 5,774 | -0.1% | 12,146 | 0.0% | 213,342 | 0.9% |
| **1975** | 5,758 | -0.3% | 12,163 | 0.1% | 215,465 | 1.0% |
| **1976** | 5,744 | -0.2% | 12,192 | 0.2% | 217,563 | 1.0% |
| **1977** | 5,738 | -0.1% | 12,239 | 0.4% | 219,760 | 1.0% |
| **1978** | 5,736 | 0.0% | 12,283 | 0.4% | 222,095 | 1.1% |
| **1979** | 5,738 | 0.0% | 12,322 | 0.3% | 224,567 | 1.1% |
| **1980** | 5,737 | 0.0% | 12,348 | 0.2% | 226,546 | 0.9% |
| **1981** | 5,769 | 0.6% | 12,436 | 0.7% | 229,466 | 1.3% |
| **1982** | 5,771 | 0.0% | 12,468 | 0.3% | 231,664 | 1.0% |
| **1983** | 5,799 | 0.5% | 12,544 | 0.6% | 233,792 | 0.9% |
| **1984** | 5,841 | 0.7% | 12,642 | 0.8% | 235,825 | 0.9% |
| **1985** | 5,881 | 0.7% | 12,741 | 0.8% | 237,924 | 0.9% |
| **1986** | 5,903 | 0.4% | 12,833 | 0.7% | 240,133 | 0.9% |
| **1987** | 5,935 | 0.5% | 12,951 | 0.9% | 242,289 | 0.9% |
| **1988** | 5,980 | 0.8% | 13,085 | 1.0% | 244,499 | 0.9% |
| **1989** | 6,015 | 0.6% | 13,182 | 0.7% | 246,819 | 0.9% |
| **1990** | 6,023 | 0.1% | 13,230 | 0.4% | 249,623 | 1.1% |
| **1991** | 6,018 | -0.1% | 13,248 | 0.1% | 252,981 | 1.3% |
| **1992** | 6,029 | 0.2% | 13,271 | 0.2% | 256,514 | 1.4% |
| **1993** | 6,061 | 0.5% | 13,334 | 0.5% | 259,919 | 1.3% |
| **1994** | 6,095 | 0.6% | 13,396 | 0.5% | 263,126 | 1.2% |
| **1995** | 6,141 | 0.8% | 13,473 | 0.6% | 266,278 | 1.2% |
| **1996** | 6,180 | 0.6% | 13,555 | 0.6% | 269,394 | 1.2% |
| **1997** | 6,226 | 0.7% | 13,642 | 0.6% | 272,647 | 1.2% |
| **1998** | 6,272 | 0.7% | 13,734 | 0.7% | 275,854 | 1.2% |
| **1999** | 6,317 | 0.7% | 13,838 | 0.8% | 279,040 | 1.2% |
| **2000** | 6,362 | 0.7% | 13,953 | 0.8% | 282,193 | 1.1% |
| **2001** | 6,395 | 0.5% | 14,043 | 0.6% | 285,108 | 1.0% |
| **2002** | 6,412 | 0.3% | 14,126 | 0.6% | 287,985 | 1.0% |
| **2003** | 6,418 | 0.1% | 14,194 | 0.5% | 290,850 | 1.0% |
| **2004** | 6,407 | -0.2% | 14,222 | 0.2% | 293,657 | 1.0% |
| **2005** | 6,399 | -0.1% | 14,240 | 0.1% | 296,410 | 0.9% |

SOURCE: United States Department of Commerce, Bureau of the Census. 1980 figures are census counts as of April 1, 1980; figures for all other years shown are estimates as of July 1.

**EXHIBIT A-4**

The next twenty-five years are expected to bring about a continued change in the age distribution of the Massachusetts population. As the following table and chart show, the share of the 65 and over age group and especially the 85 and over age group will continue to grow. The chart, table and population pyramids (below, and on the following page) show the projected population by age for Massachusetts for 2000 through 2030.

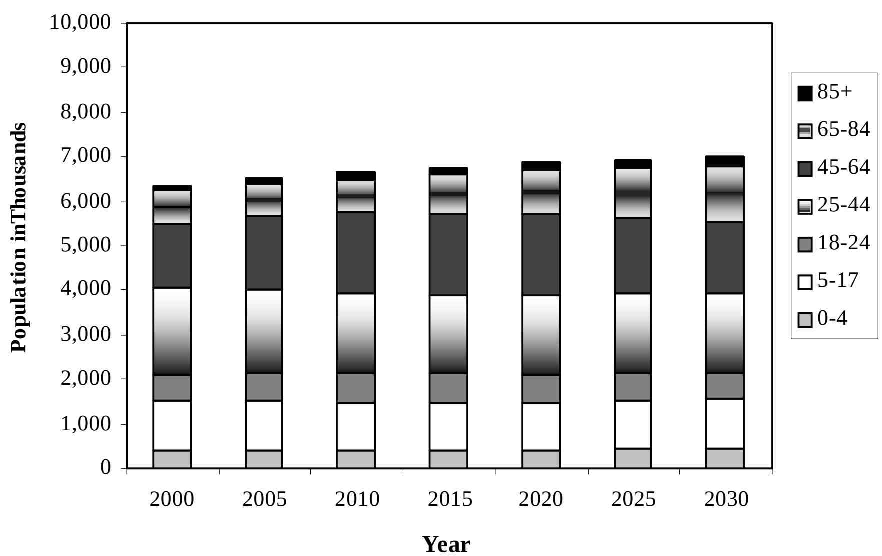
**_Projected Massachusetts Population by Age Group, 2000-2030_**

*(in thousands)*

| Year | 0-4 | 5-17 | 18-24 | 25-44 | 45-64 | 65-84 | 85+ | All Ages | Median Age |
|---|---|---|---|---|---|---|---|---|---|
| **2000** | 397.3 | 1,102.8 | 579.3 | 1,989.8 | 1,419.8 | 743.5 | 116.7 | 6,349.1 | 36.5 |
| **2005** | 406.3 | 1,119.2 | 611.8 | 1,874.6 | 1,649.0 | 720.7 | 137.4 | 6,518.9 | 37.8 |
| **2010** | 400.7 | 1,083.1 | 670.2 | 1,769.7 | 1,817.1 | 750.6 | 158.0 | 6,649.4 | 38.8 |
| **2015** | 409.7 | 1,064.2 | 656.0 | 1,746.1 | 1,857.1 | 856.5 | 168.9 | 6,758.6 | 39.2 |
| **2020** | 422.3 | 1,070.9 | 617.5 | 1,775.8 | 1,809.3 | 987.8 | 172.0 | 6,855.5 | 39.5 |
| **2025** | 431.0 | 1,087.7 | 616.2 | 1,782.5 | 1,703.3 | 1,137.8 | 180.1 | 6,938.6 | 39.7 |
| **2030** | 430.6 | 1,115.0 | 610.7 | 1,783.9 | 1,608.7 | 1,251.2 | 211.9 | 7,012.0 | 40.2 |

Actual Census 2000 counts as of April 1; all other figures are projections as of July 1 of the indicated year. Interim Population Projections through 2030 released April 21, 2005 by the Population Division, Bureau of the Census, United States Department of Commerce.

**_Projected Massachusetts Population by Age Group 2000-2030_**

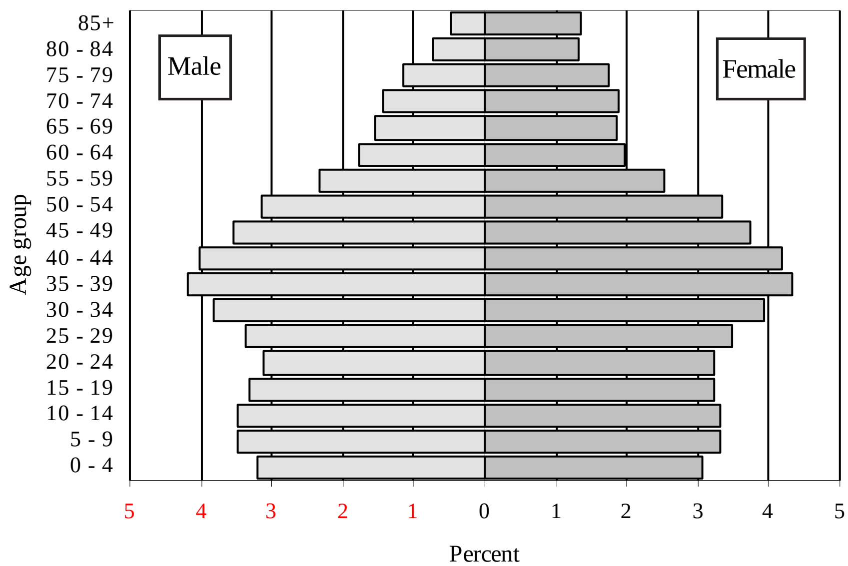



Actual Census 2000 counts as of April 1; all other figures are projections as of July 1 of the indicated year. Interim Population Projections through 2030 released April 21, 2005 by the Population Division, Bureau of the Census, United States Department of Commerce.

## *Population Pyramids of Massachusetts*

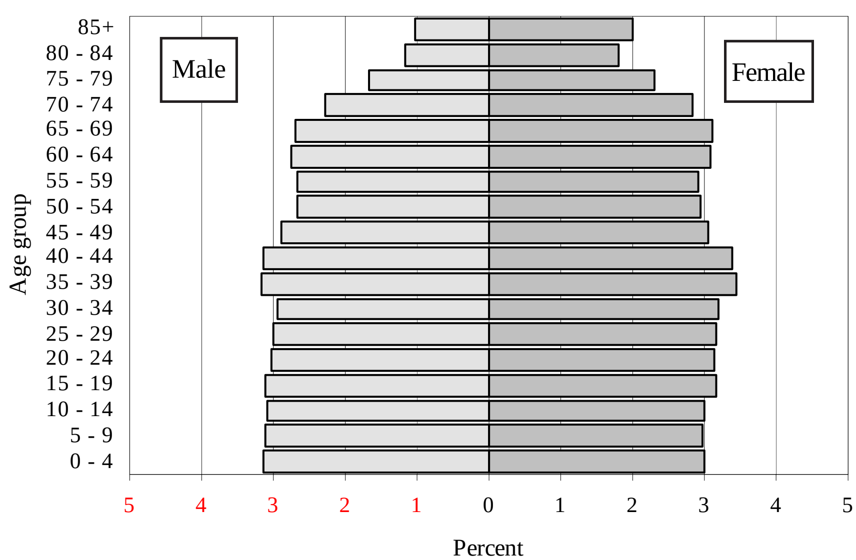
*(percent of total population)*

**2000***




*Note: Actual Census 2000 counts as of April 1.

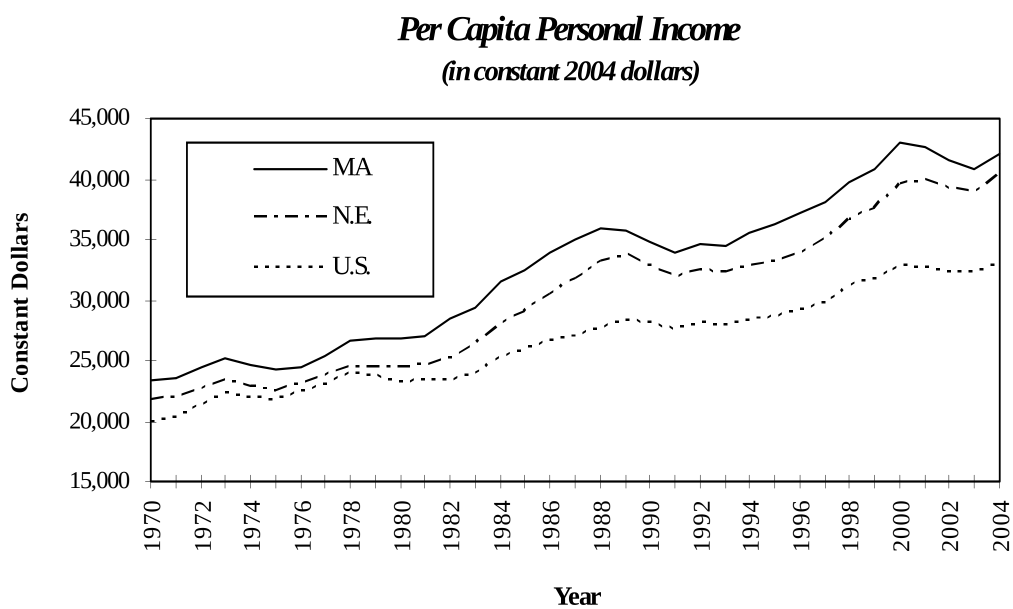
**2030**




SOURCE: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005
Internet Release Date: April 21,2005

## PERSONAL INCOME, CONSUMER PRICES, AND POVERTY

***Personal Income.*** Since at least 1929, real and nominal per capita income levels have been consistently higher in Massachusetts than in the United States. After growing at an annual rate higher than that for the United States between 1982 and 1988, real income levels in Massachusetts declined between 1989 and 1991. Real per capita income levels in Massachusetts increased faster than the national average between 1994 and 1997. In 2000 Massachusetts had its highest per capita income growth in 16 years, exceeding the national growth rate by 2.4 percentage points. From 2000 to 2003 real income in both Massachusetts and the United States declined, with a steeper decline in Massachusetts. However, real income levels in Massachusetts remained well above the national average. In 2004, income in the state grew faster than in the nation and only the District of Columbia and Connecticut had higher levels of per capita personal income. The following chart illustrates real per capita personal income in Massachusetts, New England, and the United States since 1970.




SOURCE: United States Department of Commerce, Bureau of Economic Analysis.

The following table compares per capita personal income in Massachusetts, New England, and the United States for the period 1970-2004.

## *Per Capita Personal Income, 1970-2004*

| | Nominal Income (in current dollars) | | | Real Income (in 2004 dollars) | | | Percent Change in Real Income | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | MA | N.E. | U.S. | MA | N.E. | U.S. | MA | N.E. | U.S. |
| **1970** | 4,483 | 4,445 | 4,085 | 23,363 | 21,641 | 19,888 | 0.3% | 0.5% | 0.7% |
| **1971** | 4,752 | 4,680 | 4,342 | 23,591 | 21,828 | 20,252 | 1.0% | 0.9% | 1.8% |
| **1972** | 5,109 | 5,029 | 4,717 | 24,493 | 22,727 | 21,317 | 3.8% | 4.1% | 5.3% |
| **1973** | 5,547 | 5,481 | 5,231 | 25,099 | 23,319 | 22,255 | 2.5% | 2.6% | 4.4% |
| **1974** | 6,016 | 5,958 | 5,707 | 24,616 | 22,829 | 21,867 | -1.9% | -2.1% | -1.7% |
| **1975** | 6,459 | 6,381 | 6,172 | 24,250 | 22,405 | 21,671 | -1.5% | -1.9% | -0.9% |
| **1976** | 6,998 | 6,959 | 6,754 | 24,435 | 23,103 | 22,422 | 0.8% | 3.1% | 3.5% |
| **1977** | 7,620 | 7,593 | 7,405 | 25,299 | 23,669 | 23,083 | 3.5% | 2.4% | 2.9% |
| **1978** | 8,430 | 8,413 | 8,245 | 26,598 | 24,374 | 23,888 | 5.1% | 3.0% | 3.5% |
| **1979** | 9,385 | 9,392 | 9,146 | 26,860 | 24,437 | 23,797 | 1.0% | 0.3% | -0.4% |
| **1980** | 10,602 | 10,629 | 10,114 | 26,890 | 24,367 | 23,186 | 0.1% | -0.3% | -2.6% |
| **1981** | 11,798 | 11,846 | 11,246 | 26,925 | 24,617 | 23,370 | 0.1% | 1.0% | 0.8% |
| **1982** | 12,941 | 12,871 | 11,935 | 28,389 | 25,195 | 23,363 | 5.4% | 2.3% | 0.0% |
| **1983** | 14,009 | 13,829 | 12,618 | 29,408 | 26,228 | 23,931 | 3.6% | 4.1% | 2.4% |
| **1984** | 15,723 | 15,422 | 13,891 | 31,461 | 28,039 | 25,255 | 7.0% | 6.9% | 5.5% |
| **1985** | 16,910 | 16,546 | 14,758 | 32,382 | 29,048 | 25,909 | 2.9% | 3.6% | 2.6% |
| **1986** | 18,148 | 17,722 | 15,442 | 33,886 | 30,545 | 26,615 | 4.6% | 5.2% | 2.7% |
| **1987** | 19,575 | 19,119 | 16,240 | 35,021 | 31,792 | 27,005 | 3.3% | 4.1% | 1.5% |
| **1988** | 21,341 | 20,811 | 17,331 | 35,998 | 33,231 | 27,674 | 2.8% | 4.5% | 2.5% |
| **1989** | 22,342 | 22,083 | 18,520 | 35,649 | 33,641 | 28,213 | -1.0% | 1.2% | 1.9% |
| **1990** | 23,043 | 22,712 | 19,477 | 34,755 | 32,826 | 28,150 | -2.5% | -2.4% | -0.2% |
| **1991** | 23,432 | 22,969 | 19,892 | 33,855 | 31,856 | 27,589 | -2.6% | -3.0% | -2.0% |
| **1992** | 24,538 | 24,172 | 20,854 | 34,594 | 32,545 | 28,078 | 2.2% | 2.2% | 1.8% |
| **1993** | 25,176 | 24,752 | 21,346 | 34,496 | 32,357 | 27,905 | -0.3% | -0.6% | -0.6% |
| **1994** | 26,303 | 25,687 | 22,172 | 35,574 | 32,741 | 28,261 | 3.1% | 1.2% | 1.3% |
| **1995** | 27,457 | 26,832 | 23,076 | 36,269 | 33,258 | 28,603 | 2.0% | 1.6% | 1.2% |
| **1996** | 28,933 | 28,194 | 24,175 | 37,119 | 33,944 | 29,106 | 2.3% | 2.1% | 1.8% |
| **1997** | 30,498 | 29,687 | 25,334 | 38,054 | 34,940 | 29,817 | 2.5% | 2.9% | 2.4% |
| **1998** | 32,524 | 31,677 | 26,883 | 39,684 | 36,710 | 31,155 | 4.3% | 5.1% | 4.5% |
| **1999** | 34,227 | 33,126 | 27,939 | 40,742 | 37,560 | 31,679 | 2.7% | 2.3% | 1.7% |
| **2000** | 37,756 | 36,118 | 29,845 | 43,082 | 39,621 | 32,739 | 5.7% | 5.5% | 3.3% |
| **2001** | 38,949 | 37,334 | 30,575 | 42,610 | 39,822 | 32,612 | -1.1% | 0.5% | -0.4% |
| **2002** | 38,975 | 37,379 | 30,814 | 41,553 | 39,249 | 32,356 | -2.5% | -1.4% | -0.8% |
| **2003** | 39,776 | 38,026 | 31,487 | 40,868 | 39,039 | 32,326 | -1.6% | -0.5% | -0.1% |
| **2004** | 42,102 | 40,269 | 33,041 | 42,102 | 40,269 | 33,041 | 3.0% | 3.2% | 2.2% |

SOURCE: United States Department of Commerce, Bureau of Economic Analysis.
Notes: Estimated population as of July 1. Massachusetts real income is calculated using Boston CPI-U data.

