

NEW ISSUE – Book Entry Only

**Ratings: Fitch Ratings: AA+
Moody's: Aa1
Standard & Poor's: AA
(See "RATINGS")**

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series B Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series C Bonds is included in the gross income of the owners thereof for federal income tax purposes. Under existing law, interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "TAX MATTERS" and Appendix A herein.)



**\$150,000,000
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS**

**\$90,000,000
2010 SERIES B**

AND

**\$60,000,000
2010 SERIES C
(Federally Taxable – Build America Bonds – Direct Payment)**

Dated: Date of Delivery

Due: as shown on the inside cover hereof

The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. (See "THE BONDS--Book-Entry Only System" herein.)

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2010 until maturity or redemption prior to maturity. The Series B Bonds are not subject to redemption prior to maturity. The Series C Bonds are subject to redemption prior to maturity as provided herein.

The Bonds are offered subject to the final approving opinion of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to in the Notices of Sale. Public Resources Advisory Group has acted as Financial Advisor to the State with respect to the Bonds. Delivery of the Bonds to DTC or its custodial agent is expected on or about September 2, 2010.

August 25, 2010

\$150,000,000
STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

\$90,000,000
2010 SERIES B

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP* 644682</u>	<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP* 644682</u>
2012	\$10,000,000	5.00%	0.25%	J80	2017	\$10,000,000	5.00%	1.56%	K54
2013	10,000,000	5.00	0.38	J98	2018	10,000,000	5.00	1.72	K62
2014	10,000,000	5.00	0.61	K21	2019	10,000,000	5.00	1.93	K70
2015	10,000,000	5.00	1.03	K39	2020	10,000,000	5.00	2.13	K88
2016	10,000,000	5.00	1.31	K47					

\$60,000,000
2010 SERIES C**
(Federally Taxable – Build America Bonds – Direct Payment)

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP* 644682</u>	<u>Due June 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP* 644682</u>
2021	\$6,000,000	3.50%	3.30%	M37	2026	\$6,000,000	4.00%	3.95%	M86
2022	6,000,000	3.50	3.40	M45	2027	6,000,000	4.125	4.05	M94
2023	6,000,000	3.625	3.50	M52	2028	6,000,000	4.25	4.20	N28
2024	6,000,000	3.75	3.65	M60	2029	6,000,000	4.375	4.30	N36
2025	6,000,000	3.90	3.80	M78	2030	6,000,000	4.50	4.40	N44

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondowners and the State is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

** The Series C Bonds were awarded as Federally Taxable Build America Bonds (Direct Payment) as described herein under "Competitive Sale of Bonds".

No dealer, broker, salesperson or other person has been authorized by the State of New Hampshire to give any information or to make any representations with respect to the State or the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the State of New Hampshire.

This Official Statement is not to be construed as a contract or agreement between the State of New Hampshire and the purchasers or owners of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not a representation of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

This Official Statement is provided only in connection with the sale of the Bonds by the State of New Hampshire pursuant to the Notices of Sale dated August 18, 2010 and may not be reproduced or used in whole or in part for any other purpose without the express written consent of the State Treasurer. Reference is made to the Notices of Sale for a description of the terms and conditions of the sale of the Bonds to the original purchasers thereof.

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PART II. STATE OF NEW HAMPSHIRE INFORMATION STATEMENT DATED AUGUST 25, 2010

STATEMENT PURSUANT TO NEW HAMPSHIRE REVISED STATUTES ANNOTATED 421-B:20:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

STATE OF NEW HAMPSHIRE

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OFFICIAL STATEMENT
OF
THE STATE OF NEW HAMPSHIRE
\$150,000,000
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
\$90,000,000
2010 SERIES B
AND
\$60,000,000
2010 SERIES C
(Federally Taxable – Build America Bonds – Direct Payment)

PART I: INFORMATION CONCERNING THE BONDS

This Official Statement, including the cover page, is provided for the purpose of presenting certain information relating to the State of New Hampshire (the “State”) in connection with the sale of \$90,000,000 aggregate principal amount of its General Obligation Capital Improvement Bonds, 2010 Series B (the “Series B Bonds”) and \$60,000,000 aggregate principal amount of its General Obligation Capital Improvement Bonds, 2010 Series C (Federally Taxable – Build America Bonds – Direct Payment) (the “Series C Bonds,” and collectively with the Series B Bonds, the “Bonds”) dated their date of delivery.

This Official Statement consists of two parts: Part I (including the cover and Appendices A, B, and C) and Part II, the State’s Information Statement dated July 14, 2010 (incorporated herein by reference), as supplemented by the Information Statement Supplement dated August 25, 2010 (together, the “Information Statement”). The Information Statement has been provided to the Municipal Securities Rulemaking Board (“MSRB”) for purposes of Rule 15c2-12. The Information Statement incorporates by reference as Exhibit A the State’s audited financial statements for fiscal year 2009. KPMG LLP, the State’s independent auditor, has not been engaged to perform and has not performed, since the date of its report referenced in the Information Statement, any procedures on the financial statements addressed in that report. KPMG LLP has also not performed any procedures relating to this Official Statement, including the Information Statement.

The Bonds were sold by competitive bid. At the time of the sale, the State determined to issue the Series C Bonds as Federally Taxable Build America Bonds (Direct Payment). See “Competitive Sale of Bonds”.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on June 1 and December 1 of each year, commencing December 1, 2010, until maturity or redemption prior to maturity. The record date with respect to each payment of interest shall be the fifteenth day of the month preceding such interest payment date. The Bonds will mature in the years and in the principal amounts and bear interest at the rates shown on the inside cover page of this Official Statement. The Series B Bonds are not subject to redemption prior to maturity. The Series C Bonds are subject to redemption prior to maturity as described below.

The Bonds are being issued only as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co., is the

Bondowner, payments of principal and interest will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. (See “Book-Entry Only System” herein.)

Build America Bonds

The State is authorized to issue the Series C Bonds as “Build America Bonds” pursuant to the American Recovery and Reinvestment Act of 2009 and to elect to receive a subsidy payment (“Direct Payments”) from United States Treasury equal to 35% of the taxable interest the State pays on the Series C Bonds. In order to receive the Direct Payments, the State is required to make certain filings with the Internal Revenue Service. If the State fails to make the required filings, it will not be eligible to receive the Direct Payments. The State will covenant to make all required filings in accordance with applicable rules of the United States Treasury in order to receive the Direct Payments contemporaneously with the payment of interest due on the Series C Bonds. Additionally, the proceeds of “Build America Bonds” have a number of limitations on their use. If the State were to use the proceeds of the Series C Bonds for expenditures other than capital expenditures, reasonably required reserve funds, and costs of issuance, the Series C Bonds would not be eligible for the Direct Payments. Direct Payments are treated as overpayments of tax, and accordingly are subject to offset against certain amounts that may be owed by the State to an agency of the United States of America. Finally, it is possible that the Direct Payments could be reduced or eliminated as a result of a change in federal law. See “Tax Matters” herein.

At the time of the competitive sale of the Series C Bonds, the State determined to issue the Series C Bonds as Federally Taxable Build America Bonds (Direct Payment).

Redemption Provisions – Series B Bonds

The Series B Bonds are not subject to redemption prior to maturity.

Redemption Provisions – Series C Bonds

Optional Redemption

The Series C Bonds are subject to redemption at the option of the State prior to maturity, in whole or in part (on a pro rata basis as described below), at any time, at the Make-Whole Redemption Price (as defined herein). The “Make-Whole Redemption Price” is equal to the greater of (i) the issue price of the Bonds, as set forth on the inside cover page of this Official Statement, but in no event less than 100% of the principal amount of the Series C Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series C Bonds to be redeemed, not including any portion of interest accrued and unpaid as of the redemption date, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 25 basis points, plus, in each case, accrued and unpaid interest to the redemption date on the Series C Bonds to be redeemed.

For the purpose of determining the Make-Whole Redemption Price, the following definition of the term “Treasury Rate” applies:

“Treasury Rate” means, with respect to any redemption date for a particular Series C Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available at least 2 business days, but no more than 45 days, prior to the redemption date (excluding inflation indexed securities or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series C Bonds to be redeemed; provided, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption

The Series C Bonds will be subject to extraordinary optional redemption prior to maturity, at the option of the State, upon the occurrence of an Extraordinary Event (defined below), in whole or in part (on a pro rata basis as described below), at any time, at the “Extraordinary Redemption Price.” The Extraordinary Redemption Price is equal to the greater of:

- (i) the issue price of the Series C Bonds set forth on the inside cover page hereof (but not less than 100%) of the principal amount of the Series C Bonds to be redeemed; or
- (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series C Bonds to be redeemed to the maturity date of such Series C Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series C Bonds are to be redeemed, discounted to the date on which the Series C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate (as defined above) plus 100 basis points,

plus accrued interest on the Series C Bonds to be redeemed to the redemption date.

An “Extraordinary Event” will have occurred if the State determines that a material adverse change has occurred to section 54AA or section 6431 of the Internal Revenue Code of 1986 (the “Code”) (as such sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to Build America Bonds) or there is any guidance published by the Internal Revenue Service or the Department of the Treasury with respect to such sections of the Code or any other determination by the Internal Revenue Service or the Department of the United States Treasury, which determination is not the result of an act or omission by the State to satisfy the requirements to receive the Direct Payments, pursuant to which the Direct Payments are reduced or eliminated.

Selection of Bonds to be Redeemed in Partial Redemption

So long as the Series C Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Series C Bonds, partial redemptions will be done in accordance with DTC procedures. It is the State’s intent that DTC, the DTC Participants and such other intermediaries that may exist between the State and the beneficial owners effect a pro rata reduction of principal (subject to minimum authorized denomination restrictions and DTC procedures) of all outstanding Series C Bonds according to the beneficial interest in the Series C Bonds that DTC records list as owned by each DTC participant as of the record date for such payment. However, the State can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions or reductions in principal among beneficial owners on such a proportional basis.