***Annual pay in nominal dollars*** has grown steadily in Massachusetts over the past decade. Average annual pay is computed by dividing the total annual payroll of employees covered by Unemployment Insurance programs by the average monthly number of employees. Data are reported by employers covered under the Unemployment Insurance programs. While levels of annual pay were nearly equal in Massachusetts and the United States in 1984, average annual pay levels in Massachusetts have grown more rapidly than the national average since that time. The level of annual pay in Massachusetts in 2004 was 24 percent higher than the national average: $48,916 compared to $39,354.

***Wage and Salary Disbursements***. Wage and Salary Disbursements by Place of Work is a component of personal income and measures monetary disbursements to employees. This includes compensation of corporate officers, commissions, tips, bonuses, and receipts in-kind. Although the data is recorded on a place-of-work basis, it is then adjusted to a place-of-residence basis so that the personal income of the recipients whose place of residence differs from their place of work will be correctly assigned to their state of residence. The table below details Wage and Salary Disbursements since 1990. Between 1991 and 2000, Massachusetts shares of the New England and overall US totals steadily increased, but in the subsequent years, its shares have dropped back somewhat from their 2000 peaks.

***Annual Wage and Salary Disbursements, 1990-2004***

*(in millions of dollars)*

| *Year* | *U.S.* | *N.E.* | *MA* | *MA as a pct. of N.E.* |
|---|---|---|---|---|
| **1990** | $ 2,743,016 | $171,448 | $83,129 | 48.5% |
| **1991** | $ 2,811,076 | $170,333 | $82,311 | 48.3% |
| **1992** | $ 2,972,287 | $177,810 | $86,014 | 48.4% |
| **1993** | $ 3,076,276 | $183,236 | $89,047 | 48.6% |
| **1994** | $ 3,227,483 | $190,661 | $93,164 | 48.9% |
| **1995** | $ 3,415,368 | $201,946 | $99,194 | 49.1% |
| **1996** | $ 3,615,699 | $213,667 | $105,573 | 49.4% |
| **1997** | $ 3,874,011 | $230,032 | $113,579 | 49.4% |
| **1998** | $ 4,179,922 | $247,851 | $123,054 | 49.6% |
| **1999** | $ 4,463,650 | $266,554 | $134,045 | 50.3% |
| **2000** | $ 4,825,906 | $293,889 | $150,842 | 51.3% |
| **2001** | $ 4,939,944 | $300,698 | $153,131 | 50.9% |
| **2002** | $ 4,976,552 | $298,533 | $150,108 | 50.3% |
| **2003** | $ 5,105,689 | $304,736 | $151,998 | 49.9% |
| **2004** | $ 5,383,759 | $321,340 | $160,157 | 49.8% |

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

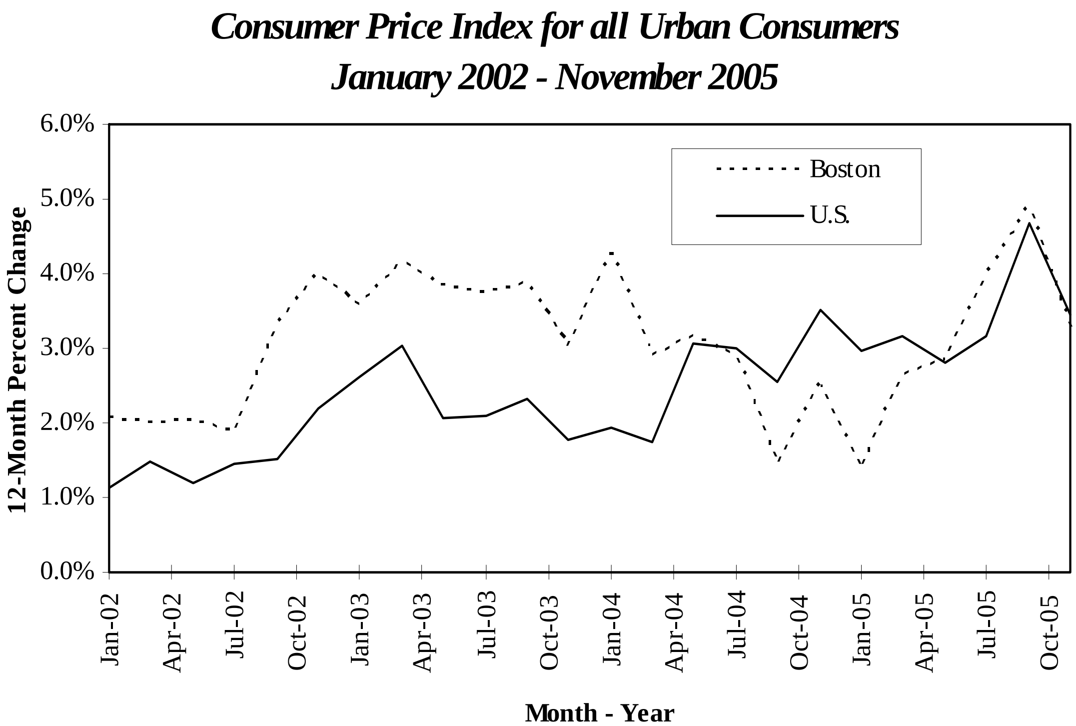
***Consumer Prices.*** Higher income levels in Massachusetts relative to the rest of the United States are offset to some extent by the higher cost of living in Massachusetts. The following table presents consumer price trends for the Boston metropolitan area and the United States for the period between 1970 and 2004. The table shows the Consumer Price Index for All Urban Consumers (CPI-U) and the percentage change in that index from the previous year. In 2004, the CPI-U for both Boston and the United States as a whole increased 2.7 percent. The latest available data for November 2005 show that the CPI-U for the Boston metropolitan area grew at a rate of 3.3 percent from November 2004, compared with 3.5 percent for the U.S.

## *Consumer Price Index for all Urban Consumers (CPI-U), 1970-2004*

*(not seasonally adjusted, (1982-1984=100))*

| | ***Boston Metro Area*** | | ***United States*** | |
|---|---|---|---|---|
| *Year* | *CPI-U* | *Pct.Change* | *CPI-U* | *Pct. Change* |
| **1970** | 40.2 | | 38.8 | |
| **1971** | 42.2 | 5.0% | 40.5 | 4.4% |
| **1972** | 43.7 | 3.6% | 41.8 | 3.2% |
| **1973** | 46.3 | 5.9% | 44.4 | 6.2% |
| **1974** | 51.2 | 10.6% | 49.3 | 11.0% |
| **1975** | 55.8 | 9.0% | 53.8 | 9.1% |
| **1976** | 60.0 | 7.5% | 56.9 | 5.8% |
| **1977** | 63.1 | 5.2% | 60.6 | 6.5% |
| **1978** | 66.4 | 5.2% | 65.2 | 7.6% |
| **1979** | 73.2 | 10.2% | 72.6 | 11.3% |
| **1980** | 82.6 | 12.8% | 82.4 | 13.5% |
| **1981** | 91.8 | 11.1% | 90.9 | 10.3% |
| **1982** | 95.5 | 4.0% | 96.5 | 6.2% |
| **1983** | 99.8 | 4.5% | 99.6 | 3.2% |
| **1984** | 104.7 | 4.9% | 103.9 | 4.3% |
| **1985** | 109.4 | 4.5% | 107.6 | 3.6% |
| **1986** | 112.2 | 2.6% | 109.6 | 1.9% |
| **1987** | 117.1 | 4.4% | 113.6 | 3.6% |
| **1988** | 124.2 | 6.1% | 118.3 | 4.1% |
| **1989** | 131.3 | 5.7% | 124.0 | 4.8% |
| **1990** | 138.9 | 5.8% | 130.7 | 5.4% |
| **1991** | 145.0 | 4.4% | 136.2 | 4.2% |
| **1992** | 148.6 | 2.5% | 140.3 | 3.0% |
| **1993** | 152.9 | 2.9% | 144.5 | 3.0% |
| **1994** | 154.9 | 1.3% | 148.2 | 2.6% |
| **1995** | 158.6 | 2.4% | 152.4 | 2.8% |
| **1996** | 163.3 | 3.0% | 156.9 | 3.0% |
| **1997** | 167.9 | 2.8% | 160.5 | 2.3% |
| **1998** | 171.7 | 2.3% | 163.0 | 1.6% |
| **1999** | 176.0 | 2.5% | 166.6 | 2.2% |
| **2000** | 183.6 | 4.3% | 172.2 | 3.4% |
| **2001** | 191.5 | 4.3% | 177.1 | 2.8% |
| **2002** | 196.5 | 2.6% | 179.9 | 1.6% |
| **2003** | 203.9 | 3.8% | 184.0 | 2.3% |
| **2004** | 209.5 | 2.7% | 188.9 | 2.7% |
| | | | | |
| **Nov-04** | 211.7 | | 191.0 | |
| **Nov-05** | 218.6 | 3.3% | 197.6 | 3.5% |

SOURCE: United States Department of Labor, Bureau of Labor Statistics




SOURCE: United States Department of Labor, Bureau of Labor Statistics.

***Consumer Confidence, Present Situation, and Future Expectations.*** These three measures offer multiple insights into consumer attitudes. The U.S. and New England measures are compiled from a national monthly survey of 5,000 households and are published by The Conference Board, Inc. The survey for Boston is conducted in a similar manner and the results are published by the Mass Insight Corporation, based on quarterly polling of 500 adult residents of Massachusetts. The "Present Situation" index measures consumers' appraisal of business and employment conditions at the time of the survey. The "Future Expectations" index focuses on consumers' expectations six months hence regarding business and employment conditions, as well as expected family income. The overall "Consumer Confidence" index is a weighted average of the two sub-indices. Although the U.S. and the New England measures are compiled by a different source than the Boston measures, according to the Federal Reserve Bank of Boston the numbers are generally comparable. The following table and chart detail the recent record of these three measures.

## *Quarterly Measures of Consumer Confidence, Present Situation, and Future Expectations for Massachusetts, New England, and the U.S., January 2001 - October 2005*

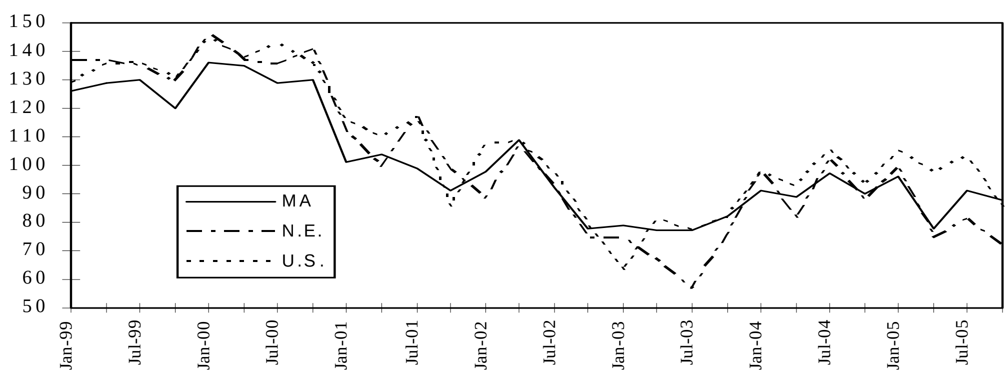
*(not seasonally adjusted, except United States (1985=100))*

| | Consumer Confidence | | | Present Situation | | | Future Expectations | | |
|---|---|---|---|---|---|---|---|---|---|
| | MA | N.E. | U.S. | MA | N.E. | U.S. | MA | N.E. | U.S. |
| Jan-01 | 101.0 | 111.9 | 115.7 | 139.0 | 173.9 | 170.4 | 76.0 | 70.5 | 79.3 |
| Apr-01 | 104.0 | 99.5 | 109.9 | 124.0 | 161.7 | 156.0 | 91.0 | 58.0 | 79.1 |
| Jul-01 | 99.0 | 117.5 | 116.3 | 108.0 | 170.8 | 151.3 | 93.0 | 82.0 | 92.9 |
| Oct-01 | 91.0 | 98.6 | 85.3 | 94.0 | 105.6 | 107.2 | 90.0 | 64.0 | 70.7 |
| Jan-02 | 97.8 | 88.5 | 107.0 | 98.1 | 85.5 | 72.0 | 97.6 | 90.5 | 130.0 |
| Apr-02 | 109.0 | 106.7 | 108.5 | 84.0 | 115.5 | 106.8 | 125.0 | 100.8 | 109.6 |
| Jul-02 | 92.0 | 92.4 | 97.4 | 68.0 | 96.3 | 99.4 | 108.0 | 89.9 | 96.1 |
| Oct-02 | 78.0 | 74.2 | 79.6 | 48.0 | 70.8 | 77.2 | 97.0 | 76.5 | 81.1 |
| Jan-03 | 78.8 | 74.4 | 63.0 | 75.3 | 63.9 | 28.0 | 81.1 | 81.5 | 86.0 |
| Apr-03 | 77.0 | 66.4 | 81.0 | 31.0 | 52 | 75.2 | 108.0 | 76.0 | 84.8 |
| Jul-03 | 77.0 | 56.8 | 77.0 | 41.0 | 42.8 | 63.0 | 101.0 | 66.2 | 86.3 |
| Oct-03 | 82.0 | 75.5 | 81.7 | 36.0 | 57.4 | 67.0 | 112.0 | 87.6 | 91.5 |
| Jan-04 | 91.0 | 98.2 | 97.7 | 48.0 | 86.5 | 86.1 | 119.0 | 106.1 | 105.3 |
| Apr-04 | 89.0 | 81.2 | 93.0 | 53.0 | 74.8 | 90.4 | 113.0 | 85.5 | 94.8 |
| Jul-04 | 97.0 | 101.4 | 105.7 | 66.0 | 102.9 | 106.4 | 119.0 | 100.3 | 105.3 |
| Oct-04 | 90.0 | 87.7 | 92.9 | 64.0 | 91.4 | 94.0 | 108.0 | 85.3 | 92.2 |
| Jan-05 | 96.0 | 98.9 | 105.1 | 70.0 | 101.9 | 112.1 | 114.0 | 96.9 | 100.4 |
| Apr-05 | 78.0 | 74.4 | 97.5 | 63.0 | 90.2 | 113.8 | 88.0 | 63.9 | 86.7 |
| Jul-05 | 91.0 | 81.3 | 103.6 | 80.0 | 120.2 | 119.3 | 99.0 | 55.4 | 93.2 |
| Oct-05 | 88.0 | 71.6 | 85.2 | 80.0 | 105.7 | 107.8 | 95.0 | 48.9 | 70.1 |

SOURCES: The Conference Board, Inc. (for U.S. and N.E.measures), Mass Insight Corporation (for MA measure).

***Consumer Confidence for Massachusetts, New England, and the U.S. January 1999 – October 2005***

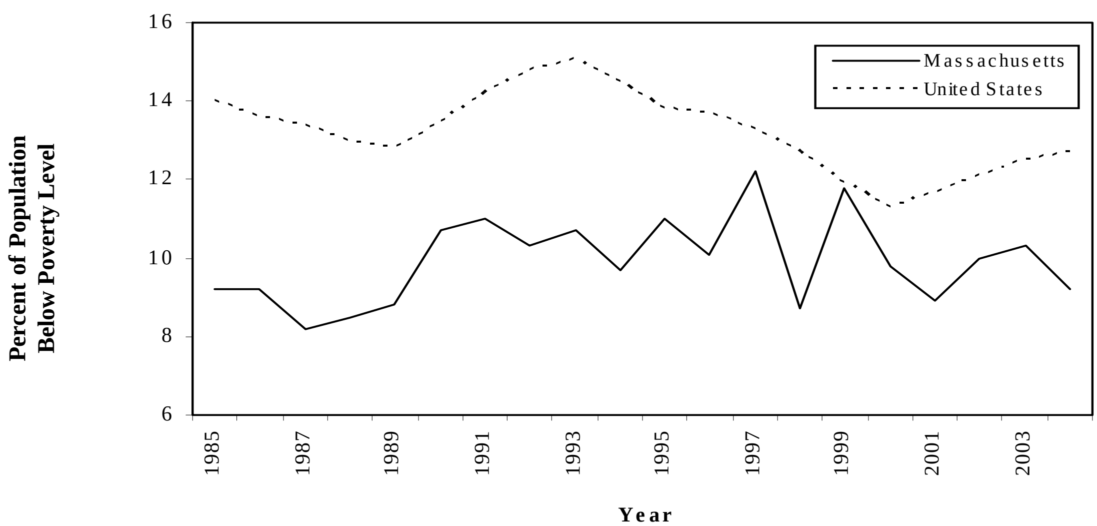
*(not seasonally adjusted, except United States (1985=100))*




SOURCES: The Conference Board, Inc. (for U.S. and N.E. measures), Mass Insight Corporation (for MA measure).

***Poverty.*** The Massachusetts poverty rate remains below the national average. Since 1980, the percentage of the Massachusetts population below the poverty line has varied between 7.7 percent and 12.2 percent. During the same time, the national poverty rate varied between 11.3 percent and 15.1 percent. In 2004, the poverty rate in Massachusetts decreased to 9.2 percent while the poverty rate in the United States rose slightly to 12.7 percent. Since 1980, the ratio of the Massachusetts rate of poverty to the United States rate of poverty has varied from a low of 0.51 in 1983 to 0.99 in 1999. These official poverty statistics are not adjusted for regional differences in the cost of living. The following chart illustrates the lower poverty rates in Massachusetts (1985 - 2004) compared with the national average during similar periods. Poverty estimates for states are not as reliable as national estimates. One should use caution when comparing poverty rate estimates across states, or poverty rates for the same state across years, because their variability is high.

***Poverty Rate, 1985-2004***

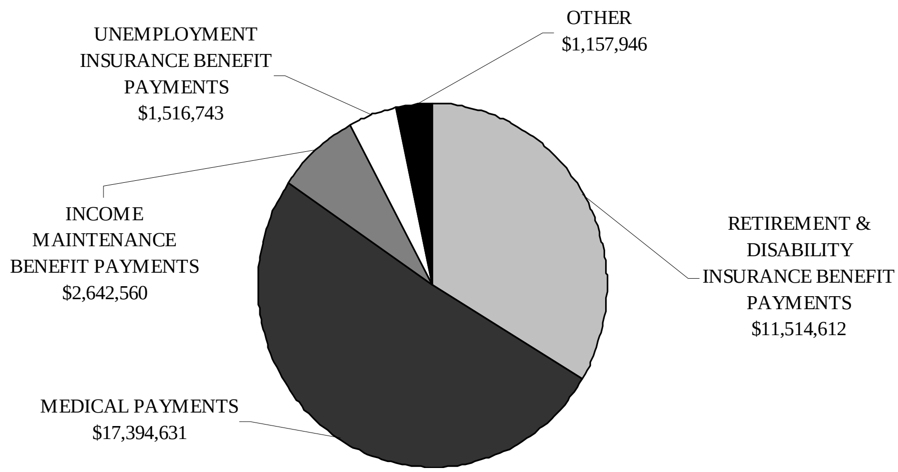



SOURCE: United States Department of Commerce, Bureau of the Census.