If the Series C Bonds are no longer registered in book-entry-only form, any redemption of less than all of the Series C Bonds of any maturity will be allocated among the registered owners of such Series C Bonds as nearly as practicable in proportion to the principal amounts of the Series C Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the Series C Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular Series C Bonds to be redeemed will be determined by the Paying Agent, using such method as it deems fair and appropriate.

Notice of Redemption

So long as DTC is the registered owner of the Series C Bonds, notice of any redemption of Series C Bonds prior to their maturities, specifying the Series C Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. Following proper notice of the redemption of any Series C Bonds, if sufficient moneys are deposited with U.S. Bank National Association, or its successor, as Paying Agent (the “Paying Agent”) for redemption, interest thereon ceases to accrue as of the redemption date.

Security for the Bonds

In the opinion of Bond Counsel, the Bonds when duly issued will constitute valid general obligations of the State and the full faith and credit of the State will be pledged for the punctual payment of the principal of and interest on the Bonds.

Each Bond when duly issued and paid for will constitute a contract between the State and the owner of the Bond. While the doctrine of sovereign immunity (the sovereign right of a state not to be sued without its consent) applies to the State, the Legislature has conferred jurisdiction on the Superior Court to enter judgment against the State founded upon any express or implied contract. The Supreme Court of New Hampshire has stated that that statutory provision constitutes a waiver of the State's right of sovereign immunity in such a case. Although a bond of the State constitutes a contract with the owner of the bond, the State Supreme Court has not considered the issue of sovereign immunity in a case expressly involving the enforceability of a bond. Under State law, the Attorney General of the State is directed to present any claim founded upon a judgment against the State to the department or agency which entered into the contract for payment from available appropriations or, if such appropriations are insufficient, to present the claim to the Legislature. Payment of a claim against the State for which available appropriated funds are insufficient would require appropriation by the Legislature. Enforcement of a claim for payment of principal of or interest on the Bonds may also be subject to the provisions of federal or State statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as those provisions may be constitutionally applied.

The State Constitution provides that the public charges of government may be raised by taxation upon polls, estates and other classes of property including franchises and property when passing by will or inheritance, and authorizes the Legislature to impose and levy proportional and reasonable assessments, rates and taxes upon all the inhabitants of, and residents within, the State and upon all property within the State.

Authorization, Purpose and Application of Proceeds

The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated ("RSA") and various other laws. Proceeds from the sale of the Series B Bonds are expected to be used to finance or refinance all or a portion of the costs of a number of capital projects, including the refunding of bond anticipation notes of the State, and to pay issuance costs. The proceeds of the Series C Bonds are expected to be used to finance all or a portion of the costs of a number of capital projects and to pay issuance costs.

Book-Entry Only System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both

U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices for the Series C Bonds shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed, unless other arrangements are made between DTC and the State.

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

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

TAX MATTERS

Tax-Exempt Bonds – Series B Bonds

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the State (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. The foregoing reflects the enactment of the American Recovery and Reinvestment Act of 2009 which includes provisions that modify the treatment under the alternative minimum tax of interest on certain bonds of state and local government entities and that modify Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds.

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

Bond Counsel is also of the opinion that, under existing law, interest on the Series B Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other New Hampshire tax consequences arising with respect to the Series B Bonds. Bond Counsel also has not opined as to the taxability of the Series B Bonds or the income therefrom under the laws of any state other than New Hampshire. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto.

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

Series B Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series B Bonds, or, in some cases, at the earlier redemption date of such Series B Bonds (“Premium Series B Bonds”), will be treated as having amortizable bond premium for federal

income tax purposes and for purposes of the New Hampshire personal income tax on interest and dividends. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Series B Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Beneficial Owner's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Series B Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series B Bonds may adversely affect the value of, or the tax status of interest on, the Series B Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Series B Bonds. Prospective Beneficial Owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Series B Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Beneficial Owners should consult with their own tax advisors with respect to such consequences.

Federally Taxable Build America Bonds (Direct Payment) – Series C Bonds

Under existing law, interest on the Series C Bonds is included in gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other federal tax law consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series C Bonds.

The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) requires certain U.S. holders that are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, interest and gains from the sale or other disposition of the Series C Bonds for taxable years beginning after December 31, 2012. U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Series C Bonds.

Bond Counsel is also of the opinion that, under existing law, interest on the Series C Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other New Hampshire tax consequences arising with respect to the Series C Bonds. Bond Counsel also has not opined as to the taxability of the Series C Bonds or the income therefrom under the laws of any state other than New Hampshire. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Series C Bonds is set forth in Appendix A hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to beneficial owners of the Series C Bonds that acquire their Series C Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors who hold their Series C Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, the following discussion does not address (i) alternative minimum tax

consequences or (ii) the indirect effects on persons who hold equity interests in a beneficial owner of Series C Bonds. In addition, this summary generally is limited to investors who become beneficial owners of Series C Bonds pursuant to the initial offering for the issue price that is applicable to such Series C Bonds (i.e., the price at which a substantial amount of such Series C Bonds is first sold to the public) and who will hold their Series C Bonds as “capital assets” within the meaning of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series C Bond who for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust with respect to which a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series C Bond (other than a partnership) who is not a U.S. Holder. If an entity classified as a partnership for U.S. federal income tax purposes is a beneficial owner of Series C Bonds, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the tax consequences of an investment in the Series C Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Stated interest on the Series C Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

“Original issue discount” will arise for U.S. federal income tax purposes in respect of any Series C Bond if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for tax purposes). For any Series C Bonds issued with original issue discount, the excess of the stated redemption price at maturity of that Series C Bond over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a Series C Bond is the sum of all scheduled amounts payable on such Series C Bond other than qualified stated interest. U.S. Holders of Series C Bonds generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of Series C Bonds issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

“Premium” generally will arise for U.S. federal income tax purposes in respect of any Series C Bond to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Series C Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series C Bond.

Disposition of the Series C Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition of a Series C Bond will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder of a Series C Bond generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series C Bond which will be taxed in the manner described above under “Interest”) and (ii) the U.S. Holder’s adjusted tax basis in the Series C Bond (generally, the purchase price paid by the U.S. Holder for the Series C Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series C Bond and decreased by any payments previously made on such Series C Bond, other than payments of qualified stated interest, or decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. Defeasance or material modification of the terms of any Series C Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the defeased Series C Bonds generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less

any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Series C Bond.

In the case of a non-corporate U.S. Holder of the Series C Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain may be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series C Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

The following discussion applies only to non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a non-U.S. Holder that is a "controlled foreign corporation" or a "passive foreign investment company," and, accordingly, non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences of holding the Series C Bonds that may be relevant to them.

Interest. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," payments of principal of, and interest on, any Series C Bond to a Non-U.S. Holder, other than a bank which acquires such Series C Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, generally will not be subject to any U.S. withholding tax provided that the beneficial owner of the Series C Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Series C Bonds. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition of a Series C Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series C Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such Series C Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding—U.S. Holders and non-U.S. Holders

Interest on, and proceeds received from the sale of, a Series C Bond generally will be reported to U.S. Holders, other than certain exempt recipients, such as corporations, on IRS Form 1099. In addition, a backup withholding tax may apply to payments with respect to the Series C Bonds if the U.S. Holder fails to furnish the payor with a correct taxpayer identification number or other required certification or fails to report interest or dividends required to be shown on the U.S. Holder's federal income tax returns.

In general, a non-U.S. Holder will not be subject to backup withholding with respect to interest payments on the Series C Bonds if such non-U.S. Holder has certified to the payor under penalties of perjury (i) the name and address of such non-U.S. Holder and (ii) that such non-U.S. Holder is not a United States person, or, in the case of an individual, that such non-U.S. Holder is neither a citizen nor a resident of the United States, and the payor does not know or have reason to know that such certifications are false. However, information reporting on IRS Form 1042-S may still apply to interest payments on the Series C Bonds made to non-U.S. Holders not subject to backup withholding. In addition, a non-U.S. Holder will not be subject to backup withholding with respect to the proceeds of the sale of a Series C Bond made within the United States or conducted through certain U.S. financial

intermediaries if the payor receives the certifications described above and the payor does not know or have reason to know that such certifications are false, or if the non-U.S. Holder otherwise establishes an exemption. Non-U.S. Holders should consult their own tax advisors regarding the application of information reporting and backup withholding in their particular circumstances, the availability of exemptions and the procedure for obtaining such exemptions, if available.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder's federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular Beneficial Owner of Series C Bonds in light of the Beneficial Owner's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series C Bonds, including the application and effect of state, local, foreign and other tax laws.

Circular 230 Disclaimer

The preceding tax matters discussion related to those Series C Bonds that are issued as Federally Taxable Build America Bonds (Direct Payment) is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under federal tax law in connection with such Series C Bonds. Such discussion was written to support the promotion or marketing of such Series C Bonds. Each purchaser of such Series C Bonds should seek advice based on such purchaser's particular circumstances from an independent tax advisor.

LEGAL MATTERS

Legal matters incident to the authorization and sale of the Bonds are subject to the approval of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel. The proposed forms of the approving opinions of Edwards Angell Palmer & Dodge LLP are set forth in Appendix A. The opinions will be dated the date of the issuance of the Bonds and will speak only as of that date.

FINANCIAL ADVISOR

Public Resources Advisory Group has acted as financial advisor to the State with respect to the issuance of the Bonds.

RATINGS

Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's have assigned the Bonds the ratings of AA+, Aa1, and AA, respectively. An explanation of the significance of each such rating may be obtained from the rating agency furnishing the same. There is no assurance that those ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their or its judgment circumstances so warrant. Any such downward change in or withdrawal of any of the ratings may have an adverse effect on the market price of the Bonds.

COMPETITIVE SALE OF BONDS

After competitive bidding on August 25, 2010, the Series B Bonds were awarded to a group of underwriters managed by Citigroup Global Markets Inc. (the "Series B Underwriters"). The Series B Underwriters have supplied the information as to the public offering yields or prices of the Bonds set forth on the inside cover hereof. The Series B Underwriters have informed the State that if all of the Series B Bonds are resold to the public at those yields or prices, they anticipate the total Series B Underwriters' compensation to be \$231,300. The Series B Underwriters may change the public offering yields or prices from time to time.

After competitive bidding on August 25, 2010, the Series C Bonds were awarded as Federally Taxable Build America Bonds (Direct Payment) as indicated on the inside cover page hereof, to a group of underwriters managed by J.P. Morgan Securities Inc. (the "Series C Underwriters"). The Series C Underwriters have supplied the information as to the public offering yields or prices of the Series C Bonds set forth on the inside cover hereof. The Series C Underwriters have informed the State that if all of the Series C Bonds are resold to the public at those yields or prices, they anticipate the total Series C Underwriters' compensation to be \$626,400. The Series C Underwriters may change the public offering yields or prices from time to time.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the State will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the State (the "Annual Report"), by not later than 270 days after the end of each fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix B. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. Except as described below with respect to fiscal years 2005 and 2006, the State has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of material events in accordance with the Rule. The State did not include audited financial statements for fiscal year 2005 in its Annual Report for fiscal year 2005 or the Annual Report for the State's Turnpike System Revenue Bonds for fiscal year 2005. The Turnpike System filed audited financial statements for fiscal year 2005 in March, 2006, and the State's audited financial statements for fiscal year 2005 were filed in May, 2006. The State had undertaken pursuant to the Rule to provide its draft financial statements or audited financial statements for fiscal year 2006 to each nationally recognized municipal securities information repository by March 27, 2007, and on March 29, 2007, the State filed a notice of its failure to file such statements by the required date. The State's audited financial statements for fiscal year 2006 were filed on April 20, 2007. See "FINANCIAL STATEMENTS" in the Information Statement included as Part II of this Official Statement.

STATE OF NEW HAMPSHIRE

By: /s/ Catherine A. Provencher
State Treasurer

August 25, 2010

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**PROPOSED FORM OF OPINION OF BOND COUNSEL
TAX-EXEMPT BONDS – SERIES B BONDS**

The following proposed form of opinion of bond counsel shall be delivered in connection with the Series B Bonds.

EDWARDS ANGELL PALMER & DODGE LLP
111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

(Date of Delivery)

The Honorable Catherine A. Provencher
State Treasurer
State House Annex
Concord, New Hampshire 03301

\$90,000,000
State of New Hampshire
General Obligation Capital Improvement Bonds, 2010 Series B
Dated Date of Delivery

We have acted as Bond Counsel to the State of New Hampshire (the “State”) in connection with the issuance by the State of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

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

1. The Bonds are valid and binding general obligations of the State, and the full faith and credit of the State are pledged for the punctual payment of the principal of and interest on the Bonds.
2. The interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.
3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the State with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with all such requirements. Failure by the State to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

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

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

EDWARDS ANGELL PALMER & DODGE LLP

**PROPOSED FORM OF OPINION OF BOND COUNSEL – FEDERALLY TAXABLE
BUILD AMERICA BONDS – DIRECT PAYMENT – SERIES C BONDS**

The following proposed form of opinion of bond counsel shall be delivered in connection with the Series C Bonds.

EDWARDS ANGELL PALMER & DODGE LLP
111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

(Date of Delivery)

The Honorable Catherine A. Provencher
State Treasurer
State House Annex
Concord, New Hampshire 03301

\$60,000,000
State of New Hampshire
General Obligation Capital Improvement Bonds, 2010 Series C
(Federally Taxable – Build America Bonds – Direct Payment) (the “Bonds”)
Dated Date of Delivery

We have acted as Bond Counsel to the State of New Hampshire (the “State”) in connection with the issuance by the State of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

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

1. The Bonds are valid and binding general obligations of the State, and the full faith and credit of the State are pledged for the punctual payment of the principal of and interest on the Bonds.
2. The interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.
3. Interest on the Bonds is included from the gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

This opinion is not intended or written by Edwards Angell Palmer & Dodge LLP to be used and cannot be used by you for the purpose of avoiding penalties that may be imposed under federal tax law in connection with the Bonds.

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

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

EDWARDS ANGELL PALMER & DODGE LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the State of New Hampshire (the “Issuer”) in connection with the issuance of its \$90,000,000 General Obligation Capital Improvement Bonds, 2010 Series B and \$60,000,000 General Obligation Capital Improvement Bonds, 2010 Series C (Federally Taxable – Build America Bonds – Direct Payment), dated their date of delivery (collectively, the “Bonds”). The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The State shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the State may be submitted when available separately from the balance of the Annual Report.

(b) If the State is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the State shall send a notice to the MSRB in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The State’s Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the State’s Information Statement dated July 14, 2010 regarding (i) the revenues and expenditures of the State relating to its General Fund and Education Fund, (ii) capital expenditures, (iii) fund balances, (iv) revenue information, (v) indebtedness of the State, and (vi) pension obligations of the State, and

- (b) the most recently available audited financial statements of the State, prepared in accordance with generally accepted accounting principles.

If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements for debt issues of the State or related public entities, which (i) are available to the public on the MSRB Internet Website or (ii) have been filed with the Securities and Exchange Commission. The State shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Material Events.

(a) The State shall give notice, in accordance with subsection 5(b) below, of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of the Owners of the Bonds.
8. Bond calls.
9. Defeasance of the Bonds or any portion thereof.
10. Release, substitution or sale of property securing repayment of the Bonds.
11. Rating changes.

(b) Whenever the State obtains knowledge of the occurrence of a Listed Event, the State shall as soon as possible determine if such an event would be material under applicable federal securities laws and if so, the State shall promptly file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The State's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may also include bond counsel to the State), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any

amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the State to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the State to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the State of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the State to comply with this Disclosure Certificate shall be an action for specific performance of the State's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: September 2, 2010

STATE OF NEW HAMPSHIRE

By: _____
State Treasurer

Governor

[EXHIBIT A: Filing Information for the MSRB – to be attached]

[EXHIBIT B: Form of Notice of Failure to File Annual Report – to be attached]

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NOTICE OF SALE

\$90,000,000*

**STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
2010 SERIES B**

Notice is hereby given that electronic bids will be received until 11:00 A.M. (local Concord, New Hampshire time) on Wednesday, August 25, 2010 by Catherine A. Provencher, State Treasurer of the State of New Hampshire, for the purchase of \$90,000,000* State of New Hampshire General Obligation Capital Improvement Bonds, 2010 Series B (the “Bonds”).

Description of the Bonds

The Bonds will be issued only as fully registered bonds in book-entry form. The Bonds will be dated their date of delivery and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on June 1 and December 1, commencing December 1, 2010.

Principal on the Bonds will be paid on June 1 in the following years and amounts:

<u>Year</u>	<u>Principal Amount</u> *	<u>Year</u>	<u>Principal Amount</u> *
2012	\$10,000,000	2017	\$10,000,000
2013	10,000,000	2018	10,000,000
2014	10,000,000	2019	10,000,000
2015	10,000,000	2020	10,000,000
2016	10,000,000		

Authorization and Security

The Bonds will be general obligations of the State of New Hampshire and the full faith and credit of the State will be pledged for the punctual payment of the principal and interest on the Bonds. The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated and various other laws.

Redemption

The Bonds are not subject to optional or mandatory redemption prior to maturity.

Book-Entry Only

Initially, one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”) or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of and interest on the Bonds will be payable in lawful money of the United States of America by U.S. Bank National Association, as Paying Agent. Transfers of principal and interest payments to beneficial owners (the

* Preliminary, subject to change.

“Beneficial Owners”) will be the responsibility of such participants and other nominees of the Beneficial Owners. The State will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, (b) the State determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interests of the State or (c) the State determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interests of the State or the Beneficial Owners, the State will discontinue the book-entry system with DTC. If the State fails to identify another qualified securities depository to replace DTC, the State will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

Electronic Bidding Procedures

Proposals to purchase Bonds (all or none) must be submitted electronically via *PARITY*. Bids will be communicated electronically to the State at 11:00 a.m., local Concord, New Hampshire time, on Wednesday, August 25, 2010. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via *PARITY*, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via *PARITY* to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY* shall constitute the official time. The State will not accept bids by any means other than electronically via *PARITY*.

Disclaimer

Each prospective bidder shall be solely responsible to submit its bid via *PARITY* as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY* for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor *PARITY* shall have any duty or obligation to provide or assure access to *PARITY* to any prospective bidder, and neither the State nor *PARITY* shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*. The State is using *PARITY* as a communication mechanism, and not as the State’s agent, to conduct the electronic bidding for the Bonds. The State is not bound by any advice and determination of *PARITY* to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the “Bid Specifications” hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their submission of bids via *PARITY* are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, the bidder should telephone *PARITY* at i-Deal (212) 404-8102 and notify the State’s Financial Advisor, Public Resources Advisory Group, by facsimile at (212) 566-7816. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at i-Deal (212) 404-8102.

Bid Specifications

Bidders should state the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named, except that Bonds maturing on the same date must bear interest at the same rate. Bids must be for not less than 100% of the par value of the aggregate principal amount of the Bonds. No interest rate may exceed 5.00%. No bid for other than all of the Bonds will be accepted.

Serial Bonds and Term Bonds

The successful bidder may provide in its bid for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into term bonds. Each such term bond shall be subject to mandatory redemption as described above under “Mandatory Redemption.”