***Transfer Payments***. Transfer payment income is payment to individuals from all levels of government and from businesses, for which no current services are performed, including payments to nonprofit institutions serving individuals. These payments accounted for more than 13 percent of total personal income in Massachusetts in 2004. The chart below does not include transfer payments from business or payments to non-profit organizations. Total transfer payments to individuals in Massachusetts totaled 35.5 billion dollars for 2004. Approximately 51 percent of total transfer payments were medical payments.

***Transfer Payments from Governments to Individuals in Massachusetts in 2004 (From Annual State Personal Income Estimates)***

*(in thousands of current dollars)*

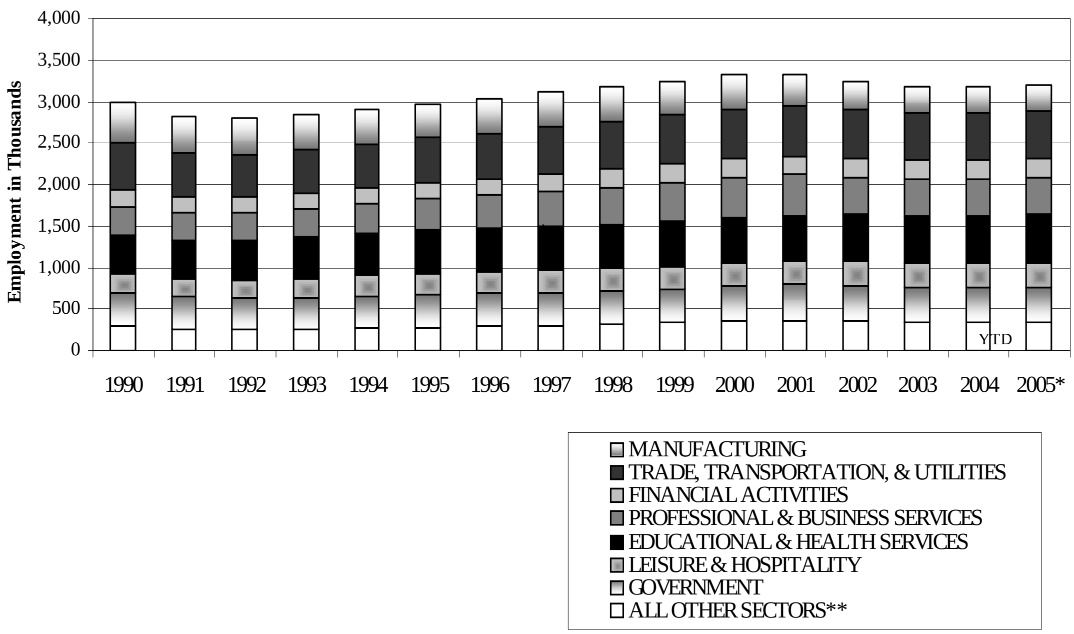



SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.
NOTE: The category "other" includes veterans' benefit payments, federal education and training assistance payments, and a small residual of miscellaneous other payments to individuals.

***Employment by Industry.*** The chart on this page shows the annual level of non-agricultural payroll employment in Massachusetts on the new North American Industry Classification System (NAICS) basis for the seven largest NAICS super-sectors starting with 1990, the earliest year for which NAICS data are available. The chart on the following page compares the super-sector shares for the 2003-2004 period with the corresponding shares for the 1990-1991 period. Like many industrial states, Massachusetts has seen a steady decline of its manufacturing jobs base over the last two decades, not only as a share of total employment, but in absolute numbers of jobs as well. Several NAICS service sectors have grown to take the place of manufacturing in driving the Massachusetts economy. The combined service sectors now account for more than half of total payroll employment.

Total non-agricultural employment in Massachusetts declined 2.4 percent in 2002 and another 1.9 percent in 2003 but only 0.1 percent in 2004. The preliminary unadjusted estimates for the first eleven months of 2005 are in fact 0.7 percent above those for the same months in 2004. In 2004, manufacturing employment declined 3.2 percent from the year before; a significantly smaller decline than the annual declines in the previous three years and very close to the long-term average rate of decline since 1990 (3.0 percent per year). In fact, the unadjusted estimates for manufacturing for the first eleven months of 2005 are only 0.3 percent below the corresponding 2004 average.

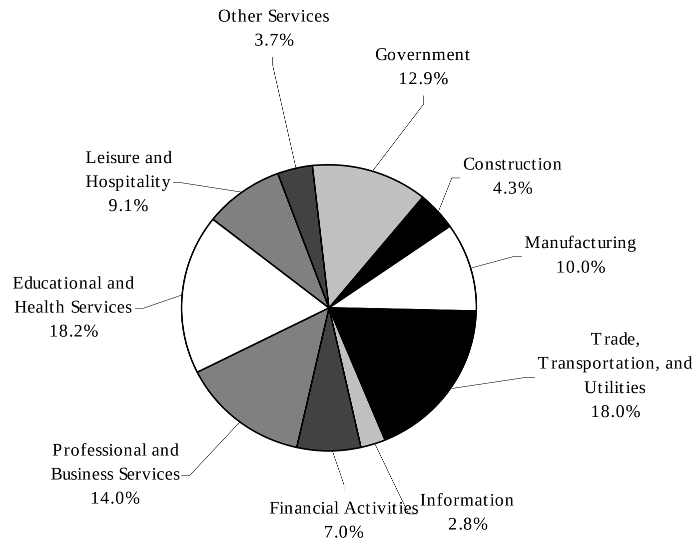
***Annual Average Employment in Massachusetts, NAICS Super-Sectors, 1990-2004 with Year-To-Date through November, 2005***



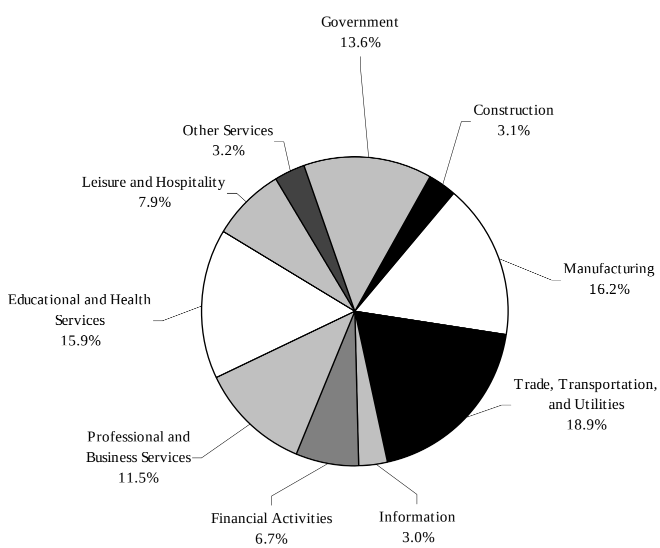

SOURCE: MA Division of Unemployment Assistance
**Includes Mining & Natural Resources, Construction, Information, and Other Services

## *Massachusetts Non-Farm Payroll Employment (NAICS Industry basis)*

### *NAICS Super-Sectors: 2003-2004 Average Share*




### *NAICS Super-Sectors: 1990-1991 Average Share*




SOURCE: MA Division of Unemployment Assistance.

**EXHIBIT A-16**

***Largest Employers in Massachusetts.*** The following table lists the twenty-five largest private employers in Massachusetts based upon UI-covered employment data for June 2005. The list is unchanged from the previous list based on March, 2005 employment.

***Twenty-five Largest Private Employers in Massachusetts in June, 2005***

*(listed alphabetically)*

| | |
|---|---|
| Baystate Medical Center, Inc. | Home Depot U.S.A., Inc. |
| Beth Israel Deaconess Medical Center | Massachusetts Institute of Technology |
| Big Y Foods, Inc. | The May Department Stores Company |
| Boston Medical Center Corporation | Raytheon Company |
| Boston University | S & S Credit Company, Inc. |
| Brigham & Women's Hospital, Inc. | Shaw's Supermarkets, Inc. |
| The Children's Hospital Corporation | Southcoast Hospitals Group, Inc. |
| Demoulas Super Markets, Inc. | State Street Bank & Trust Company |
| E.M.C. Corporation | UMass Memorial Medical Center, Inc. |
| Fleet National Bank | United Parcel Service, Inc. |
| Friendly Ice Cream Corporation | Verizon New England, Inc. |
| General Hospital Corporation | Wal-Mart Associates, Inc. |
| Harvard University | |

SOURCE: MA Division of Unemployment Assistance.

***Unemployment.*** The economic recession of the early 1990s caused unemployment rates in Massachusetts to rise significantly above the national average, as much as 2.1 points above in 1991. However, since 1994 the unemployment rate in Massachusetts has been consistently below the national average. The following table compares the annual civilian labor force, the number unemployed, and the unemployment rates of Massachusetts, the New England states, and the United States between 1970 and 2004.

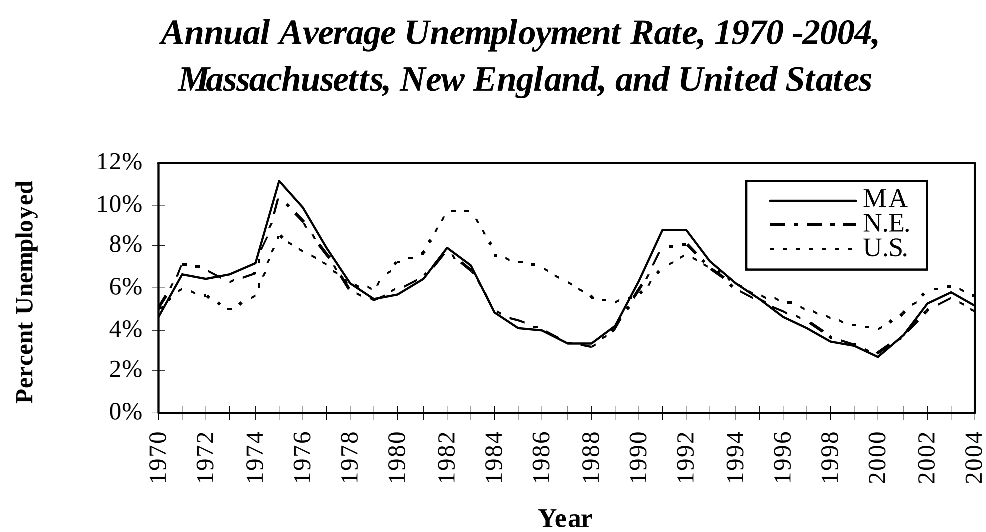
### *Annual Average Civilian Labor Force and Unemployment, 1970 - 2004*

*(in thousands)*

| | Civilian Labor Force | | | Unemployed | | | Unemployment Rate | | | MA Rate as |
|---|---|---|---|---|---|---|---|---|---|---|
| **Year** | **MA** | **N.E.** | **U.S.** | **MA** | **N.E.** | **U.S.** | **MA** | **N.E.** | **U.S.** | **Pct. of U.S.** |
| 1970 | 2,465 | 5,128 | 82,771 | 113 | 253 | 4,093 | 4.6% | 4.9% | 4.9% | 92.9% |
| 1971 | 2,459 | 5,157 | 84,383 | 163 | 364 | 5,016 | 6.6% | 7.1% | 5.9% | 111.8% |
| 1972 | 2,487 | 5,260 | 87,035 | 161 | 363 | 4,882 | 6.5% | 6.9% | 5.6% | 115.4% |
| 1973 | 2,557 | 5,387 | 89,430 | 171 | 336 | 4,365 | 6.7% | 6.2% | 4.9% | 136.7% |
| 1974 | 2,637 | 5,514 | 91,951 | 190 | 368 | 5,156 | 7.2% | 6.7% | 5.6% | 128.4% |
| 1975 | 2,725 | 5,633 | 93,775 | 305 | 578 | 7,928 | 11.2% | 10.3% | 8.5% | 132.2% |
| 1976 | 2,726 | 5,714 | 96,159 | 268 | 521 | 7,406 | 9.8% | 9.1% | 7.7% | 127.5% |
| 1977 | 2,760 | 5,820 | 99,009 | 218 | 437 | 6,992 | 7.9% | 7.5% | 7.1% | 112.1% |
| 1978 | 2,809 | 5,936 | 102,251 | 173 | 343 | 6,202 | 6.2% | 5.8% | 6.1% | 101.8% |
| 1979 | 2,863 | 6,080 | 104,964 | 156 | 326 | 6,138 | 5.5% | 5.4% | 5.8% | 93.4% |
| 1980 | 2,886 | 6,154 | 106,940 | 164 | 365 | 7,637 | 5.7% | 5.9% | 7.1% | 79.6% |
| 1981 | 2,938 | 6,268 | 108,670 | 189 | 400 | 8,273 | 6.4% | 6.4% | 7.6% | 84.6% |
| 1982 | 2,966 | 6,345 | 110,205 | 236 | 489 | 10,678 | 8.0% | 7.7% | 9.7% | 82.3% |
| 1983 | 2,972 | 6,386 | 111,550 | 209 | 434 | 10,717 | 7.0% | 6.8% | 9.6% | 73.2% |
| 1984 | 3,032 | 6,540 | 113,544 | 146 | 318 | 8,539 | 4.8% | 4.9% | 7.5% | 63.9% |
| 1985 | 3,049 | 6,630 | 115,461 | 125 | 290 | 8,312 | 4.1% | 4.4% | 7.2% | 56.8% |
| 1986 | 3,080 | 6,724 | 117,835 | 123 | 264 | 8,237 | 4.0% | 3.9% | 7.0% | 57.0% |
| 1987 | 3,114 | 6,827 | 119,865 | 104 | 228 | 7,425 | 3.4% | 3.3% | 6.2% | 54.1% |
| 1988 | 3,156 | 6,907 | 121,669 | 104 | 215 | 6,700 | 3.3% | 3.1% | 5.5% | 60.0% |
| 1989 | 3,189 | 7,004 | 123,846 | 132 | 274 | 6,520 | 4.2% | 3.9% | 5.3% | 78.9% |
| 1990 | 3,226 | 7,128 | 125,840 | 204 | 409 | 7,047 | 6.3% | 5.7% | 5.6% | 112.9% |
| 1991 | 3,199 | 7,112 | 126,346 | 283 | 558 | 8,628 | 8.8% | 7.8% | 6.8% | 129.4% |
| 1992 | 3,181 | 7,105 | 128,105 | 281 | 573 | 9,613 | 8.8% | 8.1% | 7.5% | 117.7% |
| 1993 | 3,173 | 7,062 | 129,200 | 232 | 486 | 8,940 | 7.3% | 6.9% | 6.9% | 105.8% |
| 1994 | 3,188 | 7,041 | 131,062 | 199 | 415 | 7,997 | 6.2% | 5.9% | 6.1% | 102.1% |
| 1995 | 3,205 | 7,053 | 132,304 | 176 | 375 | 7,404 | 5.5% | 5.3% | 5.6% | 97.9% |
| 1996 | 3,231 | 7,118 | 133,943 | 148 | 340 | 7,236 | 4.6% | 4.8% | 5.4% | 84.6% |
| 1997 | 3,293 | 7,228 | 136,297 | 135 | 315 | 6,739 | 4.1% | 4.4% | 4.9% | 82.6% |
| 1998 | 3,322 | 7,257 | 137,673 | 113 | 253 | 6,210 | 3.4% | 3.5% | 4.5% | 75.2% |
| 1999 | 3,355 | 7,327 | 139,368 | 110 | 234 | 5,880 | 3.3% | 3.2% | 4.2% | 77.4% |
| 2000 | 3,367 | 7,353 | 142,583 | 90 | 203 | 5,692 | 2.7% | 2.8% | 4.0% | 66.8% |
| 2001 | 3,401 | 7,420 | 143,734 | 126 | 267 | 6,801 | 3.7% | 3.6% | 4.7% | 78.4% |
| 2002 | 3,428 | 7,515 | 144,863 | 181 | 364 | 8,378 | 5.3% | 4.8% | 5.8% | 91.2% |
| 2003 | 3,414 | 7,551 | 146,510 | 198 | 410 | 8,774 | 5.8% | 5.4% | 6.0% | 96.9% |
| 2004 | 3,393 | 7,529 | 147,401 | 174 | 363 | 8,149 | 5.1% | 4.8% | 5.5% | 92.6% |

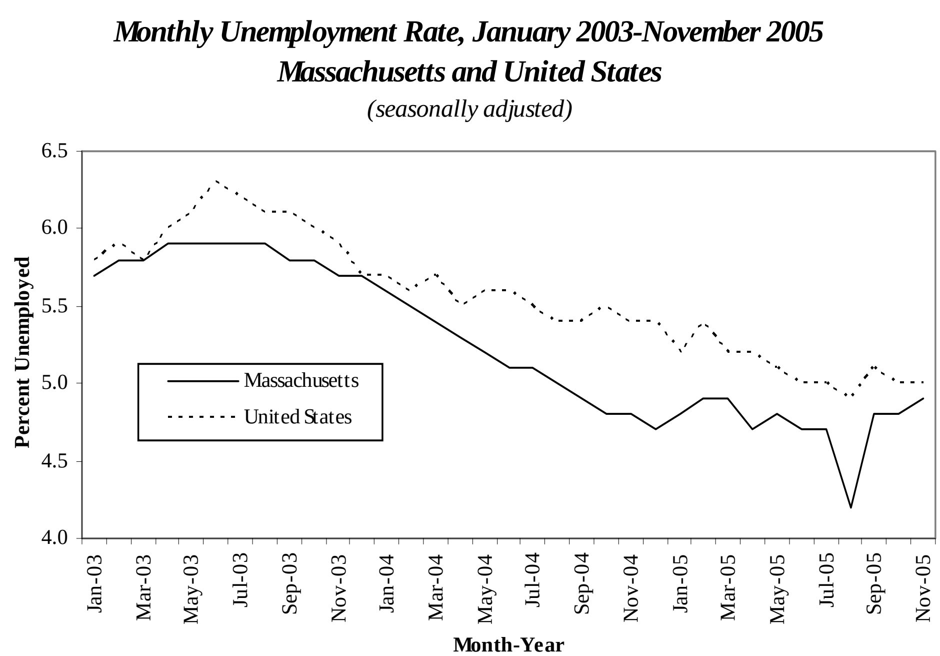
SOURCE: United States Department of Labor, Bureau of Labor Statistics.

**EXHIBIT A-18**




SOURCE: United States Department of Labor, Bureau of Labor Statistics.

The unemployment rate in Massachusetts has been consistently below that of the United States ever since the recovery from the recession of early 1990, with the exception of two months in 2003, when the two rates were equal. Unemployment levels in the United States as a whole and in the New England region have shown similar patterns in the last two years, peaking in mid-2003, then falling slowly but fairly steadily through mid-2005. In the last three months both rates have been slightly above the low figures reached in August. The unemployment rate in Massachusetts rose slightly from 4.8 to 4.9 percent between November 2004 and November 2005, while the United States unemployment rate dropped from 5.4 to 5.0 percent over those same twelve months, significantly narrowing the state's advantage. The following chart shows the unemployment rates for Massachusetts and the United States from each of the past thirty-five months.




SOURCE: MA Division of Employment Assistance.

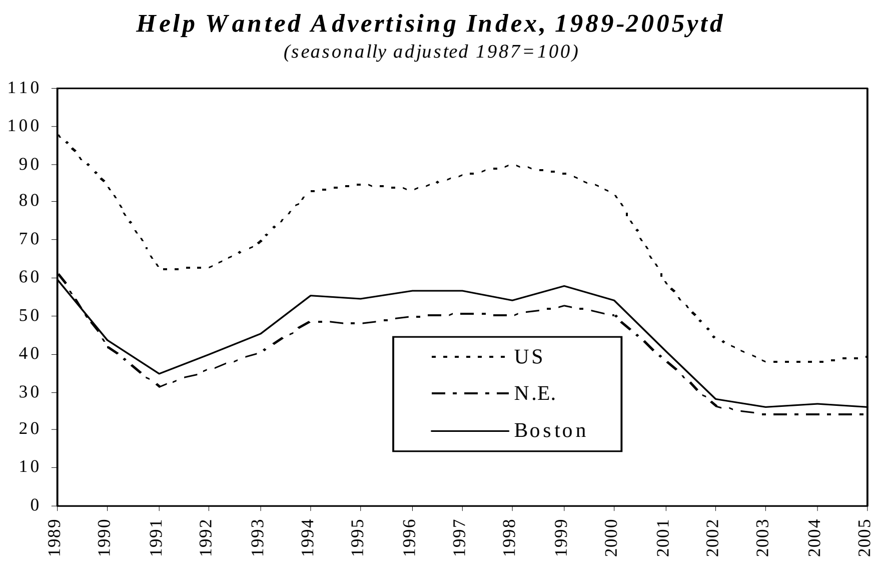
***Help Wanted Advertising Index***. This index is an additional measure of the employment conditions in various regions across the country and for the nation as a whole. Compiled by The Conference Board, Inc., the index is based on the volume of help wanted advertising in 51 major newspapers across the country whose circulation covers about half of the country's nonagricultural employment. The index is compiled for each of the 51 markets, then weighted into regional averages which are then weighted into the national index. The index is intended to be a proxy measure for labor demand. According to the Conference Board, Inc., rising trends in want-ad volume have generally corresponded to improved labor market conditions and declining volume has indicated a decline in new employment.

***Help Wanted Advertising Index, 1989-2005ytd***

*(seasonally adjusted 1987-100)*

| | US | % Change | N.E. | % Change | Boston | % Change |
|---|---|---|---|---|---|---|
| **1989** | 98.0 | | 60.8 | | 59.5 | |
| **1990** | 83.8 | -14.5% | 41.5 | -31.8% | 43.5 | -26.9% |
| **1991** | 62.0 | -26.0% | 31.0 | -25.3% | 34.7 | -20.3% |
| **1992** | 62.5 | 0.8% | 35.8 | 15.3% | 39.9 | 15.1% |
| **1993** | 69.4 | 11.1% | 40.3 | 12.6% | 45.4 | 13.8% |
| **1994** | 82.9 | 19.4% | 48.1 | 19.5% | 55.4 | 22.0% |
| **1995** | 84.3 | 1.6% | 47.8 | -0.7% | 54.5 | -1.7% |
| **1996** | 83.2 | -1.3% | 49.8 | 4.2% | 56.8 | 4.3% |
| **1997** | 87.0 | 4.6% | 50.6 | 1.7% | 56.7 | -0.3% |
| **1998** | 89.4 | 2.8% | 50.0 | -1.2% | 54.0 | -4.7% |
| **1999** | 87.3 | -2.4% | 52.4 | 4.8% | 57.8 | 7.1% |
| **2000** | 82.4 | -5.5% | 50.0 | -4.6% | 54.1 | -6.5% |
| **2001** | 58.3 | -29.3% | 37.7 | -24.7% | 40.9 | -24.3% |
| **2002** | 43.8 | -24.9% | 25.9 | -31.2% | 28.0 | -31.6% |
| **2003** | 37.8 | -13.5% | 23.8 | -8.4% | 25.8 | -7.7% |
| **2004** | 37.8 | 0.0% | 23.9 | 0.7% | 26.8 | 3.9% |
| **2005*** | 39.0 | 3.1% | 23.8 | -0.7% | 25.8 | -3.7% |

*U.S. & N.E. thru 10/05; Boston thru 9/05
SOURCE: The Conference Board, Inc.




*U.S. & N.E. thru 10/05; Boston thru 9/05
SOURCE: The Conference Board, Inc.

**EXHIBIT A-20**

***Unemployment Insurance Trust Fund.*** The unemployment insurance system is a federal-state cooperative program established by the Social Security Act and the Federal Unemployment Tax Act to provide for the payment of benefits to eligible individuals when they become unemployed through no fault of their own. Benefits are paid from the Commonwealth's Unemployment Insurance Trust Fund, financed through employer contributions. The assets and liabilities of the Commonwealth Unemployment Insurance Trust Fund are not assets and liabilities of the Commonwealth. As of December 31, 2005, the Massachusetts Unemployment Trust Fund had a balance of $520 million, of which the private contributory sector portion was $421 million. The Division of Unemployment Assistance's January 2006 Unemployment Insurance Trust Fund report indicates that under the current economic outlook the refinancing measures included in Chapter 142 of the Massachusetts Acts of 2003 (effective January 1, 2004), provide for employer contributions that should result in private contributory account reserves of $1.729 billion at the end of 2009.

## ECONOMIC BASE AND PERFORMANCE

According to the Bureau of Economic Analysis, Gross State Product (GSP) is the value added in production by the labor and property located in a state. GSP for a State is derived as the sum of the gross state product originating in all industries in a State. In concept, an industry's GSP, referred to as its "value added", is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported). Thus, GSP is often considered the state counterpart of the nation's gross domestic product (GDP), Bureau of Economic Analysis's featured measure of U.S. output.

Real GSP is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within that state. The estimates of real GSP and of quantity indexes with a base year of 2000 are derived by applying national implicit price deflators to the current-dollar GSP estimates for the 63 SIC industries for years 1977-1997, and for the 81 NAICS industries for years 1997 forward. Then, the chain-type index formula that is used in the national accounts is used to calculate the estimates of total real GSP and of real GSP at more aggregated industry levels.

Between 1997 and 2004, gross state product in Massachusetts, New England and the sum of all states GSP grew approximately 40 percent in current dollars. Massachusetts had larger increases than those in New England and the sum of all states GSP between 1998 through 2000, but then lagged both areas respectively from 2001 to 2003. The Massachusetts economy is the largest in New England, contributing 48 percent to New England's total GSP, and thirteenth largest in the U.S., contributing 2.7 percent to the nation's total GSP.

***Gross State Product - Cumulative Change, 1997-2004***

*(millions of chained 2000 dollars)*

| | ***Massachusetts*** | | ***New England*** | | ***United States*** | |
|---|---|---|---|---|---|---|
| *Year* | *GSP* | *Change from 1997* | *GSP* | *Change from 1997* | *GSP* | *Change from 1997* |
| **1997** | $227,074 | | $487,671 | | $8,620,955 | |
| **1998** | $241,535 | 6.4% | $512,367 | 5.1% | $9,004,669 | 4.5% |
| **1999** | $256,659 | 12.6% | $534,094 | 9.3% | $9,404,249 | 8.9% |
| **2000** | $276,786 | 20.5% | $568,212 | 15.7% | $9,749,104 | 12.6% |
| **2001** | $279,434 | 21.4% | $573,703 | 16.7% | $9,836,571 | 13.5% |
| **2002** | $278,213 | 21.0% | $573,700 | 16.7% | $10,009,433 | 15.2% |
| **2003** | $284,286 | 23.2% | $588,536 | 19.2% | $10,289,220 | 18.0% |
| **2004** | $298,066 | 28.0% | $617,107 | 24.1% | $10,734,763 | 22.3% |

U.S. Department of Commerce, Bureau of Economic Analysis. Revised October 2005

The table below indicates the Gross State Product for Massachusetts, the New England states, and the United States. The United States figure is the sum of the fifty states.

***Gross State Product - Annual Change, 1997-2004***

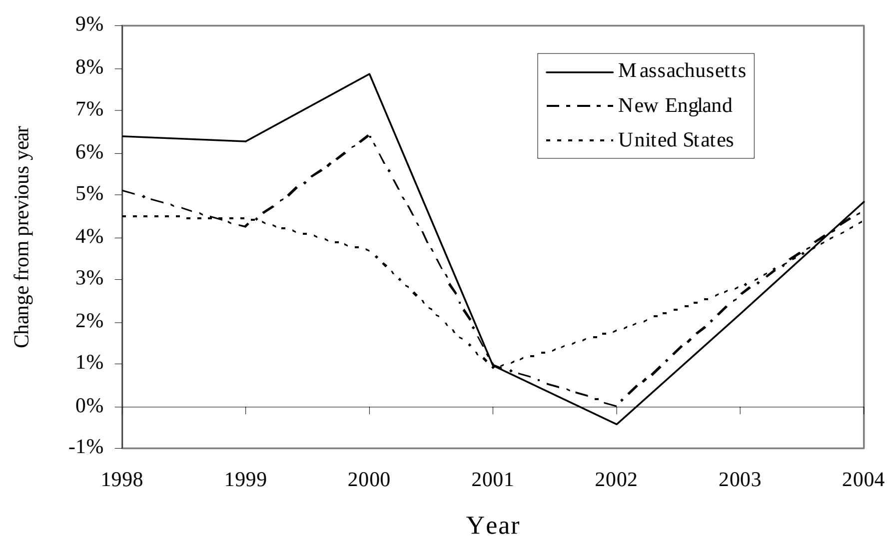
*(millions of chained 2000 dollars)*

| | *Massachusetts* | | *New England* | | *United States* | |
|---|---|---|---|---|---|---|
| *Year* | *GSP* | *Annual change* | *GSP* | *Annual change* | *GSP* | *Annual change* |
| **1997** | $227,074 | | $487,671 | | $8,620,955 | |
| **1998** | $241,535 | 6.4% | $512,367 | 5.1% | $9,004,669 | 4.5% |
| **1999** | $256,659 | 6.3% | $534,094 | 4.2% | $9,404,249 | 4.4% |
| **2000** | $276,786 | 7.8% | $568,212 | 6.4% | $9,749,104 | 3.7% |
| **2001** | $279,434 | 1.0% | $573,703 | 1.0% | $9,836,571 | 0.9% |
| **2002** | $278,213 | -0.4% | $573,700 | 0.0% | $10,009,433 | 1.8% |
| **2003** | $284,286 | 2.2% | $588,536 | 2.6% | $10,289,220 | 2.8% |
| **2004** | $298,066 | 4.8% | $615,736 | 4.6% | $10,734,763 | 4.3% |

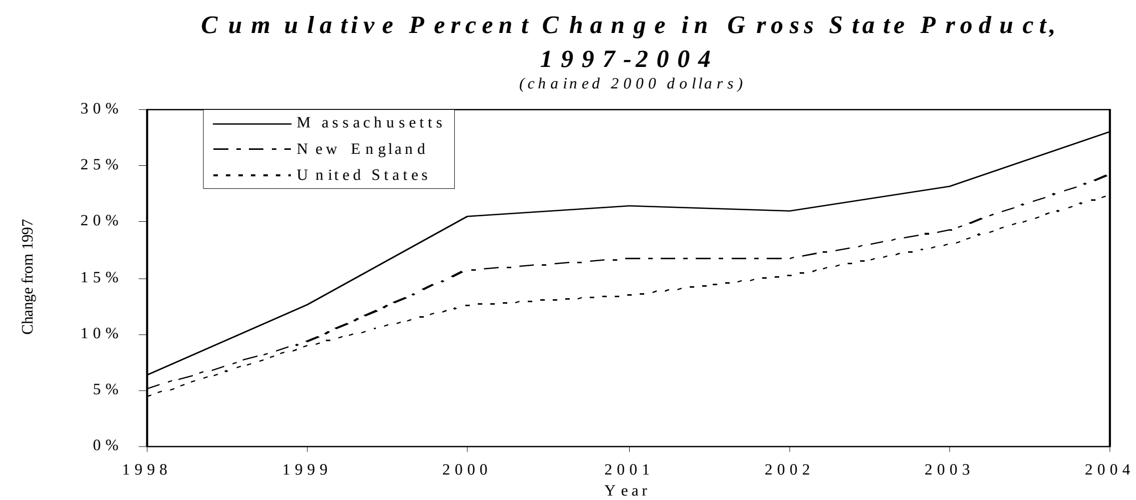
U.S. Department of Commerce, Bureau of Economic Analysis. Revised October 2005

***Annual Percent Change in Gross State Product, 1997-2004***

*(chained 2000 dollars)*




U.S. Department of Commerce, Bureau of Economic Analysis. Revised October 2005



SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis. Revised October 2005

The commercial base of Massachusetts is anchored by the twenty-four 2005 Fortune 1000 companies (eleven of which are Fortune 500) headquartered in Massachusetts. Exiting the Massachusetts 2004 Fortune 500 list after being purchased by companies headquartered outside Massachusetts were FleetBoston (140th) and John Hancock Financial Services (192nd). The 2006 Fortune 500 list for Massachusetts will not include Gillette as it was purchased by Ohio based Procter and Gamble (26th) in January 2005. Allmerica Financial lost its Fortune 500 ranking, joining the Fortune 1000 (550th). When comparing the 2005 Fortune 500 to 2004's, five Massachusetts companies gained and seven lost rank. Perini, the Framingham based construction services firm and Fortune 1000 member, climbed 111 places on the list (from 910th to 799th); the largest leap for a Massachusetts company.

***Massachusetts Companies in the 2005 Fortune 500 and 1000 Lists***

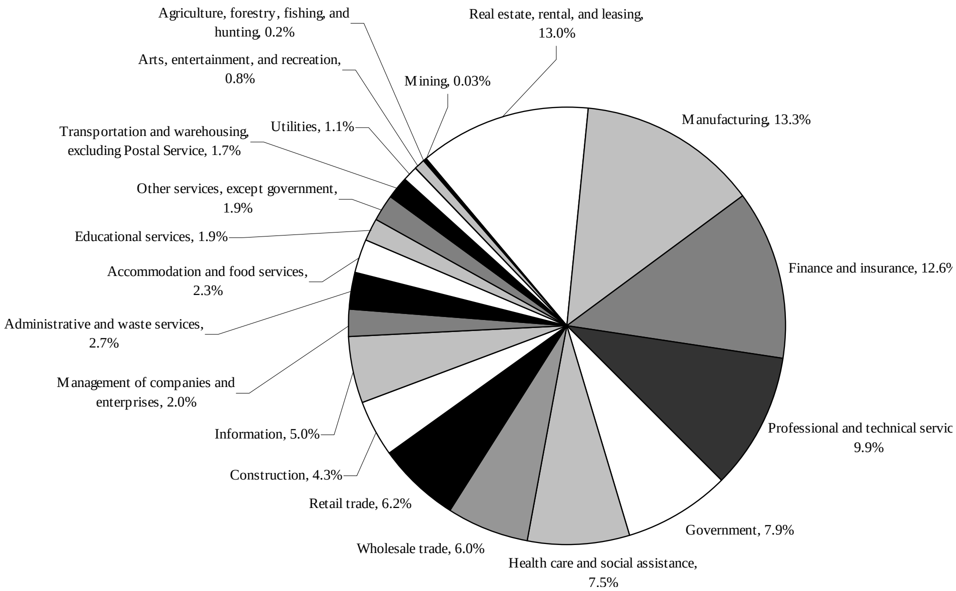
| Rank 2005 | Rank 2004 | Company | Industry | 2004 revenues (millions) |
|---|---|---|---|---|
| 83 | 90 | Mass. Mutual Life Ins (Springfield) | Insurance: Life, Health (mutual) | $23,159 |
| 103 | 107 | Raytheon (Waltham) | Aerospace and Defense | $20,245 |
| 111 | 116 | Liberty Mutual Ins. Group (Boston) | Insurance: P & C (stock) | $19,754 |
| 141 | 148 | TJX (Framingham) | Specialty Retailers | $14,914 |
| 146 | 152 | Staples (Framingham) | Specialty Retailers | $14,448 |
| 215 | 192 | Gillette (Boston) | Household and Personal Products | $10,477 |
| 266 | 215 | EMC (Hopkinton) | Computer Peripherals | $8,230 |
| 284 | 277 | BJ's Wholesale Club (Natick) | Specialty Retailers | $7,375 |
| 341 | 299 | State St. Corp. (Boston) | Commercial Banks | $5,861 |
| 352 | 330 | Boston Scientific (Natick) | Medical Products & Equipment | $5,624 |
| 483 | 477 | Reebok International (Canton) | Apparel | $3,785 |
| | | | | |
| 550 | 494 | Allmerica Financial (Worcester) | Insurance: P & C (stock) | $3,111 |
| 575 | 538 | NSTAR (Boston) | Utilities: Gas & Electric | $2,954 |
| 623 | 699 | Analog Devices (Norwood) | Semiconductors and Other Electronic Components | $2,634 |
| 680 | 685 | Thermo Electron (Waltham) | Scientific, Photo, Control Equipment | $2,325 |
| 708 | N/A | Biogen Idec (Cambridge) | Pharmaceuticals | $2,210 |
| 713 | 782 | Genzyme (Cambridge) | Pharmaceuticals | $2,201 |
| 775 | 758 | Cabot (Boston) | Chemicals | $1,934 |
| 799 | 910 | Perini (Framingham) | Engineering, Construction | $1,842 |
| 811 | 857 | Iron Mountain (Boston) | Diversified Outsourcing | $1,818 |
| 817 | 809 | Commerce Group (Webster) | Insurance: P & C (stock) | $1,807 |
| 824 | 921 | Teradyne (Boston) | Scientific, Photo, Control Equipment | $1,792 |
| 855 | 840 | PerkinElmer (Wellesley) | Scientific, Photo, Control Equipment | $1,691 |
| 962 | 936 | Boston Properties (Boston) | Real Estate | $1,404 |

SOURCE: *Fortune*, April 2005

The Massachusetts economy remains diversified among several industrial and non-industrial sectors. The four largest sectors of the economy (manufacturing, real estate and rental and leasing, finance and insurance, and professional and technical services, on the 2002 NAICS basis) contributed 48.8 percent of the GSP in 2004. The data below show the contributions to the Massachusetts Real Gross State Product of all industrial and non-industrial sectors.