Bond Insurance

The State has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

Basis of Award

The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest interest cost to the State. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds (September 2, 2010) and to the price bid, excluding interest accrued to the date of delivery. If there is more than one such proposal making said offer at the same lowest true interest cost, the Bonds will be sold to the bidder whose proposal is selected by the Treasurer by lot from among all such proposals at the same lowest true interest cost. It is requested that each bid be accompanied by a statement of the true interest cost computed at the interest rate or rates stated in such bid in accordance with the above method of calculation (computed to six decimal places) but such statement will not be considered as a part of the bid.

Bids will be accepted or rejected promptly after receipt and not later than 3:00 p.m. (local Concord, New Hampshire time) on the date of the sale.

The State reserves the right to reject any or all proposals and to reject any proposals not complying with the Notice of Sale. The State also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

Right to Change the Notice of Sale and to Postpone Offering

The State reserves the right to make changes to the Notice of Sale and also reserves the right to postpone, from time to time, the date and time established for the receipt of bids. ANY SUCH POSTPONEMENT WILL BE ANNOUNCED VIA THOMSON MUNICIPAL MARKET MONITOR (“TM3”) (www.TM3.com) NOT LATER THAN 9:00 A.M. (LOCAL CONCORD, NEW HAMPSHIRE TIME) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced via TM3 at least 48 hours prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date and time of sale and except for any changes announced over TM3 at the time the sale date and time are announced.

Changes to Preliminary Principal Amounts

The preliminary aggregate principal amount of the Bonds and the preliminary annual principal amounts as set forth in this Notice of Sale (the “Preliminary Aggregate Principal Amount” and the “Preliminary Annual Principal Amounts,” respectively, and collectively, the “Preliminary Amounts”) may be revised before the date established for submission of electronic bids. **ANY SUCH REVISIONS (THE “REVISED AGGREGATE PRINCIPAL AMOUNT” AND THE “REVISED ANNUAL PRINCIPAL AMOUNTS,” RESPECTIVELY, AND COLLECTIVELY, THE “REVISED AMOUNTS”) WILL BE PUBLISHED AS AN AMENDMENT TO THE NOTICE OF SALE AND DISTRIBUTED ON TM3 NOT LATER THAN 4:00 P.M. (LOCAL CONCORD, NEW HAMPSHIRE TIME) ON THE LAST BUSINESS DAY PRIOR TO THE DATE FOR RECEIPT OF BIDS.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS AND THE REVISED AMOUNTS WILL BE USED TO COMPARE BIDS AND SELECT A WINNING BIDDER. There will

be no further adjustments to the aggregate principal amount or annual principal amounts of the Bonds after the bids are received.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the State; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

Expenses

The State will pay: (i) the cost of the preparation of the Bonds; (ii) the fees and expenses of Bond Counsel, and the Financial Advisor; (iii) the fees of the rating agencies relating to the Bonds, and (iv) the cost of preparation and printing of the Official Statement.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes of being notified of the award of the Bonds, advise the State in writing (via facsimile transmission) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the State Treasurer within 24 hours after notification of the award, furnish the following information to Bond Counsel to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the State Treasurer that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information the State Treasurer determines is necessary to complete the Official Statement in final form.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the State a certificate acceptable to Bond Counsel to the State generally to the effect that (i) as of August 25, 2010 (the "Sale Date"), the successful bidder had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

Delivery of the Bonds

The Bonds will be delivered on or about September 2, 2010 (unless a notice of change in the delivery date is announced on TM3 not later than 1:00 p.m. (local Concord, New Hampshire time) on the last business day prior to any announced date for receipt of bids) in Boston on behalf of DTC against payment of the purchase price therefor in Federal Funds.

Documents to be Delivered at Closing

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that contemporaneously with or before accepting the Bonds and paying therefor, the successful bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the State, as to the validity and tax status of the Bonds, substantially in the applicable form as provided in Appendix B to the Official Statement, referred to below; (b) a certificate of the State Treasurer and the Commissioner of the Department of Administrative Services to the effect that, to the best of their respective knowledge and belief, the Official Statement referred to below, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) a certificate of the Attorney General of the State in form satisfactory to Bond Counsel, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to his or her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, in any way affecting the validity of the Bonds or in any way contesting the power of the State Treasurer to sell the Bonds as contemplated in this Notice of Sale; and (d) a Continuing Disclosure Certificate substantially in the form described in the Preliminary Official Statement.

Official Statement

The Preliminary Official Statement dated August 18, 2010 and the information contained therein have been deemed final by the State as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) with permitted omissions, but is subject to change without notice and to completion or amendment in the Official Statement in final form (the “Final Official Statement”).

The State, at its expense, will make available to the successful bidder up to 200 copies of the Final Official Statement, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom the bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperate in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the State will undertake to provide annual reports and notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement.

Additional Information

For further information relating to the Bonds, reference is made to the Preliminary Official Statement dated August 18, 2010 prepared for and authorized by the State Treasurer. The Preliminary Official Statement may be obtained by accessing the following website: www.i-dealprospectus.com. For further information, please contact the undersigned at the Office of the State Treasurer, State House Annex, Concord, New Hampshire 03301 (telephone 603-271-2621; telecopy 603-271-3922) or from Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, Attention: Michael Ablowich (telephone 617-342-7264 or 212-566-7800; telecopy 212-566-7816).

THE STATE OF NEW HAMPSHIRE

By Catherine A. Provencher
State Treasurer

Date: August 18, 2010

NOTICE OF SALE

\$60,000,000*

**STATE OF NEW HAMPSHIRE
GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS
2010 SERIES C**

Notice is hereby given that electronic bids will be received until 11:30 A.M. (local Concord, New Hampshire time) on Wednesday, August 25, 2010 by Catherine A. Provencher, State Treasurer of the State of New Hampshire, for the purchase of \$60,000,000* State of New Hampshire General Obligation Capital Improvement Bonds, 2010 Series C (the “Bonds”).

Description of the Bonds

The Bonds will be issued only as fully registered bonds in book-entry form. The Bonds will be dated their date of delivery and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on June 1 and December 1, commencing December 1, 2010.

The bidder may elect whether to bid on the Bonds, on a maturity by maturity basis, as “Tax-Exempt Bonds” or “Taxable Bonds” as described below. The Bonds may be issued as one series of Tax-Exempt Bonds, one series of Taxable Bonds, or one series which is a combination of Tax-Exempt Bonds and Taxable Bonds. In the event the winning bid is a combination of Tax-Exempt Bonds and Taxable Bonds, the Tax-Exempt Bonds of such series will be identified as 2010 Series C-1 (Tax-Exempt) and the Taxable Bonds will be identified as 2010 Series C-2 (Federally Taxable – Build America Bonds – Direct Payment).

Tax-Exempt Bonds. Interest on Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes and is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxable income and is not included in adjusted current earnings when calculating corporate alternative minimum tax income.

Taxable Bonds. Interest on Taxable Bonds is included in gross income for Federal income tax purposes. The Taxable Bonds will be qualified as Build America Bonds, and the State will elect to receive from the United States Treasury on each interest payment date a direct payment in the amount of 35 percent of the interest payable by the State. Although the Taxable Bonds will be qualified as Build America Bonds, the tax credit will be allowed to the State only and not to the beneficial owners of the Taxable Bonds.

Principal on the Bonds will be paid (subject to prior redemption) on June 1 in the following years and amounts:

<u>Year</u>	<u>Principal Amount</u> * (1)	<u>Year</u>	<u>Principal Amount</u> * (1)
2021	\$6,000,000	2026	\$6,000,000
2022	6,000,000	2027	6,000,000
2023	6,000,000	2028	6,000,000
2024	6,000,000	2029	6,000,000
2025	6,000,000	2030	6,000,000

(1) May represent mandatory sinking fund redemption amount or portion of stated maturity if Term Bonds (as defined herein) are specified.

* Preliminary, subject to change.

Authorization and Security

The Bonds will be general obligations of the State of New Hampshire and the full faith and credit of the State will be pledged for the punctual payment of the principal and interest on the Bonds. The Bonds are being issued pursuant to a vote of the Governor and Council under Chapter 6-A of the New Hampshire Revised Statutes Annotated and various other laws.

Optional Redemption for the Bonds if Issued as Tax-Exempt Bonds

The Bonds are subject to redemption at the option of the State on and after June 1, 2020, in whole or in part at any time, with maturities to be designated by the State (and by lot within a maturity as described below), at the price of the par amount of bonds to be redeemed, plus accrued interest to the redemption date.

Optional Redemption for the Bonds if Issued as Federally Taxable Build America Bonds (Direct Payment)

The Bonds are subject to redemption at the option of the State prior to maturity, in whole or in part (on a pro rata basis as described below), at any time, at the Make-Whole Redemption Price (as defined herein). The “Make-Whole Redemption Price” is equal to the greater of (i) the issue price of the Bonds, as set forth on the inside cover page of this Official Statement, but in no event less than 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of interest accrued and unpaid as of the redemption date, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 25 basis points, plus, in each case, accrued and unpaid interest to the redemption date on the Bonds to be redeemed.

For the purpose of determining the Make-Whole Redemption Price, the following definition of the term “Treasury Rate” applies:

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available at least 2 business days, but no more than 45 days, prior to the redemption date (excluding inflation indexed securities or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption if Issued as Federally Taxable Build America Bonds (Direct Payment)

The Bonds will be subject to extraordinary optional redemption prior to maturity, at the option of the State, upon the occurrence of an Extraordinary Event (defined below), in whole or in part (on a pro rata basis as described below), at any time, at the “Extraordinary Redemption Price.” The Extraordinary Redemption Price is equal to the greater of:

- (i) the issue price of the Bonds set forth on the inside cover page hereof (but not less than 100%) of the principal amount of the Bonds to be redeemed; or
- (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed to the maturity date of such Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate (as defined above) plus 100 basis points,

plus accrued interest on the Bonds to be redeemed to the redemption date.