***NAICS* Sector Composition of Massachusetts Gross State Product 2004***

*(in current dollars)*




*North American Industry Classification System
SOURCE: United States Department of Commerce, Bureau of Economic Analysis. Revised June 2005

When measured in chained 2000 dollars, the cumulative change in Massachusetts total GSP was 28.0 percent between 1997 and 2004. Between 1997 and 2003 (the latest data available for subsector data), several industries grew much faster than the state average; computer and electronic product manufacturing, securities/commodity contracts/investments, and forestry/ fishing/related activities. Substantial cumulative losses were in the paper manufacturing, machinery manufacturing, and funds/trusts/other financial vehicles sectors. Industry subsectors that experienced substantial cumulative growth or reduction and accounted for one percent or more of Massachusetts GSP are listed in the following chart:

***Industry Subsectors with a Substantial Growth or Reduction***

*(chained 2000 dollars)*

| *NAICS* Industry Subsector* | *Cumulative percent change 1997-2004* |
|---|---|
| Computer and electronic product manufacturing | 344.5% |
| Securities, commodity contracts, investments | 259.2% |
| Forestry, fishing, and related activities | 150.4% |
| Computer systems design and related services | 66.3% |
| Broadcasting and telecommunications | 60.8% |
| Paper manufacturing | -33.4% |
| Machinery manufacturing | -37.4% |
| Funds, trusts, and other financial vehicles | -48.8% |

*North American Industry Classification System.
SOURCE: United States Department of Commerce, Bureau of Economic Analysis. Revised June 2005

## *Gross State Product by Industry in Massachusetts, 1997-2004*

*(millions of chained 2000 dollars)*

| NAICS* Industry Sector | 1997 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|
| Total Gross State Product | $227,074 | $256,659 | $276,786 | $279,434 | $278,213 | $284,286 | $298,066 |
| Private industries | 204,714 | 233,424 | 253,492 | 255,947 | 254,795 | 261,066 | 274,528 |
| Agriculture, forestry, fishing, and hunting | 442 | 469 | 540 | 587 | 679 | 713 | 734 |
| Mining | 67 | 93 | 97 | 103 | 94 | 105 | 102 |
| Utilities | 3,319 | 3,223 | 3,455 | 3,161 | 3,104 | 3,371 | 3,384 |
| Construction | 10,193 | 11,645 | 12,168 | 13,299 | 13,217 | 12,704 | 12,703 |
| Manufacturing | 24,737 | 30,063 | 37,132 | 34,972 | 35,255 | 37,957 | 39,611 |
| Wholesale trade | 14,359 | 17,878 | 16,335 | 18,065 | 17,593 | 17,492 | 17,777 |
| Retail trade | 12,130 | 13,677 | 14,557 | 15,768 | 16,550 | 17,493 | 18,511 |
| Transportation and warehousing, excluding Postal Service | 4,352 | 4,769 | 5,180 | 5,071 | 4,941 | 5,012 | 5,009 |
| Information | 9,764 | 12,049 | 12,986 | 13,629 | 13,422 | 13,630 | 14,951 |
| Finance and insurance | 21,589 | 26,971 | 30,333 | 30,227 | 30,546 | 33,237 | 37,584 |
| Real estate, rental, and leasing | 32,268 | 34,607 | 35,978 | 38,599 | 37,830 | 36,949 | 38,612 |
| Professional and technical services | 20,551 | 24,640 | 28,469 | 28,505 | 27,408 | 27,652 | 29,523 |
| Management of companies and enterprises | 6,985 | 6,870 | 7,506 | 6,151 | 5,767 | 5,767 | 6,006 |
| Administrative and waste services | 7,646 | 8,252 | 8,382 | 7,392 | 7,305 | 7,631 | 8,025 |
| Educational services | 5,575 | 5,602 | 5,934 | 5,866 | 5,913 | 5,740 | 5,665 |
| Health care and social assistance | 19,716 | 19,505 | 20,374 | 20,480 | 21,075 | 21,918 | 22,360 |
| Arts, entertainment, and recreation | 1,796 | 1,908 | 1,913 | 2,026 | 2,139 | 2,187 | 2,239 |
| Accommodation and food services | 5,555 | 6,258 | 6,605 | 6,522 | 6,552 | 6,634 | 6,953 |
| Other services, except government | 4,943 | 5,304 | 5,545 | 5,466 | 5,390 | 5,386 | 5,705 |
| Government | 22,491 | 23,264 | 23,293 | 23,487 | 23,417 | 23,261 | 23,631 |

* North American Industry Classification System
SOURCE: United States Department of Commerce, Bureau of Economic Analysis. Revised October 2005

## *Cumulative Percent Change in GSP by Industry in Massachusetts, 1997-2004*

*(millions of chained 2000 dollars)*

| NAICS* Industry Sector | 1997-98 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
|---|---|---|---|---|---|---|
| Total Gross State Product | 6.4% | 20.5% | 21.4% | 21.0% | 23.2% | 28.0% |
| Private industries | 6.9% | 22.2% | 23.1% | 22.7% | 25.1% | 30.3% |
| Agriculture, forestry, fishing, and hunting | -12.9% | 24.1% | 32.8% | 48.4% | 53.4% | 56.4% |
| Mining | 20.9% | 40.0% | 46.2% | 37.5% | 49.2% | 46.3% |
| Utilities | 0.9% | 4.3% | -4.2% | -6.0% | 2.6% | 3.0% |
| Construction | 7.5% | 18.3% | 27.6% | 26.9% | 23.1% | 23.1% |
| Manufacturing | 12.7% | 44.1% | 38.2% | 39.0% | 46.7% | 51.1% |
| Wholesale trade | 13.1% | 14.6% | 25.1% | 22.5% | 22.0% | 23.6% |
| Retail trade | 5.4% | 18.8% | 27.1% | 32.1% | 37.8% | 43.6% |
| Transportation and warehousing, excluding Postal Service | 4.8% | 18.0% | 15.9% | 13.3% | 14.7% | 14.7% |
| Information | 6.1% | 30.2% | 35.1% | 33.6% | 35.2% | 44.9% |
| Finance and insurance | 12.7% | 36.0% | 35.7% | 36.7% | 45.5% | 58.6% |
| Real estate, rental, and leasing | 2.2% | 11.1% | 18.4% | 16.4% | 14.1% | 18.6% |
| Professional and technical services | 9.6% | 34.5% | 34.7% | 30.8% | 31.7% | 38.5% |
| Management of companies and enterprises | -2.8% | 7.6% | -10.4% | -16.6% | -16.6% | -12.5% |
| Administrative and waste services | 5.5% | 9.4% | -2.4% | -3.6% | 0.8% | 6.0% |
| Educational services | 0.3% | 6.4% | 5.3% | 6.1% | 3.1% | 1.8% |
| Health care and social assistance | -0.6% | 3.4% | 3.9% | 6.8% | 10.8% | 12.8% |
| Arts, entertainment, and recreation | 2.5% | 6.4% | 12.3% | 17.9% | 20.1% | 22.5% |
| Accommodation and food services | 8.5% | 17.9% | 16.6% | 17.1% | 18.3% | 23.1% |
| Other services, except government | 4.9% | 11.7% | 10.3% | 8.9% | 8.8% | 14.8% |
| Government | 0.8% | 3.5% | 4.4% | 4.1% | 3.4% | 5.0% |

* North American Industry Classification System
SOURCE: United States Department of Commerce, Bureau of Economic Analysis.

## *Gross State Product by Industry in Massachusetts, 1997-2004*

*(as a percent of total GSP chained 2000 dollars)*

| NAICS* Industry Sector | 1997 | 1999 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|
| Total Gross State Product | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Private industries | 90.2% | 90.9% | 91.6% | 91.6% | 91.8% | 92.1% |
| Agriculture, forestry, fishing, and hunting | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% | 0.2% |
| Mining | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Utilities | 1.5% | 1.3% | 1.1% | 1.1% | 1.2% | 1.1% |
| Construction | 4.5% | 4.5% | 4.8% | 4.8% | 4.5% | 4.3% |
| Manufacturing | 10.9% | 11.7% | 12.5% | 12.7% | 13.4% | 13.3% |
| Wholesale trade | 6.3% | 7.0% | 6.5% | 6.3% | 6.2% | 6.0% |
| Retail trade | 5.3% | 5.3% | 5.6% | 5.9% | 6.2% | 6.2% |
| Transportation and warehousing, excluding Postal Service | 1.9% | 1.9% | 1.8% | 1.8% | 1.8% | 1.7% |
| Information | 4.3% | 4.7% | 4.9% | 4.8% | 4.8% | 5.0% |
| Finance and insurance | 9.5% | 10.5% | 10.8% | 11.0% | 11.7% | 12.6% |
| Real estate, rental, and leasing | 14.2% | 13.5% | 13.8% | 13.6% | 13.0% | 13.0% |
| Professional and technical services | 9.1% | 9.6% | 10.2% | 9.9% | 9.7% | 9.9% |
| Management of companies and enterprises | 3.1% | 2.7% | 2.2% | 2.1% | 2.0% | 2.0% |
| Administrative and waste services | 3.4% | 3.2% | 2.6% | 2.6% | 2.7% | 2.7% |
| Educational services | 2.5% | 2.2% | 2.1% | 2.1% | 2.0% | 1.9% |
| Health care and social assistance | 8.7% | 7.6% | 7.3% | 7.6% | 7.7% | 7.5% |
| Arts, entertainment, and recreation | 0.8% | 0.7% | 0.7% | 0.8% | 0.8% | 0.8% |
| Accommodation and food services | 2.4% | 2.4% | 2.3% | 2.4% | 2.3% | 2.3% |
| Other services, except government | 2.2% | 2.1% | 2.0% | 1.9% | 1.9% | 1.9% |
| Government | 9.9% | 9.1% | 8.4% | 8.4% | 8.2% | 7.9% |

* North American Industry Classification System
SOURCE: United States Department of Commerce, Bureau of Economic Analysis. Revised October 2005
1998 data omitted due to space constraints

## *Rank of Industry Contribution to GSP in Massachusetts, 1997-2004*

*(millions of chained 2000 dollars)*

| NAICS* Industry Sector | 1997 | 1999 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|
| Total Gross State Product | | | | | | |
| Private industries | | | | | | |
| Agriculture, forestry, fishing, and hunting | 19 | 19 | 19 | 19 | 19 | 19 |
| Mining | 20 | 20 | 20 | 20 | 20 | 20 |
| Utilities | 17 | 17 | 17 | 17 | 17 | 17 |
| Construction | 9 | 10 | 10 | 10 | 10 | 10 |
| Manufacturing | 2 | 2 | 2 | 2 | 1 | 1 |
| Wholesale trade | 7 | 7 | 7 | 7 | 8 | 8 |
| Retail trade | 8 | 8 | 8 | 8 | 7 | 7 |
| Transportation and warehousing, excluding Postal Service | 16 | 16 | 16 | 16 | 16 | 16 |
| Information | 10 | 9 | 9 | 9 | 9 | 9 |
| Finance and insurance | 4 | 3 | 3 | 3 | 3 | 3 |
| Real estate, rental, and leasing | 1 | 1 | 1 | 1 | 2 | 2 |
| Professional and technical services | 5 | 4 | 4 | 4 | 4 | 4 |
| Management of companies and enterprises | 12 | 12 | 13 | 14 | 13 | 13 |
| Administrative and waste services | 11 | 11 | 11 | 11 | 11 | 11 |
| Educational services | 13 | 14 | 14 | 13 | 14 | 15 |
| Health care and social assistance | 6 | 6 | 6 | 6 | 6 | 6 |
| Arts, entertainment, and recreation | 18 | 18 | 18 | 18 | 18 | 18 |
| Accommodation and food services | 14 | 13 | 12 | 12 | 12 | 12 |
| Other services, except government | 15 | 15 | 15 | 15 | 15 | 14 |
| Government | 3 | 5 | 5 | 5 | 5 | 5 |

* North American Industry Classification System
SOURCE: United States Department of Commerce, Bureau of Economic Analysis. Revised October 2005
1998 data omitted due to space constraints

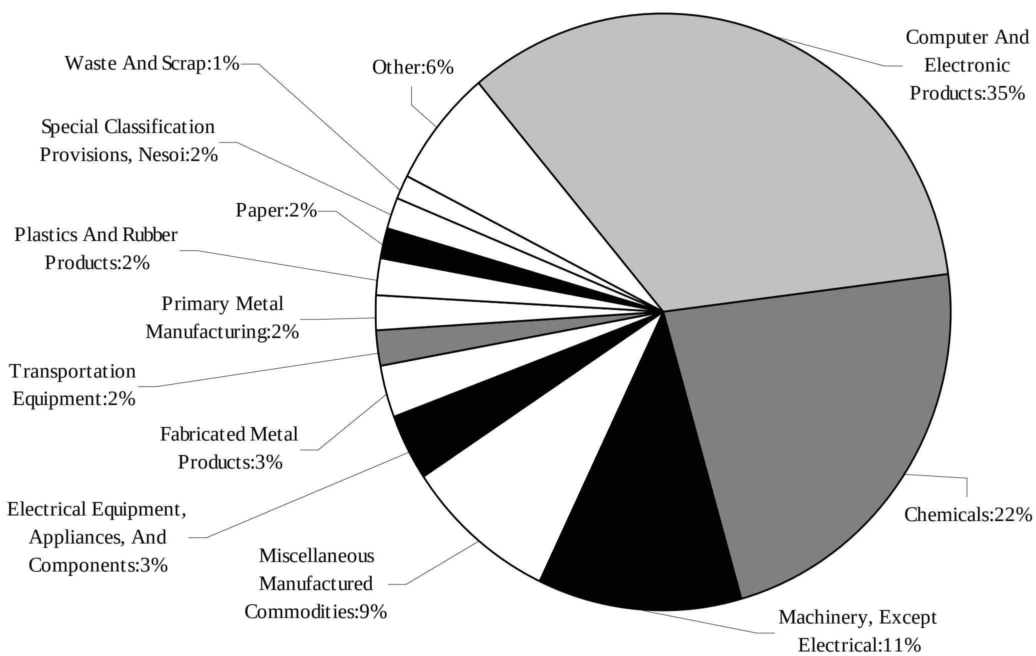
Between 1997 and 2004, the portion of the total GSP in chained 2000 dollars, from the private industry sector increased 2.0 percent while it decreased 2.0 percent in the government sector. Contributions by each industry to total GSP have remained steady for most sectors. The exceptions were finance and insurance (+3.1 percent, and manufacturing +2.4 percent). When the 1997 to 2004 industry contributions to total annual GSP are ranked according to their dollar value, the top five have remained constant; real estate, rental and leasing, manufacturing, finance and insurance, professional and technical services, and government.

***Trade and International Trade.*** Massachusetts ranked 10th in the United States, and first in New England, with $21.84 billion in international exports in 2004. This represents a 17.0 percent increase from the previous year's exports from the Commonwealth, while national exports increased by 13.0 percent in the same period. Through October 2005, Massachusetts's exports totaled $18.20 billion, a decrease of 0.7 percent compared with exports in the first ten months of 2004. National exports were up 10.3 percent and New England, 4.4 percent during the same period. It is not possible to provide balance of trade comparisons for Massachusetts because import data are not compiled on a state-by-state basis.

Massachusetts' five most important trading partners for 2004 were: Canada, with $2.90 billion in purchases of Massachusetts exports; the Netherlands, with $2.52 billion; Japan, with $1.81 billion; Germany, with $2.52 billion; and the United Kingdom, with $1.50 billion in purchases. Between 2003 and 2004, the most significant growth in Massachusetts's exports among its top ten trading partners was in exports to Taiwan (80.1 percent), Germany (57.3 percent, Netherlands (43.0 percent), and France (38.8 percent).

Massachusetts' most important exports, as shown in the following chart, are computer and electronic products, chemical products, and non-electrical machinery. These categories reflect the adoption of the NAICS classification system, which groups computers with electronic products, rather than with machinery.

***Composition of Massachusetts Exports by Industry Group, 2004***




SOURCE: U.S. Census Bureau, Foreign Trade Division. Prepared by the World Institute for Strategic Economic Research (WISER).

### *Value of International Shipments from Massachusetts, 1997-2004*

*(top ten industry groups ranked by value of 2004 exports, in millions)*

| *Major Industry Group* | *1997* | *1998* | *1999* | *2000* | *2001* | *2002* | *2003* | *2004* |
|---|---|---|---|---|---|---|---|---|
| Computer And Electronic Products | $7,857 | $7,458 | $8,056 | $10,215 | $8,122 | $7,024 | $7,688 | $7,475 |
| Chemicals | $1,174 | $1,223 | $1,357 | $1,600 | $1,534 | $2,267 | $3,216 | $4,907 |
| Machinery, Except Electrical | $1,885 | $1,694 | $1,705 | $2,545 | $2,044 | $1,786 | $1,668 | $2,456 |
| Miscellaneous Manufactured Commodities | $768 | $835 | $925 | $1,053 | $1,213 | $1,210 | $1,571 | $1,927 |
| Electrical Equipment, Appliances, And Components | $570 | $596 | $720 | $834 | $691 | $649 | $592 | $752 |
| Fabricated Metal Products, Nesoi | $748 | $597 | $601 | $649 | $569 | $692 | $539 | $621 |
| Transportation Equipment | $655 | $637 | $698 | $659 | $449 | $346 | $383 | $453 |
| Primary Metal Manufacturing | $282 | $335 | $283 | $358 | $272 | $248 | $425 | $423 |
| Plastics And Rubber Products | $323 | $357 | $389 | $374 | $400 | $406 | $375 | $404 |
| Paper | $311 | $334 | $364 | $435 | $386 | $373 | $355 | $366 |
| Total Exports, Top Massachusetts Industries | $14,574 | $14,065 | $15,098 | $18,722 | $15,679 | $15,002 | $16,812 | $19,784 |
| Total Massachusetts Exports | $16,526 | $15,878 | $16,805 | $20,514 | $17,490 | $16,708 | $18,663 | $21,837 |
| Percent Change from Prior Year | | -3.9% | 5.8% | 22.1% | -14.7% | -4.5% | 11.7% | 17.0% |

SOURCE: World Institute for Strategic Economic Research (WISER). These figures reflect the changeover in export statistics reporting to the NAICS system from the SIC system. Categories and state totals are not comparable between systems. Pre-1997 data is not available.

***Transportation and Warehousing, and Utilities.*** Between 1997 and 2004, the combined real gross state product of the transportation and warehousing and utilities sector increased 9.4 percent when measured with year 2000 chained dollars. These combined sectors contributed 2.8 percent to the total Massachusetts Real Gross State Product in 2004, a 0.6 percent less than it did in 1997.

Massachusetts's major air and seaports are managed by the Massachusetts Port Authority (Massport), an independent public authority. Massport reported fiscal 2004 operating income of $33.7 million (up 32.7 percent from fiscal 2003), with operating revenues up 11 percent ($415.0 million in 2004 versus $373.8 million in 2003) and operating costs up 9 percent ($381.3 million in 2004 versus $348.4 million in 2003).

As of October 2005, airline service at Logan, both scheduled and unscheduled, was provided by 39 airlines, including 8 U.S. major air carrier airlines, 18 non-U.S. flag carriers, and 13 regional and commuter airlines. As of October 2005, Logan flights and passenger counts were up 1.7 and 3.9 percent respectively while cargo and mail volume was down 1.9 percent from October 2004. Based on total passenger volume in calendar year 2004 data, Logan Airport was the most active airport in New England and the 19th most active in the U.S., according to Airports Council International (ACI).

According to ACI, in calendar year 2004, Logan Airport ranked 19th in the nation in total air cargo volume. In fiscal year 2004, the airport handled 366,298 metric tons of cargo, a 0.9 percent increase from 2003. As of June 30, 2004, Logan was served by 7 all-cargo and small package/express carriers.

At Massport's Port of Boston properties, 2004 cargo throughput was 13.9 million metric tons (a 5 percent increase from 2003), automobile processing decreased 13 percent to 10,910 units, and cruise passenger trips decreased less than one percent to 199,453. For the first eleven months of 2005, total containerized cargo increased 7.8 percent, there were 17.2 percent more cruise passengers and 8 percent less automobiles processed, when compared to the first eleven months of 2004. Massachusetts total waterborne cargo shipped or received in 2003 (from the Army Corps of Engineers data), increased 17.4 percent (30,655,000 short tons), as did New England and the U.S. (11.6 and 2.3 percent, respectively).

***Construction and Housing.*** In 2004, construction activity contributed 4.3 percent to the total Massachusetts Gross State Product when measured in 2000 chained dollars. The construction sector contributed 4.5 percent to state GSP in 1997. Overall growth between 1997 and 2004 was 24.6 percent.

The following table shows the number of housing permits authorized on an annual basis in Massachusetts, New England, and the United States.

***Housing Permits Authorized, 1969-2004 (with ytd thru November, 2005)***

| | ***Massachusetts*** | | ***New England*** | | ***United States*** | |
|---|---|---|---|---|---|---|
| *Year* | *Total Permits* | *Percent Change* | *Total Permits* | *Percent Change* | *Total Permits* | *Percent Change* |
| **1969** | 33,572 | | 70,539 | | 1,330,161 | |
| **1970** | 38,330 | 14.2% | 74,068 | 5.0% | 1,354,746 | 1.8% |
| **1975** | 17,697 | -27.5% | 41,645 | -21.0% | 934,511 | -12.4% |
| **1980** | 16,055 | -20.4% | 40,195 | -25.1% | 1,171,763 | -23.6% |
| **1981** | 15,599 | -2.8% | 38,067 | -5.3% | 985,600 | -15.9% |
| **1982** | 15,958 | 2.3% | 39,470 | 3.7% | 1,000,500 | 1.5% |
| **1983** | 22,950 | 43.8% | 57,567 | 45.9% | 1,605,221 | 60.4% |
| **1984** | 28,471 | 24.1% | 72,356 | 25.7% | 1,689,667 | 5.3% |
| **1985** | 39,360 | 38.2% | 96,832 | 33.8% | 1,732,335 | 2.5% |
| **1986** | 43,877 | 11.5% | 108,272 | 11.8% | 1,771,832 | 2.3% |
| **1987** | 40,018 | -8.8% | 101,222 | -6.5% | 1,542,499 | -12.9% |
| **1988** | 31,766 | -20.6% | 82,123 | -18.9% | 1,450,583 | -6.0% |
| **1989** | 21,634 | -31.9% | 53,543 | -34.8% | 1,345,084 | -7.3% |
| **1990** | 15,276 | -29.4% | 36,811 | -31.2% | 1,125,583 | -16.3% |
| **1991** | 12,624 | -17.4% | 31,111 | -15.5% | 953,834 | -15.3% |
| **1992** | 16,346 | 29.5% | 36,876 | 18.5% | 1,105,083 | 15.9% |
| **1993** | 17,715 | 8.4% | 39,225 | 6.4% | 1,210,000 | 9.5% |
| **1994** | 18,302 | 3.3% | 40,459 | 3.1% | 1,366,916 | 13.0% |
| **1995** | 15,946 | -12.9% | 37,357 | -7.7% | 1,335,835 | -2.3% |
| **1996** | 17,360 | 8.9% | 40,425 | 8.2% | 1,419,083 | 6.2% |
| **1997** | 17,554 | 1.1% | 42,047 | 4.0% | 1,442,251 | 1.6% |
| **1998** | 18,958 | 8.0% | 47,342 | 12.6% | 1,619,500 | 12.3% |
| **1999** | 18,977 | 0.1% | 47,379 | 0.1% | 1,663,916 | 2.7% |
| **2000** | 17,342 | -8.6% | 43,735 | -7.7% | 1,598,332 | -3.9% |
| **2001** | 16,654 | -4.0% | 42,786 | -2.2% | 1,636,700 | 2.4% |
| **2002** | 17,122 | 2.8% | 47,173 | 10.3% | 1,747,600 | 6.8% |
| **2003** | 18,574 | 8.5% | 48,845 | 3.5% | 1,889,400 | 8.1% |
| **2004** | 21,206 | 14.2% | 56,268 | 15.2% | 2,006,600 | 6.2% |
| **2005*** | 22,964 | 8.3% | 56,842 | 1.0% | 2,145,818 | 6.9% |

*Year to date through November
SOURCES: Federal Reserve Bank of Boston; United States Department of Commerce.

Both the economic recession of 1990-1991 and the subsequent economic recovery were strongly reflected in the Massachusetts housing sector, but the recession that began in 2001 has had a less pronounced impact on home sales. Significant declines in existing home sales in Massachusetts in 1989 and 1990 (of 10.9 percent and 28.8 percent, respectively) were followed by rapid sales growth between 1991 and 1993, when home sales in Massachusetts increased at a yearly rate substantially higher than the national average. Following this period of rapid growth, the growth in existing home sales slowed to a rate of 0.7 percent in 1994 and declined 2.6 percent in 1995. In 1996, 1997, and 1998, however, growth in existing home sales in Massachusetts was significant, outpacing the New England and national average in 1996 and 1997 with rates of 16.6 percent and 11.0 percent, respectively. This strong growth ended in 1999 when existing home sales in the Commonwealth declined 1.3 percent while growth in existing home sales nationally was 6.0 percent. In 2000, existing home sales in Massachusetts declined by 10 percent and did not start growing again until 2002 when they surged 32.5 percent  On a seasonally adjusted annual basis, existing home sales for the Commonwealth, New England, and the United States appear in the following table.

## *Existing Home Sales, 1981-2005 Q3*

*(seasonally adjusted annual rates, in thousands)*

| | ***Massachusetts*** | | ***New England*** | | ***United States*** | |
|---|---|---|---|---|---|---|
| *Year* | *Sales* | *% Change* | *Sales* | *% Change* | *Sales* | *% Change* |
| 1981 | 43.0 | | 105.8 | | 2,575.0 | |
| 1982 | 42.6 | -0.8% | 98.6 | -6.9% | 2,117.5 | -17.8% |
| 1983 | 59.2 | 39.0% | 141.3 | 43.3% | 2,875.0 | 35.8% |
| 1984 | 54.9 | -7.3% | 140.7 | -0.4% | 3,027.5 | 5.3% |
| 1985 | 60.2 | 9.7% | 157.0 | 11.6% | 3,382.5 | 11.7% |
| 1986 | 67.0 | 11.3% | 169.2 | 7.8% | 3,772.5 | 11.5% |
| 1987 | 76.4 | 14.1% | 174.5 | 3.1% | 3,767.5 | -0.1% |
| 1988 | 76.6 | 0.2% | 178.5 | 2.3% | 3,882.5 | 3.1% |
| 1989 | 68.2 | -10.9% | 163.0 | -8.7% | 3,672.0 | -5.4% |
| 1990 | 48.6 | -28.8% | 134.0 | -17.8% | 3,603.5 | -1.9% |
| 1991 | 53.4 | 10.0% | 140.5 | 4.9% | 3,533.3 | -1.9% |
| 1992 | 62.5 | 17.0% | 170.6 | 21.4% | 3,889.5 | 10.1% |
| 1993 | 70.9 | 13.4% | 193.8 | 13.6% | 4,220.3 | 8.5% |
| 1994 | 71.4 | 0.7% | 200.3 | 3.4% | 4,409.8 | 4.5% |
| 1995 | 69.6 | -2.6% | 185.7 | -7.3% | 4,342.3 | -1.5% |
| 1996 | 81.2 | 16.6% | 200.7 | 8.1% | 4,705.3 | 8.4% |
| 1997 | 90.1 | 11.0% | 219.4 | 9.3% | 4,908.8 | 4.3% |
| 1998 | 99.9 | 10.8% | 248.3 | 13.2% | 5,585.3 | 13.8% |
| 1999 | 98.5 | -1.3% | 253.3 | 2.0% | 5,922.8 | 6.0% |
| 2000 | 88.7 | -10.0% | 242.0 | -4.4% | 5,831.8 | -1.5% |
| 2001 | 87.5 | -1.4% | 239.6 | -1.0% | 6,026.3 | 3.3% |
| 2002r | 115.9 | 32.5% | 262.8 | 9.7% | 5,631.0 | -6.6% |
| 2003r | 118.3 | 2.1% | 269.3 | 2.5% | 6,183.0 | 9.8% |
| 2004r | 141.7 | 19.8% | 308.4 | 14.5% | 6,784.0 | 9.7% |
| 2005 Q3 p | 162.7 | | | | 7,237.0 | |
| 2004 Q3 - 2005 Q3 p | | 11.2% | | | | 6.5% |

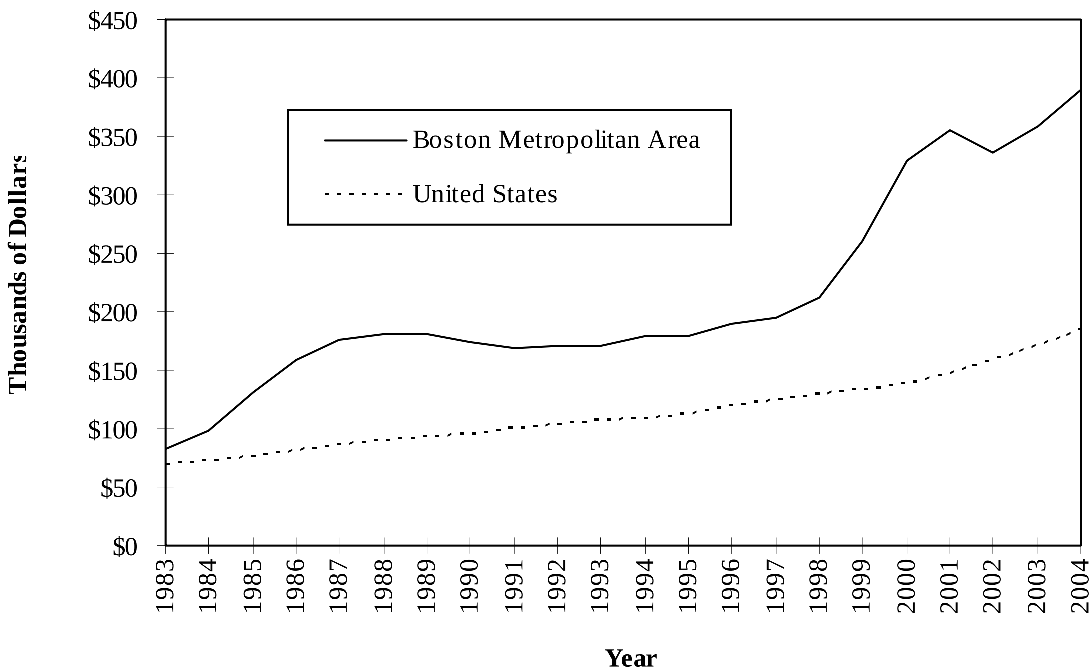
SOURCES: National Association of Realtors; Federal Reserve Bank of Boston. r = Revised, p = Preliminary.

**EXHIBIT A-30**

Median single-family home prices for the Boston Metropolitan area and the U.S. from 1983 to 2004 are compared in the following graph. While Boston housing prices were 118.1 percent of the U.S. median in 1983, by 1987 Boston housing prices as a percent of the national median had reached 205.7 percent. After dipping to 160.9 percent of the median in 1993 and remaining as low as 162.9 percent in 1998, Boston home prices soared to 211.7 percent of the national median in 2004. The Boston metropolitan area median home price rose to $389,700 in 2004, compared to the national home price of $184,100. The third quarter 2005 preliminary median prices were $215,900 for the U.S. and $430,900 for the Boston metro. This was a 14.7 percent increase for the U.S. and a 5.5 percent increase for the Boston metro, when compared to their third quarter 2004 prices. The September 2005 revisions reflect new metropolitan statistical area definitions from the U.S. Census Bureau.

***Boston Metropolitan Area and U.S. Median Annual Home Prices, 1983-2004***

*(single-family, not seasonally adjusted)*

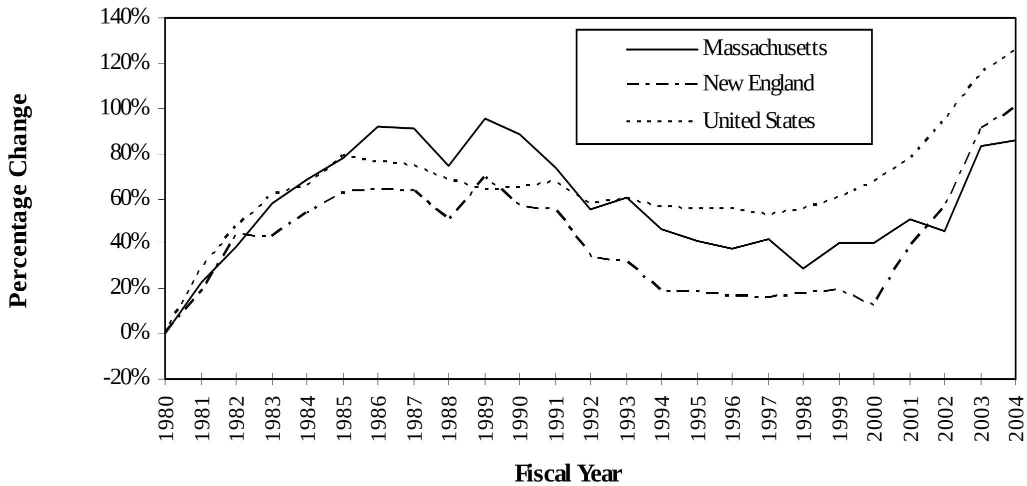



SOURCES: Federal Reserve Bank of Boston; National Association of Realtors. Revised September 2005.

***Defense***. Following a peak at $8.7 billion in the value of military prime contracts awarded to Massachusetts firms in fiscal 1986, defense-related contracts declined 17.2 percent by fiscal 1988 to $7.2 billion. By fiscal 1995, the value of defense-related prime contracts had declined to $4.8 billion. The net value of prime contract awards in Massachusetts oscillated between $4.2 and $5.2 billion from 1995 to 2002, but jumped 29.2 percent from 2002 to 2004 to $7.0 billion. The chart below illustrates the yearly changes in the value of Massachusetts military prime contracts from 1980 to 2004.

***Cumulative Percent Change in Net Value of Prime Contract Awards Since 1980***

*(baseline year = 1980)*




SOURCE: U.S. Department of Defense.
Prime Contract is defined as $10,000 or more before 1983 and as $25,000 or more from 1983 onwards.

The importance of the defense industry to the Massachusetts economy is reflected in table on the following page, which shows the value of Department of Defense prime contract awards between 1980 and 2004. From the early 1980s to 2001, the Commonwealth's share of New England's prime contract awards had remained around 50 percent. While Massachusetts' contract total has increased significantly in the past two years, its share in the New England region has slipped to 36.5 percent in 2004. In 2002, the Commonwealth's share of the national total reached its lowest point in over two decades, 3.1 percent, and has increased only slightly to 3.3 percent in 2004. Despite this trend, Massachusetts remains the eighth largest recipient in defense spending.

### *Net Value of Department of Defense Prime Contract Awards, 1980-2004*

*(in millions)*

| Fiscal Year | MA | N.E. | U.S. | Massachusetts' Share (as a Percent) of New England | of U.S. |
|---|---|---|---|---|---|
| **1980*** | $3,743 | $8,775 | $68,070 | 42.7% | 5.5% |
| **1981*** | 4,605 | 10,372 | 87,761 | 44.4% | 5.2% |
| **1982*** | 5,317 | 13,037 | 103,858 | 40.8% | 5.1% |
| **1983** | 6,328 | 12,967 | 118,744 | 48.8% | 5.3% |
| **1984** | 7,029 | 14,249 | 123,995 | 49.3% | 5.7% |
| **1985** | 7,714 | 15,487 | 140,096 | 49.8% | 5.5% |
| **1986** | 8,735 | 15,748 | 136,026 | 55.5% | 6.4% |
| **1987** | 8,685 | 15,606 | 133,262 | 55.7% | 6.5% |
| **1988** | 7,212 | 13,673 | 125,767 | 52.7% | 5.7% |
| **1989** | 8,757 | 16,268 | 119,917 | 53.8% | 7.3% |
| **1990** | 8,166 | 14,271 | 121,254 | 57.2% | 6.7% |
| **1991** | 6,933 | 13,889 | 124,119 | 49.9% | 5.6% |
| **1992** | 5,686 | 11,033 | 112,285 | 51.5% | 5.1% |
| **1993** | 5,936 | 10,779 | 114,145 | 55.1% | 5.2% |
| **1994** | 5,106 | 9,329 | 110,316 | 54.7% | 4.6% |
| **1995** | 4,846 | 9,375 | 109,005 | 51.7% | 4.4% |
| **1996** | 4,675 | 9,237 | 109,408 | 50.6% | 4.3% |
| **1997** | 4,910 | 9,152 | 106,561 | 53.6% | 4.6% |
| **1998** | 4,245 | 9,284 | 109,386 | 45.7% | 3.9% |
| **1999** | 4,715 | 9,456 | 114,875 | 49.9% | 4.1% |
| **2000** | 4,737 | 8,745 | 123,295 | 54.2% | 3.8% |
| **2001** | 5,248 | 11,094 | 135,225 | 47.3% | 3.9% |
| **2002** | 4,929 | 13,029 | 158,737 | 37.8% | 3.1% |
| **2003** | 6,800 | 17,544 | 191,221 | 38.8% | 3.6% |
| **2004** | 6,961 | 19,062 | 212,740 | 36.5% | 3.3% |

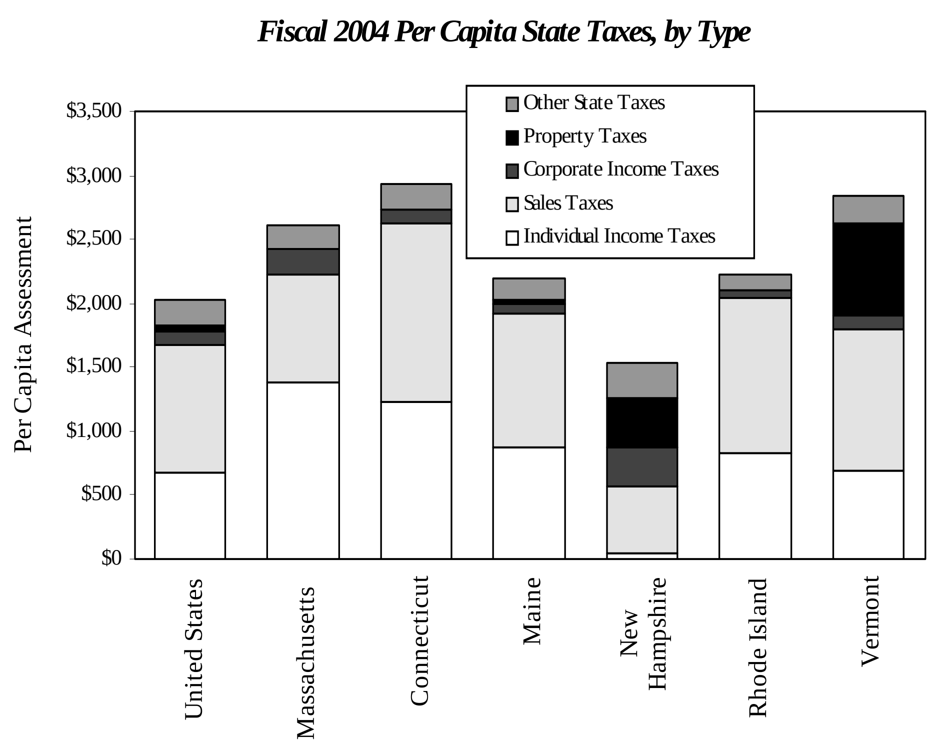
SOURCE: United States Department of Defense. *Prime Contract is defined as $10,000 and above for these years; beginning in 1983 it is defined as $25,000 and above.