An “Extraordinary Event” will have occurred if the State determines that a material adverse change has occurred to section 54AA or section 6431 of the Internal Revenue Code of 1986 (the “Code”) (as such sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to Build America

Bonds) or there is any guidance published by the Internal Revenue Service or the Department of the Treasury with respect to such sections of the Code or any other determination by the Internal Revenue Service or the Department of the United States Treasury, which determination is not the result of an act or omission by the State to satisfy the requirements to receive the Direct Payments, pursuant to which the Direct Payments are reduced or eliminated.

Mandatory Redemption

The prospective bidder may designate two or more consecutive serial maturities of Tax-Exempt or Taxable Bonds as one or more term bonds. Any such term bond shall be subject to mandatory redemption commencing on June 1 of the first year which has been combined to form such term bond and continuing on June 1 in each year thereafter until the stated maturity date of that term bond. The amount Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and selected as provided below from among the Bonds of the same maturity. The State Treasurer may credit against any mandatory redemption requirement term bonds of the maturity then subject to redemption which have been purchased and canceled by the State or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

Selection of Bonds To Be Redeemed in Partial Redemption

For maturities of the Bonds issued as Tax-Exempt Bonds, the following provisions shall apply:

In the event of a partial redemption of any maturity of the Bonds, the identity of the beneficial owners whose beneficial interests in the Bonds will be redeemed and the amount of any such redemption will be determined by DTC and its participants by lot in such manner as DTC and its participants deem appropriate.

For maturities of the Bonds issued as Taxable Bonds, the following provisions shall apply:

So long as the Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Bonds, partial redemptions will be done in accordance with DTC procedures. It is the State's intent that DTC, the DTC Participants and such other intermediaries that may exist between the State and the beneficial owners effect a pro rata reduction of principal (subject to minimum authorized denomination restrictions and DTC procedures) of all outstanding Bonds according to the beneficial interest in the Bonds that DTC records list as owned by each DTC participant as of the record date for such payment. However, the State can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions or reductions in principal among beneficial owners on such a proportional basis.

If the Bonds are no longer registered in book-entry-only form, any redemption of less than all of the Bonds of any maturity will be allocated among the registered owners of such Bonds as nearly as practicable in proportion to the principal amounts of the Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular Bonds to be redeemed will be determined by the Paying Agent, using such method as it deems fair and appropriate.

Notice of Redemption

So long as DTC is the registered owner of the Series C Bonds, notice of any redemption of the Series C Bonds prior to their maturities, specifying the Series C Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. Following proper notice of the redemption of any the Series C Bonds, if sufficient moneys are deposited with U.S. Bank National Association, or its successor, as Paying Agent (the "Paying Agent") for redemption, interest thereon ceases to accrue as of the redemption date.

Book-Entry Only

Initially, one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”) or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Principal of and interest on the Bonds will be payable in lawful money of the United States of America by U.S. Bank National Association, as Paying Agent. Transfers of principal and interest payments to beneficial owners (the “Beneficial Owners”) will be the responsibility of such participants and other nominees of the Beneficial Owners. The State will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, (b) the State determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interests of the State or (c) the State determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds is not in the best interests of the State or the Beneficial Owners, the State will discontinue the book-entry system with DTC. If the State fails to identify another qualified securities depository to replace DTC, the State will cause the execution and delivery of replacement bonds in the form of fully registered certificates.

Electronic Bidding Procedures

Proposals to purchase Bonds (all or none) must be submitted electronically via *PARITY*. Bids will be communicated electronically to the State at 11:30 a.m., local Concord, New Hampshire time, on Wednesday, August 25, 2010. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via *PARITY*, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds or (3) withdraw its proposed bid. Once the bids are communicated electronically via *PARITY* to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on *PARITY* shall constitute the official time. The State will not accept bids by any means other than electronically via *PARITY*.

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Each prospective bidder shall be solely responsible to submit its bid via *PARITY* as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY* for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor *PARITY* shall have any duty or obligation to provide or assure access to *PARITY* to any prospective bidder, and neither the State nor *PARITY* shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*. The State is using *PARITY* as a communication mechanism, and not as the State’s agent, to conduct the electronic bidding for the Bonds. The State is not bound by any advice and determination of *PARITY* to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the “Bid Specifications” hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their submission of bids via *PARITY* are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying, or withdrawing a bid for the Bonds, the bidder should telephone *PARITY* at i-Deal (212) 404-8102 and notify the State’s Financial Advisor, Public Resources Advisory Group, by facsimile at (212) 566-7816. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*, potential bidders may contact *PARITY* at i-Deal (212) 404-8102.

Bid Specifications

Bidders should state whether the interest rate specified for each maturity is a bid is for Tax-Exempt or Taxable Bonds. Bidders should state the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named, except that Bonds maturing on the same date must bear interest at the same rate. Bids must be for not less than 100% of the par value of the aggregate principal amount of the Bonds. No bid for other than all of the Bonds will be accepted. No interest rate for a Tax-Exempt Bond may exceed 5.00%. For Taxable Bonds, bidders must specify the expected reoffering price for such Bonds, and in all events the actual reoffering price for any maturity of Taxable Bonds cannot exceed the par amount of the maturity by more than 0.25 percent multiplied by the number of whole years to the maturity date of such Bonds, as set forth in the following table. The actual reoffering prices of the Taxable Bonds cannot exceed the maximum reoffering prices for each maturity set forth below:

Maturity Date (<u>June 1</u>)	Maximum Reoffering Price of Taxable <u>Bonds</u>	Maturity Date (<u>June 1</u>)	Maximum Reoffering Price of Taxable <u>Bonds</u>
2021	102.50%	2026	104.00%
2022	102.75	2027	104.25
2023	103.00	2028	104.50
2024	103.50	2029	104.75
2025	103.75	2030	105.00

Serial Bonds and Term Bonds

The successful bidder may provide in its bid for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into term bonds. Each such term bond shall be subject to mandatory redemption as described above under “Mandatory Redemption.”

Bond Insurance

The State has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

Basis of Award

The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest interest cost to the State. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the Bonds (September 2, 2010) and to the price bid, excluding interest accrued to the date of delivery. For bids submitted as Taxable Bonds, the TIC rate on the Taxable Bonds will be determined after subtracting 35 percent of each interest payment (reflecting the tax credit that the State will elect to receive as a result of the Bonds being qualified Build America Bonds.) If there is more than one such proposal making said offer at the same lowest true interest cost, the Bonds will be sold to the bidder whose proposal is selected by the Treasurer by lot from among all such proposals at the same lowest true interest cost. It is requested that each bid be accompanied by a statement of the true interest cost computed at the interest rate or rates stated in such bid in accordance with the above method of calculation (computed to six decimal places) but such statement will not be considered as a part of the bid.

Bids will be accepted or rejected promptly after receipt and not later than 3:30 p.m. (local Concord, New Hampshire time) on the date of the sale.

The State reserves the right to reject any or all proposals and to reject any proposals not complying with the Notice of Sale. The State also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

Right to Change the Notice of Sale and to Postpone Offering

The State reserves the right to make changes to the Notice of Sale and also reserves the right to postpone, from time to time, the date and time established for the receipt of bids. ANY SUCH POSTPONEMENT WILL BE ANNOUNCED VIA THOMPSON MUNICIPAL MARKET MONITOR (“TM3”) (www.TM3.com) NOT LATER THAN 9:00 A.M. (LOCAL CONCORD, NEW HAMPSHIRE TIME) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced via TM3 at least 48 hours prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date and time of sale and except for any changes announced over TM3 at the time the sale date and time are announced.

Changes to Preliminary Principal Amounts

The preliminary aggregate principal amount of the Bonds and the preliminary annual principal amounts as set forth in this Notice of Sale (the “Preliminary Aggregate Principal Amount” and the “Preliminary Annual Principal Amounts,” respectively, and collectively, the “Preliminary Amounts”) may be revised before the date established for submission of electronic bids. **ANY SUCH REVISIONS (THE “REVISED AGGREGATE PRINCIPAL AMOUNT” AND THE “REVISED ANNUAL PRINCIPAL AMOUNTS,” RESPECTIVELY, AND COLLECTIVELY, THE “REVISED AMOUNTS”) WILL BE PUBLISHED AS AN AMENDMENT TO THE NOTICE OF SALE AND DISTRIBUTED ON TM3 NO LATER THAN 4:00 P.M. (LOCAL CONCORD, NEW HAMPSHIRE TIME) ON THE LAST BUSINESS DAY PRIOR TO THE DATE FOR RECEIPT OF BIDS.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS AND THE REVISED AMOUNTS WILL BE USED TO COMPARE BIDS AND SELECT A WINNING BIDDER. There will be no further adjustments to the aggregate principal amount or annual principal amounts of the Bonds after the bids are received.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the State; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

Expenses

The State will pay: (i) the cost of the preparation of the Bonds; (ii) the fees and expenses of Bond Counsel, and the Financial Advisor; (iii) the fees of the rating agencies relating to the Bonds, and (iv) the cost of preparation and printing of the Official Statement.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes of being notified of the award of the Bonds, advise the State in writing (via facsimile transmission) of the initial public offering prices of the Bonds (the “Initial Reoffering Prices”). The successful bidder must, by facsimile transmission or delivery received by the State Treasurer within 24 hours after notification of the award, furnish the following information to Bond Counsel to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the State Treasurer that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information the State Treasurer determines is necessary to complete the Official Statement in final form.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the State a certificate acceptable to Bond Counsel to the State generally to the effect that (i) as of August 25, 2010 (the "Sale Date"), the successful bidder had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

Delivery of the Bonds

The Bonds will be delivered on or about September 2, 2010 (unless a notice of change in the delivery date is announced on TM3 not later than 1:00 p.m. (local Concord, New Hampshire time) on the last business day prior to any announced date for receipt of bids) in Boston on behalf of DTC against payment of the purchase price therefor in Federal Funds.