***Travel and Tourism.*** The travel and tourism industry represents a substantial component of the overall Massachusetts economy. Massachusetts is one of the nation's most popular tourist and travel destinations for both domestic and international visitors. The greater Boston area is New England's most popular destination, as the site of many popular and historic attractions including the New England Aquarium, Boston's Museum of Fine Arts, Boston's Museum of Science, the U.S.S. Constitution, the Kennedy Library and Museum, and Faneuil Hall Marketplace.

The Massachusetts Office of Travel and Tourism estimates that 21.8 million domestic travelers traveled to or within the Commonwealth in 2004, an increase of 15.6 percent from 2003. Additionally, 4.2 million international travelers visited Massachusetts in 2004, an increase of 10.1 percent from 2003. Leisure is the primary reason for 77 percent of tourist trips to Massachusetts. According to MassPort, there were 5 percent fewer cruise vessel calls in 2004 than in 2003, 95 versus 100 and 899 fewer cruise passengers, 199,453 versus 200,352. Between January and November 2005, Massport had 233,702 cruise passengers, a 17.2 percent increase compared to the same period in 2004. The latest available economic impact data indicates that direct spending by visitors to Massachusetts totaled $11.7 billion in 2002.

***State Taxes***. Per capita state taxes in Massachusetts are significantly higher, 28.5 percent, than the national average. In 2004, the total per capita state tax bill in the United States was $2,025. Citizens of the Commonwealth however, paid $2,602 on average, the seventh highest in the nation and an increase of 7.2 percent from the previous year's $2,427. In New England, citizens in Connecticut and Vermont paid more per capita, and all New England states except New Hampshire (47th), ranked in the top 16 for per capita state tax collections.

In 2004, over half (52.9 percent) of the state taxes in Massachusetts came from the state income tax. Per capita individual income taxes in Massachusetts were $1,376, up 10.3 percent from $1,248 in 2003. Also increasing in 2004 were sales receipts, 1.2 percent, corporate net income, 10.1 percent, and other taxes (licenses, death and gift, and documentary and stock transfer) 12.3 percent. Across the New England states, there is wide variation in both total per capita state taxes and in the breakdown of those taxes, as illustrated in the following chart.

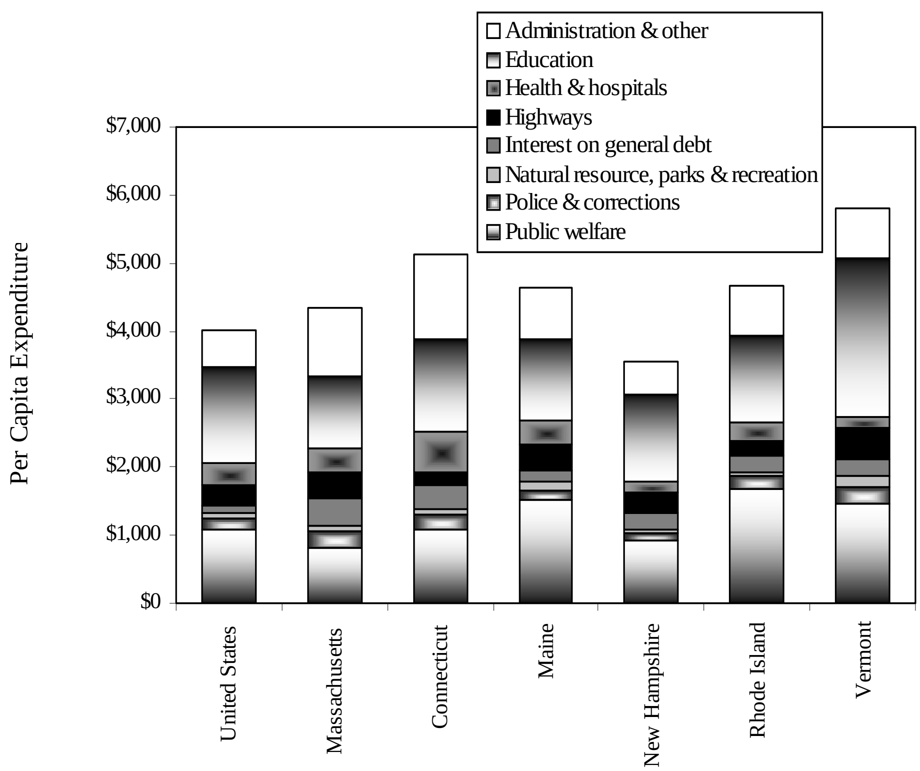



SOURCE: U.S. Bureau of the Census, Governments Division

***State Government Spending in Massachusetts***. The following chart depicts fiscal 2003 per capita state general expenditures by category for the six New England states and the U.S. average state expenditure. Massachusetts ranked 16th in the nation in per capita expenditures ($5,095) in 2003 while it ranked 13th and spent more ($5,122) in 2002. This represents a 0.5 percent decrease in per capita expenditures from 2002 to 2003.

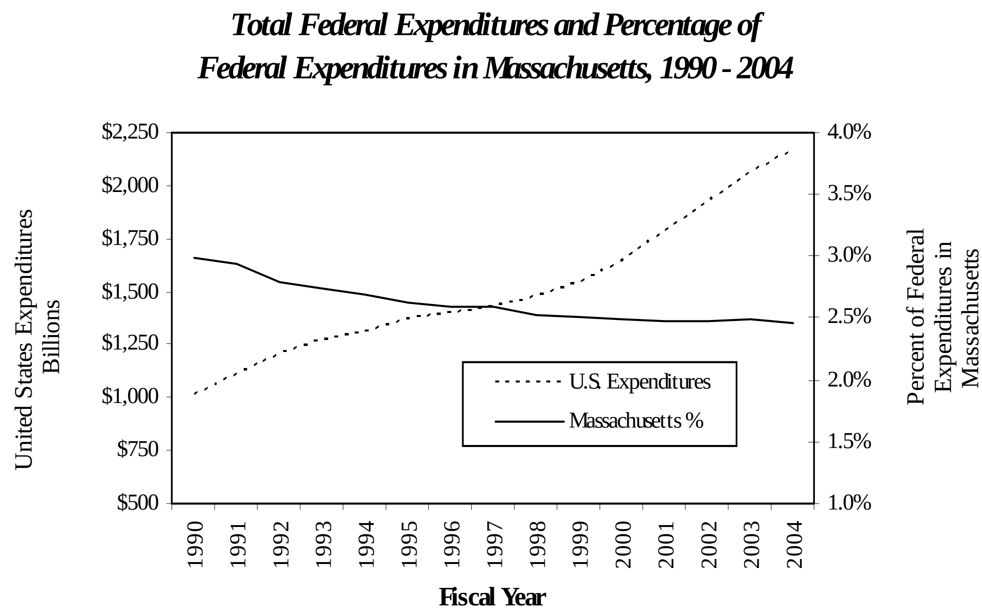
Massachusetts spent more state funds per capita on debt service ($386) and less on education ($1,055) in 2003 than any of its New England neighbors. Massachusetts spent 7.7 percent less on debt service and 3.4% more on education in 2003 than 2002. While all New England states used less than the national average of 28.1 percent for intergovernmental expenditures, the variation within the region is significant, with intergovernmental expenditures representing 13.9 percent of Rhode Island expenditures, 19.7 percent of Massachusetts expenditures, and 24.3 percent of Vermont expenditures in 2003.

***Fiscal 2003 Per Capita General Expenditures by Type***




SOURCE: U.S. Census Bureau, Governments Division

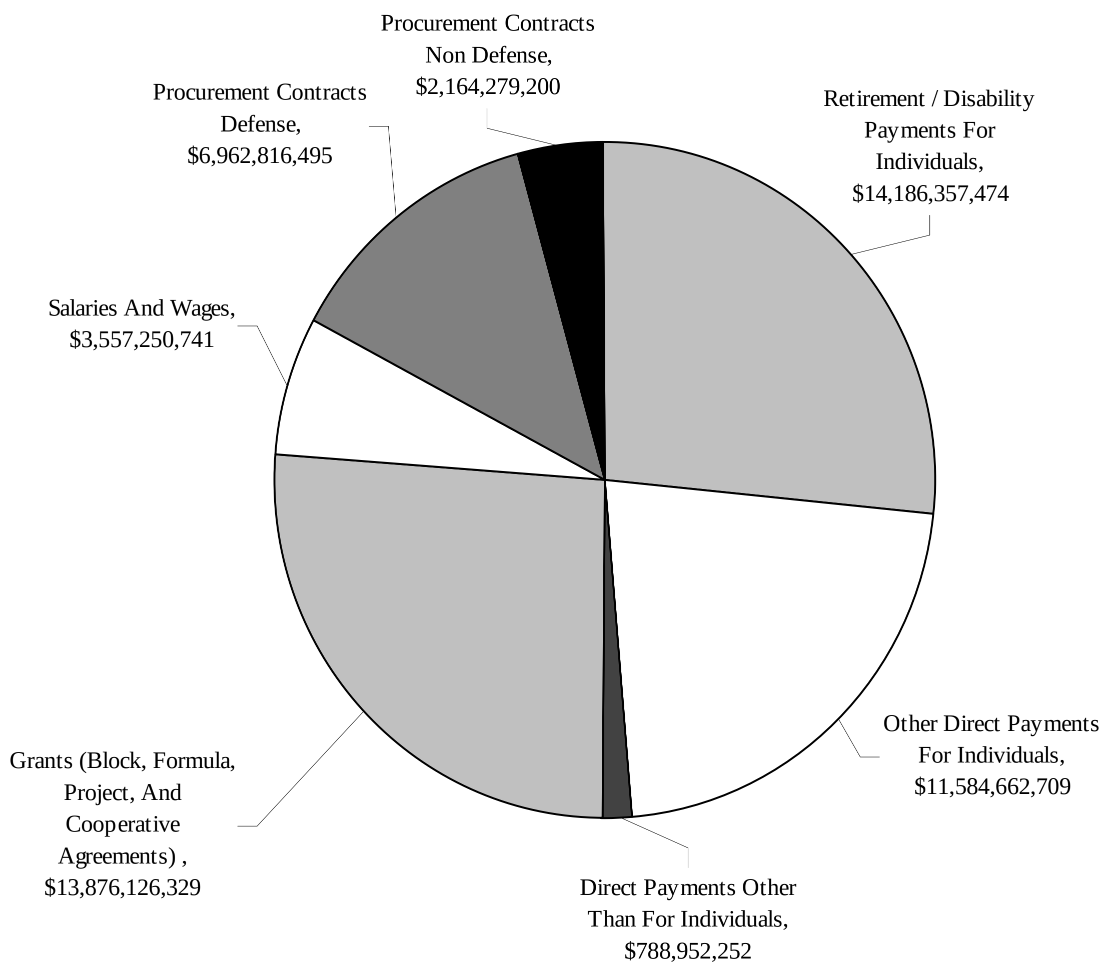
***Federal Government Spending in Massachusetts.*** Federal government spending contributes significantly to the Massachusetts economy. In fiscal 2004, Massachusetts ranked twelfth among states in per capita distribution of federal funds, with total spending of $8,279 per person, excluding loans and insurance. Massachusetts' share of total federal spending declined steadily between 1990 and 1999, and has stabilized in the range of 2.46 percent to 2.52 percent between 1998 and 2004. The following chart shows total federal expenditures and the percentage of federal expenditures in Massachusetts. Federal spending includes grants to state and local governments, direct payments to individuals, wage and salary employment, and procurement contracts, and includes only those expenditures that can be associated with individual states and territories.




SOURCE: U.S. Department of Commerce, Bureau of the Census, 2004 Consolidated Federal Funds Report.

Over half of FY 2004 federal spending in Massachusetts was composed of health care and social programs like Medicare, Medicaid, Social Security, unemployment benefits and Section 8 Housing Vouchers. Massachusetts was above the national average in per capita federal grants to state and local governments, receiving $2,163 per capita compared to a national average of $1,545. Per capita federal spending on salaries and wages in 2004 was lower in Massachusetts than in the rest of the nation, $554 compared to a national average of $750, but Massachusetts was above the national average in per capita direct federal payments to individuals ($4,139 compared to a national average of $3,839). Massachusetts ranked 9th among states in per capita procurement contract awards, $1,422 compared to a national average of $1,089 in 2004. The following chart shows the composition of direct federal spending within Massachusetts in fiscal 2004, excluding loans and insurance.

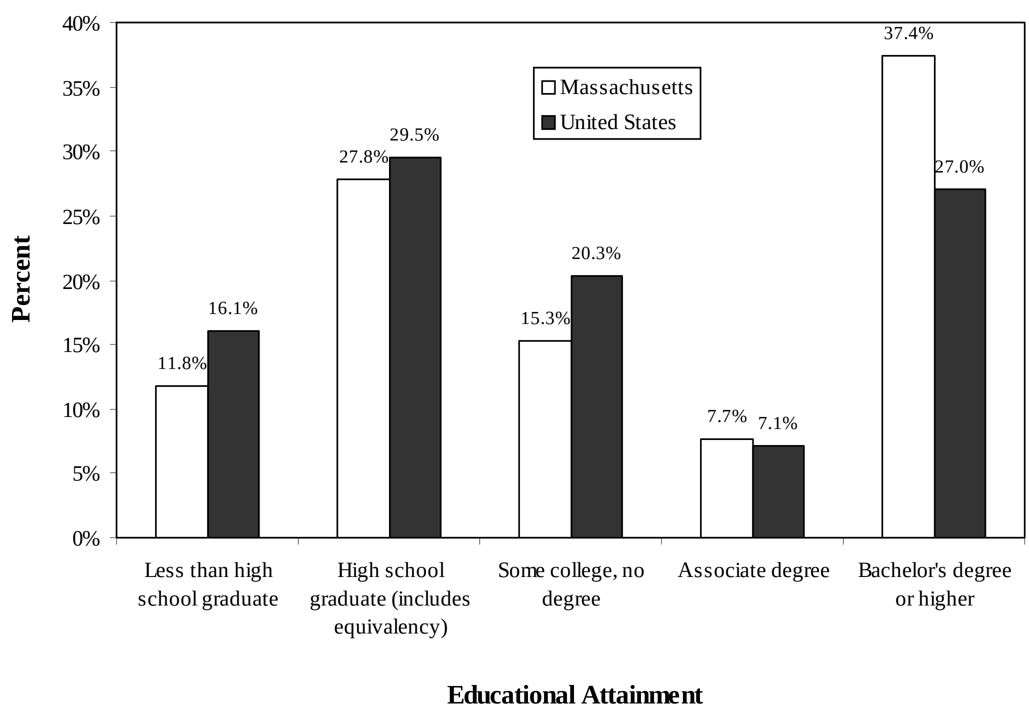
***Composition of Direct Federal Spending in Massachusetts by Program***
***Fiscal 2004***




SOURCE: U.S. Department of Commerce, Bureau of the Census, 2004 Consolidated Federal Funds Report.

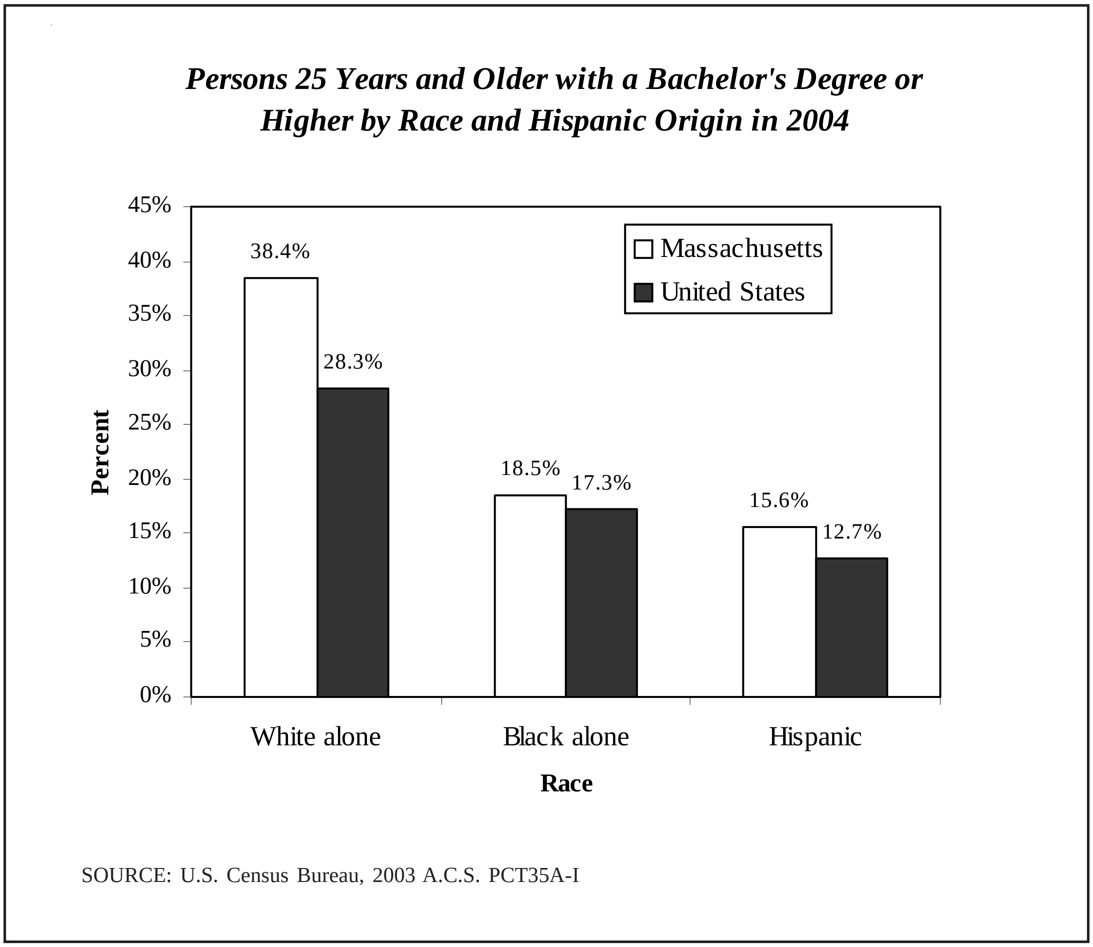
***Human Resources.*** The availability of a skilled and well-educated population is an important resource for the Commonwealth. The level of education reached by the population of Massachusetts compares favorably with the level in the United States as a whole. In 2004, the Census's American Community Survey (ACS) reported that Massachusetts had a smaller proportion of persons who had not completed high school (11.8 percent) than the national average (16.1 percent) and a much higher proportion of persons with a bachelor's degree or more (37.4 percent) than the nation (27.0 percent).

### *Educational Attainment of Persons 25 Years and Older in 2004*




SOURCE: U.S. Census Bureau, 2004 A.C.S. PCT34

While Massachusetts' black and Hispanic population achieved college degrees at roughly half the rate of the white population, they fared much better than the national average.




Massachusetts has a higher minority enrollment in institutions of higher education than New England. However, the percentage of enrollment of blacks, Hispanics, and Asians in higher education in Massachusetts is below the national average. These percentages, which do not include military academy enrollment, are seen in the chart below.