Documents to be Delivered at Closing

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that contemporaneously with or before accepting the Bonds and paying therefore, the successful bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the State, as to the validity and tax status of the Bonds, substantially in the applicable form as provided in Appendix B to the Official Statement, referred to below; (b) a certificate of the State Treasurer and the Commissioner of the Department of Administrative Services to the effect that, to the best of their respective knowledge and belief, the Official Statement referred to below, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) a certificate of the Attorney General of the State in form satisfactory to Bond Counsel, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to his or her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, in any way affecting the validity of the Bonds or in any way contesting the power of the State Treasurer to sell the Bonds as contemplated in this Notice of Sale; and (d) a Continuing Disclosure Certificate substantially in the form described in the Preliminary Official Statement.

Official Statement

The Preliminary Official Statement dated August 18, 2010 and the information contained therein have been deemed final by the State as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Official Statement in final form (the "Final Official Statement").

The State, at its expense, will make available to the successful bidder up to 200 copies of the Final Official Statement, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom the bidder and members of its bidding group initially sell the Bonds, within seven business days of the award of the Bonds, provided that the successful bidder cooperate in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the State will undertake to provide annual reports and notices of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement.

Additional Information

For further information relating to the Bonds, reference is made to the Preliminary Official Statement dated August 18, 2010 prepared for and authorized by the State Treasurer. The Preliminary Official Statement may be obtained by accessing the following website: www.i-dealprospectus.com. For further information, please contact the undersigned at the Office of the State Treasurer, State House Annex, Concord, New Hampshire 03301 (telephone 603-271-2621; telecopy 603-271-3922) or from Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, Attention: Michael Ablowich (telephone 617-342-7264 or 212-566-7800; telecopy 212-566-7816).

THE STATE OF NEW HAMPSHIRE

By Catherine A. Provencher
State Treasurer

Date: August 18, 2010

BOS111 12507610.9

STATE OF NEW HAMPSHIRE
INFORMATION STATEMENT SUPPLEMENT

DATED AUGUST 25, 2010

***Information Statement Supplement.** The following information is provided by the State to supplement the information contained in the State's most recent Information Statement dated July 14, 2010 (the "Information Statement"). The Information Statement is available on the New Hampshire Treasury Department website as Part II of the document entitled "Official Statement for General Obligation Refunding Bonds 2010 Series B" at <http://www.nh.gov/treasury/Divisions/DM/goOSDocs.htm>. This Supplement (the "Supplement") only sets forth additional information concerning the matters described below as of the date of this Supplement and is subject to change without notice.*

RECENT DEVELOPMENTS

Fiscal Year 2010 (unaudited)

All fiscal year 2010 information set forth in this Supplement is preliminary, unaudited and subject to change. The State's unaudited financial statements for fiscal year 2010 will be released September 30, 2010 and the audited financial statements are expected to be issued in December 2010. Results of lapses and GAAP adjustments will not be known until that time.

In late July, the State of New Hampshire released its unaudited preliminary accrual-based revenues for fiscal year 2010 as shown on the following table.

**GENERAL AND EDUCATION FUNDS UNRESTRICTED REVENUES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010**

(In Millions)

Revenue Category	Unaudited			FY 2010 vs Plan		FY 2010 vs FY 2009	
	FY 09 ¹ Actual	FY 10 Actual	FY 10 Plan	Variance	% Change	Variance	% Change
Business Profits Tax	\$305.8	\$312.5	\$313.1	\$(0.6)	-0.2%	\$6.7	2.2%
Business Enterprise Tax	185.3	191.7	189.7	2.0	1.1%	6.4	3.5%
Subtotal.	491.1	504.2	502.8	1.4	0.3%	13.1	2.7%
Meals & Rooms Tax	209.7	231.7	251.1	(19.4)	-7.7%	22.0	10.5%
Tobacco Tax	188.1	243.9	217.2	26.7	12.3%	55.8	29.7%
Liquor Sales and Distribution	108.7	120.5	117.3	3.2	2.7%	11.8	10.9%
Interest & Dividends Tax	97.1	84.5	117.0	(32.5)	-27.8%	(12.6)	-13.0%
Insurance Tax	94.2	86.8	85.8	1.0	1.2%	(7.4)	-7.9%
Communications Tax	80.3	79.7	82.0	(2.3)	-2.8%	(0.6)	-0.7%
Real Estate Transfer Tax	81.2	84.5	84.7	(0.2)	-0.2%	3.3	4.1%
Securities Revenue	34.7	34.2	34.0	0.2	0.6%	(0.5)	-1.4%
Transfers from Lottery Commission	68.1	66.0	74.7	(8.7)	-11.6%	(2.1)	-3.1%
Transfers from Pari-Mutuel Commission.	1.5	1.4	1.3	0.1	7.7%	(0.1)	-6.7%
Tobacco Settlement	52.8	44.2	49.4	(5.2)	-10.5%	(8.6)	-16.3%
Utility Property Tax	29.0	29.9	28.0	1.9	6.8%	0.9	3.1%
State Property Tax	363.7	363.2	363.0	0.2	0.1%	(0.5)	-0.1%
Other	149.2	123.3	129.2	(5.9)	-4.6%	(25.9)	-17.4%
Subtotal	2,049.4	2,098.0	2,137.5	(39.5)	-1.8%	48.6	2.4%
Net Medicaid Enhancement							
Revenues	99.6	98.1	99.3	(1.2)	-1.2%	(1.5)	-1.5%
Recoveries	16.1	19.9	22.3	(2.4)	-10.8%	3.8	23.6%
Total	\$2,165.1	\$2,216.0	\$2,259.1	\$(43.1)	-1.9%	\$50.9	2.4%

(1) For comparative purposes, FY 09 does not include \$15.1 million of Executive Order revenue, and Liquor revenue was reduced by \$37.3 million to show net of administrative costs.

Compared to the cash-based revenue report issued in early July 2010, the preliminary fiscal year 2010 accrual-based revenues for General and Education Trust Funds combined increased by \$42.7 million to \$2,259.1 million. The majority of this increase is attributable to business tax extensions related to fiscal year 2010 that were received in July 2010 (fiscal year 2011). Final accrual results will be available at the conclusion of the audit and after final year-end accruals are analyzed.

Based on this preliminary accrual revenue report, the State ended fiscal year 2010 \$43.1 million below the original budget plan, and \$77.8 million above estimated revenues used in developing the revised fiscal year 2010-2011 budget plan adopted pursuant to House Bill 1 of the 2010 Special Legislative Session. Based on information currently available, the State does not believe it will be necessary to use the remaining \$9.3 million in the Rainy Day Fund at June 30, 2010, although this will not be finally known until the fiscal year 2010 audited financial statements are issued. If a surplus exists at June 30, 2010, it will roll to fiscal year 2011. State law requires any surplus be credited to the Rainy Day Fund at the end of the biennium, June 30, 2011.

Fiscal Year 2011

The following table compares on a cash basis, for the month ended July 31, 2010, General Fund and Education Fund unrestricted revenues for the fiscal years 2010 and 2011 and a comparison to the fiscal year 2011 revenue estimates as revised during the development of the budget plan enacted pursuant to House Bill 1 of the 2010 Special Legislative Session. Due to the combined filing of the business profits tax and business enterprise tax, it is not possible to measure accurately the individual effects of each of these taxes. They should be evaluated in their entirety. All information in this table for fiscal years 2010 and 2011 is preliminary, unaudited and subject to change.

GENERAL AND EDUCATION FUNDS UNRESTRICTED REVENUES FOR THE ONE MONTH ENDED JULY 31, 2010

(In Millions)

Revenue Category	Unaudited			FY 2011 vs Plan		FY 2011 vs FY 2010	
	FY 10 Actual	FY 11 Actual	FY 11 Plan	Variance	% Change	Variance	% Change
Business Profits Tax	\$4.5	\$7.0	\$9.9	\$(2.9)	-29.3%	\$2.5	55.6%
Business Enterprise Tax	11.4	4.4	6.0	(1.6)	-26.7%	(7.0)	-61.4%
Subtotal	15.9	11.4	15.9	(4.5)	-28.3%	(4.5)	-28.3%
Meals & Rooms Tax	19.1	21.9	21.5	0.4	1.9%	2.8	14.7%
Tobacco Tax	21.9	21.4	21.5	(0.1)	-0.5%	(0.5)	-2.3%
Liquor Sales and Distribution	10.8	10.7	10.8	(0.1)	-0.9%	(0.1)	-0.9%
Interest & Dividends Tax	0.5	0.4	0.3	0.1	33.3%	(0.1)	-20.0%
Insurance Tax	1.3	0.8	0.9	(0.1)	-11.1%	(0.5)	-38.5%
Communications Tax	6.3	8.1	6.4	1.7	26.6%	1.8	28.6%
Real Estate Transfer Tax	9.0	9.6	9.1	0.5	5.5%	0.6	6.7%
Securities Revenue	0.2	0.5	0.5	-	0.0%	0.3	150.0%
Transfers from Lottery Commission	-	-	-	-	-	-	-
Transfers from Pari-Mutuel Commission	-	-	-	-	-	-	-
Tobacco Settlement	-	-	-	-	-	-	-
Utility Property Tax	-	-	-	-	-	-	-
State Property Tax	-	-	-	-	-	-	-
Other	8.6	8.1	7.9	0.2	2.5%	(0.5)	-5.8%
Subtotal	93.6	92.9	94.8	(1.9)	-2.0%	(0.7)	-0.7%
Net Medicaid Enhancement							
Revenues	-	-	0.1	(0.1)	-100.0%	-	-
Recoveries	-	-	-	-	-	-	-
Total	\$93.6	\$92.9	\$94.9	\$(2.0)	-2.1%	\$(0.7)	-0.7%

General and Education Fund revenues for the first month of fiscal year 2011 were \$92.9 million or \$2.0 million below plan and \$700,000 below prior year. The shortfall is due to underperformance in business taxes. Because July business taxes are traditionally low, minor dollar deviations represent large percentage variances. The Communications Tax outperformed monthly estimates because of collections of past due amounts.