***Higher Education Enrollment by Race and Hispanic Origin in 2003***

| | Black | Asian | Native American | White | Hispanic | Race Unknown |
|---|---|---|---|---|---|---|
| Massachusetts | 6.3 | 5.9 | 0.4 | 61.5 | 5.0 | 14.6 |
| New England | 5.8 | 4.5 | 0.5 | 67.4 | 4.7 | 12.4 |
| United States (2002) | 11.1 | 5.8 | 0.9 | 62.2 | 10.7 | NA |

Note: Black, Asian, Native American and White totals reflect non-Hispanic population. Does not include the category non-resident alien.Table does not include enrollment at military academies. U.S. data from the U.S. Dept of Education.
SOURCE: New England Board of Higher Education analysis of U.S. Department of Ed. Data.

Massachusetts is an internationally recognized center for higher education, with 437,595 students in undergraduate, professional and graduate programs in 2003, according to data supplied by the New England Board of Higher Education. According to the Institute of International Education, 28,634 foreign students were enrolled in Massachusetts colleges and universities in the 2003/2004 school year. This was a 4.7 percent decrease from the previous year but Massachusetts was ranked 4th among states for foreign student enrollment. The Massachusetts public higher education system is composed of universities, state colleges, and community colleges with a combined enrollment of 189,463 students in 2003, 44 percent of whom attended part-time. In addition, Massachusetts has a system of private higher education that accounted for 56.7 percent of total enrollment in Massachusetts in 2003. Almost a quarter of the students attending private institutions did so on a part-time basis. The strength of both public and private colleges and universities as centers for research and education contributes to the high quality of the Massachusetts work force and plays a key role in attracting and retaining business and industry within the state.

The higher education system in Massachusetts is particularly strong in post-graduate, scientific, and technical education, with 1,461 science and engineering doctorates awarded in 2002, 4th in the nation. Massachusetts conferred a total of 2,320 doctorates in 2003. Massachusetts was also ranked 2nd in the U.S. in science and engineering postdoctorates in doctorate-granting institutions in 2002, with 5,873.

The pre-eminence of higher education in Massachusetts contributes not only to the quality of its work force, but also to its stature in the nation and the world as a center for basic scientific research and for academic and entrepreneurial research and development. Doctorate-granting institutions in Massachusetts received 4.7 percent ($1.71 billion) of total national academic expenditures on R&D in fiscal 2002, with almost half spent in the life sciences. Massachusetts ranked sixth in the nation behind California, New York, Texas, Pennsylvania and Maryland.

The diversity of federal funding sources reflects the variety of research and development work performed at Massachusetts educational institutions. Of the $1.17 billion in total fiscal 2002 federal outlays for science and engineering research to universities and colleges in Massachusetts (and their affiliated federally funded research and development centers), 57.5 percent was from the Department of Health and Human Services, 16.9 percent was from the National Science Foundation, 13.6 percent from the Department of Defense, 6.6 percent was from the Department of Energy, and 3.9 percent was from the National Aeronautics and Space Administration. Massachusetts ranked 4th in the nation in 2002 in total federal outlays for research and development, with total federal spending of $4.66 billion in the state.

Given the quality of the Commonwealth's research and development sector, it is not surprising that Massachusetts fares better than the national average in homes with computer and internet access. According to Census's October 2003 Current Population Survey, 64.2 percent of Massachusetts households had access to a computer, compared to 61.8 percent nationally and 58.1 percent of its households were connected to the internet while the national average was 54.7 percent.

***Primary and Secondary Education Data.*** Although spending on education is not necessarily an indicator of results, Massachusetts has spent from 12 to 36 percent more per pupil on primary and secondary education than the national average since at least 1981. During the 2001-2002 school year, Massachusetts increased per student expenditures to $10,232; 32 percent higher than the national average. The table on the following page shows expenditures per pupil for Massachusetts and the United States since fiscal 1981.

### *Expenditure Per Pupil in Public Elementary and Secondary Schools, 1981-2002*

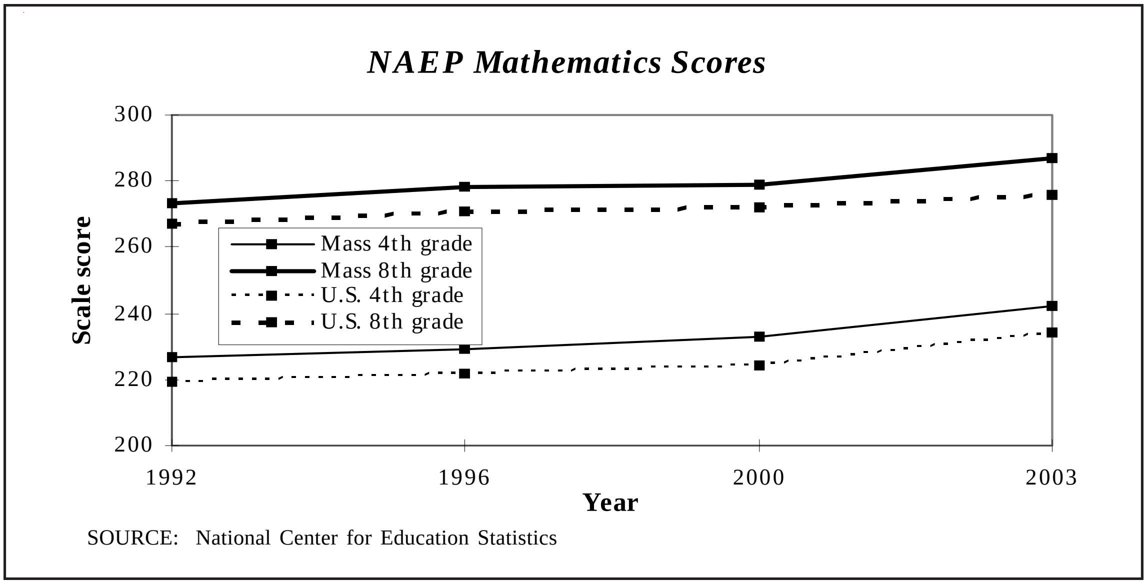
*(in current, unadjusted dollars)*

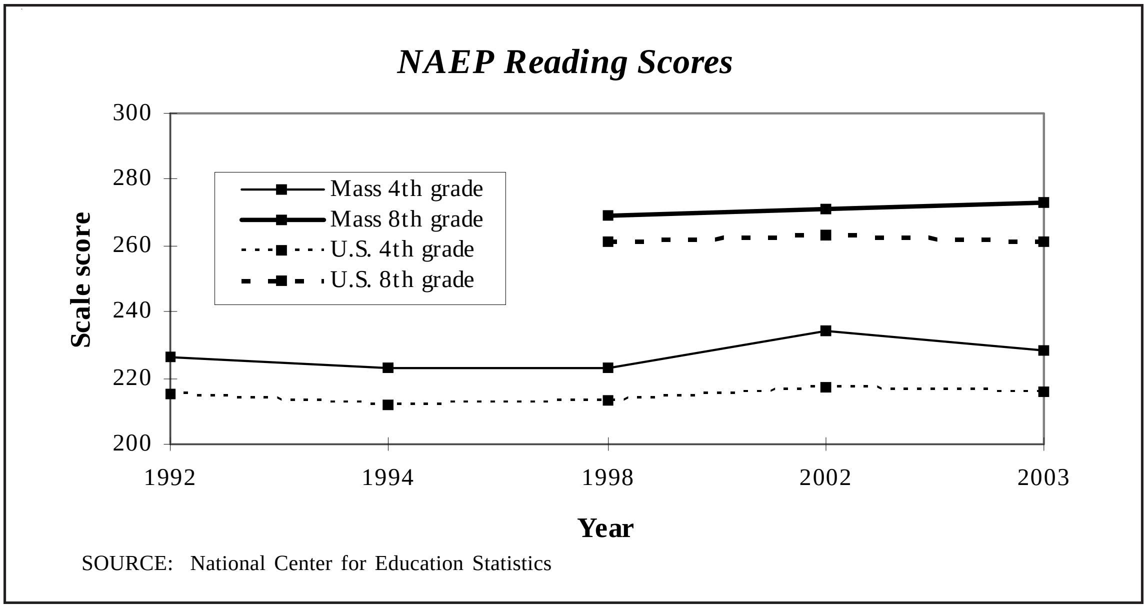
| *Fiscal Year* | *Massachusetts* | *United States* | *Ratio (MA/U.S.)* |
|---|---|---|---|
| **1981** | $2,735 | $2,307 | 1.19 |
| **1982** | 2,823 | 2,525 | 1.12 |
| **1983** | 3,072 | 2,736 | 1.12 |
| **1984** | 3,298 | 2,940 | 1.12 |
| **1985** | 3,653 | 3,222 | 1.13 |
| **1986** | 4,031 | 3,479 | 1.16 |
| **1987** | 4,491 | 3,682 | 1.22 |
| **1988** | 4,965 | 3,927 | 1.26 |
| **1989** | 5,485 | 4,307 | 1.27 |
| **1990** | 5,766 | 4,643 | 1.24 |
| **1991** | 5,881 | 4,902 | 1.20 |
| **1992** | 5,952 | 5,023 | 1.18 |
| **1993** | 6,141 | 5,160 | 1.19 |
| **1994** | 6,423 | 5,327 | 1.21 |
| **1995** | 6,783 | 5,529 | 1.23 |
| **1996** | 7,033 | 5,689 | 1.24 |
| **1997** | 7,331 | 5,923 | 1.24 |
| **1998** | 7,778 | 6,189 | 1.26 |
| **1999** | 8,260 | 6,508 | 1.27 |
| **2000** | 8,816 | 6,912 | 1.28 |
| **2001** | 9,509 | 7,380 | 1.29 |
| **2002** | 10,232 | 7,727 | 1.32 |
| **2003*** | 10,460 | 8,044 | 1.30 |

*NCES, Common Core of Data, http://nces.ed.gov/quicktables/Detail.asp?Key=1311
SOURCE: United States Department of Education, National Center for Education Statistics, Table 167. April 2005

The National Assessment of Educational Progress (NAEP), also known as "the Nation's Report Card," is the only nationally representative and continuing assessment of what America's students know and can do in various subject areas. Since 1969, assessments have been conducted periodically in reading, mathematics, science, writing, U.S. history, civics, geography, and the arts. Under the current structure, the Commissioner of Education Statistics, who heads the National Center for Education Statistics in the U.S. Department of Education, is responsible by law for carrying out the NAEP project.

Since 1990, NAEP assessments have also been conducted to give results for participating states. Those that choose to participate receive assessment results that report on the performance of students in that state. In its content, the state assessment is identical to the assessment conducted nationally. However, because the national NAEP samples were not, and are not currently designed to support the reporting of accurate and representative state-level results, separate representative samples of students are selected for each participating jurisdiction/state. The graphs on the following page compare the data available for Massachusetts to the nation.




***Major Infrastructure Projects***. Several major public sector-sponsored construction projects are underway in the Boston region, providing significant economic and employment benefits to the state.

The "Big Dig," the world's largest highway project, includes the depression of the central artery which traverses the City of Boston, and the construction of a third harbor tunnel linking downtown Boston to Logan Airport. The new Central Artery is designed to meet Boston's future traffic demand and is anticipated to carry 245,000 vehicles per day by 2010 with minimal congestion. The Project will also strengthen connections among Boston's air, rail, and seaport terminals. By offering travelers and shippers increased choice and flexibility among these different modes of transportation, the Project is contributing to the creation of an integrated, intermodal transportation system for the entire region. The Ted Williams Tunnel, which stretches under Boston Harbor from South Boston to Logan Airport, opened to commercial traffic in late 1995 and to all traffic in December 2001, and will carry an estimated 98,000 vehicles daily in 2010. The Central Artery Project is due to be completed by 2005 at an estimated total cost of $14.63 billion, with nearly half funded by the federal government. More than $1.5 billion of the state's share of future federal funding is slated to go toward the Big Dig until 2012. As of April 4, 2004, construction is 93.5 percent complete.

The $385 million Route 3 North project improves safety and travel along the Route 3 highway mainline and the adjacent roadways. Route 3 North is 21 miles in length from the Route 128 interchange in Burlington to the New Hampshire border. Initial survey and sub-surface work commenced along the Route 3 corridor in the fall of 2000 and the total project is estimated to take 42 months to complete. This design-build project includes adding a travel lane and two 10’ shoulders in each direction, the replacement of 47 bridges, a park and ride facility as well as various environmental improvements.

The MBTA Silver Line project creates the first new MBTA rapid transit line in 90 years. The Silver Line is a state-of-the-art Bus Rapid Transit (BRT) system. This transit line is being completed in three phases. The first and second segments are being introduced as two, separate BRT lines: Silver Line Phase I, which has been open since 2002, travels along Washington Street between Dudley Square and Downtown; and Silver Line Phase II, now under construction and set to open in 2004, will run underground from South Station to the South Boston Waterfront and continue aboveground to the Boston Convention and Exhibition Center, Marine Industrial Park, and Logan Airport. The third phase, Silver Line Phase III, which is currently in design, will link Phases I and II. When the final phase has been completed, all three segments will connect to become the MBTA’s fifth rapid transit line. It will offer a seamless link between the communities of Roxbury, the South End, Chinatown, Downtown, and South Boston. More than $450 million has been invested in the Washington Street corridor in both commercial and residential development projects.

The MBTA Greenbush project will restore commuter rail service on the existing right-of-way known as the Greenbush corridor through the towns of Braintree, Weymouth, Hingham, Cohasset and Scituate, Massachusetts. The project begins at the connection with the existing MBTA Old Colony Main Line at the Braintree Wye in East Braintree, and extends 18 miles easterly along the former New Haven Railroad Greenbush Branch to the terminus in the Greenbush section of Scituate. Notice to proceed for design was issued in April of 2002 and the project is targeted for completion in June of 2006.

The Massachusetts Executive Office of Transportation and Construction’s Lawrence Gateway Project, generally regarded as an integral step in the renaissance of this historic mill city, will offer 1.2 million square feet of cost-effective, quality office space in the mills along the Merrimack River and the canal district, as well as dramatically improved access to Routes 495, 93 and 95.

On February 10, 2004, the governor filed a $1.15 billion bill for capital transportation spending that guarantees the state will invest at least $400 million every year in upgrading the Commonwealth’s roads and bridges until the year 2012. The 2004 Transportation Bond Bill will provide three years worth of new capital authorization for critical transportation priorities. Funding provisions in the Bond Bill include $425 million for federally assisted transportation projects to support the road and bridge program, $300 million for Chapter 90 local aid, $210 million for non-federally assisted roadway projects, $102 million to protect rail freight properties and to provide capital assistance to Regional Transit Authorities (RTAs) and $23 million for various local grant programs.

The Massachusetts Port Authority (Massport) owns and operates Logan International Airport, Hanscom Field, Worcester Regional Airport, the Port of Boston, and several smaller assets. Logan Airport is undergoing a more than $4 billion modernization program that will result in improved access, modern facilities, and the latest customer amenities. In addition, Massport, which owns and operates Logan Airport, has been nationally-recognized for being the first U.S. airport authority to design and build an inline 100% bag screening system, deploy an anti-terrorism unit armed with submachine guns and hand held wireless computers, and implement behavior profiling to spot potential terrorists.

The Port of Boston has instituted port optimization, which consolidated all container operations at Conley Terminal in South Boston, where Massport invested $50 million in four post-Panamax cranes, deeper berths and a modern, timesaving 10-lane gate facility. At the same time, Moran Terminal was transformed into Boston Autoport, a state-of-the-art facility that can offload 400 cars an hour and process over 100,000 cars a year. It increased warehousing by replacing two unused cargo buildings with a 200,000-square-foot warehouse and cargo transfer facility in South Boston, International Cargo Port Inc. Harbor dredging is now underway and, when complete, will improve navigation and safety, reduce cargo handling costs and further control product costs to New England businesses and consumers. It introduced value-added services for customers, such as the Harbor Maintenance Tax, which provides a dollar-for-dollar tax credit for shippers using the Port of Boston. It anticipates the expansion of 120,000 square feet of rehabilitated space to respond to increased demands by cruise lines and their passengers at the Black Falcon Cruise Terminal.

# Sources List

Listed below are the the web sites of the original data sources used to compile this section (Exhibit A) of the Economic Due Diligence report. The sites are listed in section title order.

## Population Characteristics

**United States Department of Commerce, Bureau of the Census**
*http://www.census.gov*

## Personal Income, Consumer Prices, and Poverty

**U.S. Department of Commerce, Bureau of Economic Analysis**
*http://www.bea.doc.gov/bea/regional*
**United States Department of Labor, Bureau of Labor Statistics**
*http://www.bls.gov*
**Federal Reserve Bank of Boston**
*http://www.bos.frb.org/economic/neei/neeidata.htm*
**The Conference Board, Inc. (for U.S. and N.E. measures), Mass Insight Corporation (for MA measure)**
*http://www.conference-board.org*
*http://www.massinsight.com/index.asp*
**U.S. Department of Commerce, Bureau of the Census**
*http://www.census.gov*

## Employment

**MA Division of Unemployment Assistance**
*http://www.detma.org*
**United States Department of Labor, Bureau of Labor Statistics**
*http://www.bls.gov*
**The Conference Board, Inc.**
*http://www.conference-board.org*

## Economic Base and Performance

**U.S. Department of Commerce, Bureau of Economic Analysis**
*http://www.bea.doc.gov/bea/regional/gsp/*
**Fortune Magazine**
*http://www.fortune.com/fortune/*

## Economic Base and Performance - Sector Detail (NAICS Basis)

**U.S. Department of Commerce, Bureau of Economic Analysis**
*http://www.bea.doc.gov/bea/regional/gsp/*
**U.S. Census Bureau, Foreign Trade Division. Prepared by the World Institute for Strategic Economic Research (WISER)**
*http://www.wisertrade.org*
**Massport**
*http://www.massport.com*
**Airports Council International**
*http://www.aci.aero*
**Army Corps of Engineers**
*http://www.iwr.usace.army.mil/ndc/wcsc/statenm03.htm*
**Federal Reserve Bank of Boston; United States Department of Commerce**
*http://www.bos.frb.org*
*http://www/census.gov*
**National Association of Realtors; Federal Reserve Bank of Boston**
*http://www.bos.frb.org/economic/neei/neeidata.htm*
**U.S. Department of Defense**
*http://web1.whs.osd.mil/peidhome/geostats/geostat.htm*
**U.S. Census Bureau, Governments Division**
*http://www.census.gov/govs/www/statetax.html*
*http://www.census.gov/govs/www state.html*
**U.S. Department of Commerce, Bureau of the Census, 2003 Consolidated Federal Funds Report**
*http://www.census.gov/govs/www/cffr.html*

## Human Resources and Infrastructure

**U.S. Census Bureau, 2003 A.C.S. PCT35A-I**
*http://www.census.gov/acs/www/*
**New England Board of Higher Education**
*http://www.nebhe.org.connection.html*
**National Science Foundation**
*http://www.nsf.gov/statistics*
**United States Department of Education, National Center for Education Statistics**
*http://nces.ed.gov/pubsearch/Subindx.asp*
*http://nces.ed.gov.nationsreportcard/states*
**National Center for Education Statistics**
*http://nces.ed.gov*