On August 10, 2010, the President signed an amendment to HR 1586 that extended increased federal Medicaid match (FMAP) for two additional quarters. The State had estimated \$48 million of this additional FMAP when developing its fiscal year 2010 and 2011 budget revisions in June 2010. While final numbers are not yet available from the U.S. Department of Health and Human Services, the State estimates that the added FMAP moneys for fiscal year 2011 will be closer to \$30 million than to the earlier estimate of \$48 million. HR 1586 also provides states and localities \$10 billion in additional funds to retain and hire teachers through the State Fiscal Stabilization Fund (SFSF). A preliminary estimate provided by the U.S. Department of Education shows New Hampshire receiving an additional \$41 million in SFSF in fiscal year 2011. This additional SFSF funding was not

anticipated when the revised budget plan was adopted pursuant to House Bill 1 of the 2010 Special Legislative Session. While additional final State estimates of the impact on fiscal year 2011 of both the FMAP and SFSF federal funds are not yet available, it is currently believed the combined effect will be \$23 million more in federal assistance than was anticipated in June 2010 when the budget revision was adopted by the legislature.

The information under the following headings supplements the information in the corresponding headings set forth in the Information Statement.

MEDICAID PROGRAM

Office of the Inspector General Report. The deadline for the submission of the State's opening brief and appeal file with the United States Department of Health and Human Services, Departmental Appeals Board has been extended to September 14, 2010 in the matter of the disallowance of \$35,325,468 in federal funds for FFY 2004 by CMS.

STATE INDEBTEDNESS

Debt Statement

The following table sets forth the long-term debt of the State outstanding as of June 30, 2010.

Debt Statement as of June 30, 2010
(In Thousands)

General Obligation Bonds:		
General Improvement.....	\$558,567	
Turnpike ⁽¹⁾	584	
Highway.....	97,081	
University System of New Hampshire.....	<u>166,842</u>	
Total Direct General Obligation Debt.....		\$823,074
Revenue Bonds:		
Turnpike System ⁽²⁾		377,845
Contingent (Guaranteed) Debt:		
Business Finance Authority.....	52,500	
School Building Authority Bonds.....	40,707	
Water Pollution and Waste Disposal Bonds issued by Political Subdivisions.....	6,980	
Solid Waste Management Bonds.....	<u>175</u>	
Total Contingent Debt.....		<u>100,362</u>
Total Debt.....		1,301,281
Less: Self-Supporting and Contingent Debt:		
General Fund Self-Supporting Debt ⁽³⁾	88,139	
Turnpike System Revenue Bonds.....	377,845	
Turnpike System General Obligation Bonds.....	584	
Highway.....	97,081	
Pease Development Authority General Obligation Bonds.....	8,822	
Fish & Game.....	3,405	
Business Finance Authority.....	52,500	
School Building Authority Bonds.....	40,707	
Water Pollution and Waste Disposal Bonds issued by Political Subdivisions.....	6,980	
Solid Waste Management Bonds.....	<u>175</u>	
Total Self-Supporting and Contingent Debt.....		<u>676,238</u>
Total Net General Fund Debt ⁽⁴⁾		<u>625,043</u>

(Columns may not add to totals due to rounding.)

⁽¹⁾ In accordance with the statutes authorizing the issuance of general obligation bonds for turnpike purposes, the State Treasurer has established accounts into which Turnpike tolls are deposited, after deduction for payments of all expenses of operation and maintenance of the Turnpike System, payments of debt service on Turnpike System revenue bonds, and the funding of reserves and other payments required by the General Bond Resolution securing the revenue bonds. The monies deposited in such accounts are reserved but not pledged by statute for the payment of the principal and interest on the bonds issued for the respective roadways. To the extent the balance in such funds is insufficient to pay such principal and interest, the Governor is authorized to withdraw funds from the Highway Fund, to the extent available, and then from the General Fund.

- (2) Turnpike System revenue bonds are limited obligations of the State payable solely out of net revenues of the Turnpike System. Neither the full faith and credit nor the taxing power of the State is pledged for the payment of the Turnpike System revenue bonds.
- (3) Includes bonds paid from General Fund restricted revenues (primarily user fees, criminal penalty assessments and lease revenues).
- (4) Net General Fund debt is debt for which debt service payments are made directly by the State from its taxes and other unrestricted General Fund revenues. Also included is \$2.6 million general obligation bonds paid by the State on behalf of the Pease Development Authority. If the Authority has sufficient funds, these bonds will be paid by the Authority.

In addition to the debt presented above, at June 30, 2009, the State had short and long-term capital leases outstanding of \$835,000 and \$3,203,000, respectively, 88% of which relate to building space. The corresponding amounts as of June 30, 2010 have not yet been updated through the State's year-end reporting process. See also "Temporary Loans."

The State's debt management program has resulted in the State maintaining relatively low debt levels in recent years. The table below sets out the State's debt ratios over the past five years.

**Certain General Obligation Debt Statistics
(Dollars in Thousands)**

	June 30,				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Direct General Obligation Debt.....	\$644,715	\$654,170	\$688,598	\$768,160	823,074
Contingent (Guaranteed) Debt.....	97,401	87,455	80,855	74,048	100,362
Less: Self-Supporting Debt.....	<u>(196,146)</u>	<u>(186,076)</u>	<u>(216,221)</u>	<u>(237,926)</u>	<u>(298,393)</u>
Total Net General Fund Debt	<u>\$545,970</u>	<u>\$555,549</u>	<u>\$553,232</u>	<u>\$604,282</u>	<u>625,043</u>
Per Capita Debt ⁽¹⁾ :					
Direct General Obligation Bonds	\$491	\$497	\$521	\$580	\$621
Net General Fund Debt.....	416	422	418	456	472
Ratio of Debt to Personal Income ⁽¹⁾					
Direct General Obligation Bonds	1.20%	1.16%	1.20%	1.35%	1.45%
Net General Fund Debt.....	1.02	0.99	0.96	1.07	1.10
Ratio of Debt to Estimated Full Value:					
Direct General Obligation Bonds	0.37%	0.38%	0.40%	0.48%	0.51%
Net General Fund Debt.....	0.32	0.32	0.33	0.38	0.39
General Fund Unrestricted Revenues	\$1,329,489	\$1,421,700	\$1,483,934	\$1,375,300	\$1,418,800
Debt Service Expenditures ⁽²⁾	81,521	82,906	85,020	90,314	93,471
Debt Service as a Percent of General Fund Unrestricted Revenues	6.13%	5.83%	5.73%	6.57%	6.59%
Population (in thousands)	1,312	1,317	1,322	1,325	1,325
Total Personal Income (in millions)	\$53,661	\$56,205	\$57,399	\$56,732	\$56,732
Estimated Full Value (in thousands).....	\$173,176,615	\$173,624,015	\$170,079,381	\$160,571,630	\$160,571,630

⁽¹⁾ Based on U.S. Department of Commerce and U.S. Bureau of the Census estimates for population and personal income.

⁽²⁾ Debt service on Net General Fund Debt. Does not include interest paid on revenue anticipation notes.

**Rate of Debt Retirement⁽¹⁾
as of June 30, 2010**

	General <u>Obligation Debt</u>	Net General <u>Fund Debt</u>
5 years	41%	41%
10 years	72	73
15 years	94	94
20 years	100	100

⁽¹⁾ Does not include refunding of bond anticipation notes.

Recent Debt Issuances

In recent years, the State has issued bonds and bond anticipation notes for a variety of authorized purposes, including turnpike construction, highway construction and other capital construction. The following table compares the amount of issuances and retirements of long-term direct State general obligation indebtedness for each of the past five fiscal years. See also “Temporary Loans” below.

**Issuances and Retirements of Direct General Obligation Debt
(In Thousands)**

	<u>Fiscal Year Ended June 30,</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Beginning Debt.....	\$633,743	\$ 644,715	\$654,170	\$688,598	\$768,160
Bonds Issued	75,000	196,885	161,320	179,380	282,600
Total Net Debt.....	<u>708,743</u>	<u>841,600</u>	<u>815,490</u>	<u>867,978</u>	<u>1,050,760</u>
Less: Bonds Paid	64,028	64,866	66,892	70,648	74,296
Defeasance	0	122,564	60,000	29,170	153,390
Ending Debt.....	<u>\$644,715</u>	<u>\$654,170</u>	<u>\$688,598</u>	<u>\$768,160</u>	<u>\$823,074</u>

The State issued its \$45,035,000 General Obligation Refunding Bonds, 2010 Series B (the “2010 Series B Refunding Bonds”) on July 27, 2010 for the current and advanced refunding of general obligation debt of the State maturing in fiscal year 2011. The 2010 Series B Refunding Bonds were issued in order to produce budgetary savings in fiscal year 2011 as part of the State’s overall plan to balance its budget for fiscal year 2011 and did not result in any present value savings to the State.

Schedule of Debt Service Payments

The following table sets forth the projected principal and interest requirements of all general obligation bonds of the State outstanding at June 30, 2010. The amounts set forth below do not reflect the issuance of the 2010 Series B Refunding Bonds. Also, the amounts shown for interest include the gross interest payable by the State with respect to its outstanding general obligation “Build America Bonds,” which were outstanding as of June 30, 2010 in the amount of \$75,000,000. To date, the State has received, and expects to continue to receive, interest subsidy payments from the federal government equal to 35% of the actual interest payable on such “Build America Bonds.”

**Direct General Obligation Debt
as of June 30, 2010⁽¹⁾
(In Thousands)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$79,111	\$43,790	\$122,901
2012	72,206	39,046	111,252
2013	67,604	32,873	100,476
2014	61,239	29,246	90,484
2015	57,086	31,547	88,633
2016	55,156	26,312	81,468
2017	54,134	21,781	75,915
2018	52,435	16,885	69,320
2019	50,710	14,217	64,927
2020	46,310	11,893	58,203
2021	44,605	9,942	54,547
2022	37,725	8,270	45,995
2023	31,315	6,565	37,880
2024	30,945	5,106	36,051
2025	27,695	3,730	31,425
2026	18,185	2,721	20,906
2027	15,180	1,846	17,026
2028	12,180	1,095	13,275
2029	5,000	464	5,464
2030	4,255	142	4,397
Total	<u>\$823,075</u>	<u>\$307,469</u>	<u>\$1,130,545</u>

⁽¹⁾ Columns may not add to totals due to rounding.

Authorized But Unissued Debt

As of June 30, 2010 the State had statutorily authorized but unissued direct general obligation debt in the total principal amount of \$266.1 million, under various laws. This amount includes \$91.2 million in bond authorizations related to the school building aid program for fiscal year 2010 and 2011 as discussed below under “Capital Budget.” This amount also includes \$25 million in additional bond authorization related to the University System of New Hampshire for the biennium ending June 30, 2011 pursuant to Chapter 1 of the Laws of the 2010 Special Legislative Session. This amount does not include the State’s Turnpike System authorizations or statutorily authorized guarantees, nor its authority to issue bonds in lieu of all or a portion of the State’s guarantee of bonds of the Pease Development Authority.

<u>Purpose</u>	<u>Guarantee Limit as of June 30, 2010</u>	<u>Remaining Guarantee Capacity as of June 30, 2010</u>
Local Water Pollution Control Bonds	\$50.0 million ⁽¹⁾⁽²⁾	\$42.2 million
Local School Bonds	95.0 million ⁽¹⁾⁽²⁾	33.9 million
Local Superfund Site Bonds	20.0 million ⁽¹⁾⁽²⁾	20.0 million ⁽³⁾
Local Landfill and Waste Site Bonds	10.1 million ⁽¹⁾⁽²⁾⁽³⁾	9.8 million
Business Finance Authority Bonds, Loans	95.0 million ⁽¹⁾	42.5 million
Pease Development Authority	105.0 million ⁽³⁾	48.9 million
Housing Finance Authority Child Care Loans	0.3 million ⁽⁴⁾	0.3 million

⁽¹⁾ Revolving limit.

⁽²⁾ Limit applies to total principal and interest.

⁽³⁾ Plus interest.

⁽⁴⁾ Limit applies to principal only.

Capital Budget

Chapter 1 of the Laws of the 2010 Special Legislative Session appropriated an additional \$25 million to the University System for capital purposes for the biennium ending June 30, 2011. This additional appropriation is not included in the Biennium Capital Budget Schedule set forth in the Information Statement.

Chapter 1 of the Laws of 2008 Special Legislative Session appropriated \$10.0 million for the renovation of the new Pease Community College System campus location which will be funded through bond proceeds, if necessary. The first \$3.0 million appropriated is to be funded from the sale of the former community college campus location in Stratham. The next \$5.0 million is to be funded \$2.5 million from the sale of the Stratham campus and \$2.5 million from college tuition and fees. The last \$2.0 million is to be funded by the General Fund. The Community College System has signed a purchase and sale agreement to sell the Stratham campus for \$5.5 million by June 30, 2011. It is anticipated that the State will use the proceeds from the sale to fund construction renovation at the Pease Campus and issue bonds for the remaining \$4.5 million. Through June 30, 2010, there has been \$9.9 million expended toward this renovation project.

Agencies, Authorities and Bonded or Guaranteed Indebtedness

Described below are the principal State agencies or programs for which the State (a) issues revenue bonds, (b) provides State guarantees of payments of indebtedness, or (c) issues general obligation bonds supported in whole or in part by restricted revenues, rather than taxes or unrestricted General Fund revenues. (A summary of the State guarantee programs is also provided under the caption "Authorized But Unissued Debt" above.) Also described briefly below are the other independent State authorities that issue revenue bonds and notes that do not constitute a debt or obligation of the State. Except as noted below, guarantee limits and remaining guarantee capacity provided in the narrative below are as of July 1, 2010.

New Hampshire Turnpike System. Effective July 1, 1971, the New Hampshire Turnpike System was established to administer certain toll highways in the State. State statutes establishing the Turnpike System require the collection of tolls on such turnpikes and improvements or extensions thereof at levels sufficient to pay expenses of operations and maintenance and to pay debt service on general obligation bonds issued for Turnpike System purposes. Payment of debt service on such general obligation bonds from Turnpike System revenues is subordinate, however, to payments required with respect to Turnpike System revenue bonds.

Chapter 237-A of the New Hampshire Revised Statutes Annotated, as amended, provides for the issuance by the State Treasurer of revenue bonds of the State for the Turnpike System in such amounts as the Governor and the Council shall determine, from time to time, subject to the current statutory limit of \$766.05 million (excluding bonds issued for refunding purposes). RSA 237-A expressly provides that the bond resolution authorizing Turnpike System revenue bonds may include provisions setting forth the duties of the State in relation to the fixing, revision and

collection of tolls and further provides that the State has pledged to perform all such duties as set forth in such bond resolution. Turnpike System revenue bonds constitute limited obligations of the State, and the State has not pledged its full faith and credit for the payment of such bonds. Approximately \$377.8 million of such bonds were outstanding as of June 30, 2010.

The University System of New Hampshire. The University System is a body politic and corporate created by State law under the control and supervision of a 25 member board of trustees. The board of trustees is entrusted with the management and control of all property comprising the University System and maintains the financial affairs of the University System separate and apart from the accounts of the State. Income received by the University System, except where specifically segregated, is retained by the University System for its general purposes. State statutes additionally provide for annual appropriations by the Legislature to be used for the general purposes of the University System. General obligation bonds issued by the State for the construction of capital improvements at the University System are supported in part by revenues from the University System. Approximately \$166.8 million of such bonds were outstanding June 30, 2010. The University System has the power to borrow through the issuance of revenue bonds for dormitory or other housing facility purposes by the New Hampshire Higher Educational and Health Facilities Authority, without pledging the full faith and credit of the State or the University System for payment.

State Guaranteed Local Water Pollution Control Bonds. The State's programs for the protection of adequate water supplies and the control and elimination of water pollution are under the supervision of the Department of Environmental Services' Water Division. In order to assist municipalities in the financing of sewerage systems and sewage treatment and disposal plants for the control of water pollution, the Governor and Council are authorized to guarantee unconditionally as a general obligation of the State the payment of all or some portion of the principal of and interest on bonds or notes issued by any town, city, county or district for construction of such facilities. The outstanding State guaranteed amount of principal and interest of such bonds and notes may not exceed \$50 million. As of June 30, 2010, \$7.8 million of principal and interest was guaranteed under this program.

In addition, the Legislature has provided in RSA 486 that the State shall pay annually an amount equal to 20% of the yearly principal and interest expense on the original costs resulting from the acquisition and construction of sewage disposal facilities by counties, cities, towns or village districts in the State and, with respect to certain specified facilities, the State shall pay annually an amount, after completion thereof, equal to the yearly principal and interest expense on the remaining portion of the eligible costs (after application of available federal funds and the 5% local share). Such assistance payments are made to the municipalities, are not binding obligations of the State and require appropriation by the Legislature.

New Hampshire Department of Environmental Services-Water Division. The Department of Environmental Services' Division of Water Resources (formerly the New Hampshire Water Resources Board) is charged with authority to construct, maintain and operate reservoirs, dams and other waterworks systems (including hydro-energy production facilities) and to charge and collect fees and tolls for the use of water and other services supplied by the division. Projects constructed by the division are intended to be self-liquidating and self-supporting through user fees. The division is authorized to issue self-supporting revenue bonds from time to time for the acquisition and construction of projects and, except to the extent guaranteed by the State as described below, such bonds shall not constitute a debt of the State but are payable solely from the revenues of the projects.

The Governor and Council were authorized to guarantee the payment of the principal and interest of not more than \$5 million principal amount of bonds issued by the division. The full faith and credit of the State were pledged for such guarantee. As of August 14, 2009, this guarantee program was repealed.

State Guaranteed Local School Bonds. The Governor with the advice and consent of the Council may agree to award an unconditional State guarantee for the payment of not more than \$95 million of the principal and interest on bonds or notes issued by school districts for school projects of not less than \$100,000 involving construction, enlargement or alteration of school buildings. The supervision of the guarantee program is the responsibility of the New Hampshire School Building Authority, consisting of the State Treasurer, the State Commissioner of Education and three members appointed by the Governor and Council. Guarantees may be awarded on either a split issue basis, where the payment of not in excess of 75% of the aggregate principal amount of bonds issued for a project and interest thereon may be guaranteed, or on a declining balance basis, where a specified percentage of the principal of and interest on each bond or note issued is guaranteed. The full faith and credit of the State are pledged to such guarantees. As of

June 30, 2010, \$61.1 million of principal and interest was guaranteed under this program. Effective July 1, 2008, Chapter 49 of the Laws of 2008 reduced the State's total statutory guaranteed debt limit for this purpose to \$30 million. However, Chapter 144 of the Laws of 2009 returned the State's total statutory guaranteed debt limit for this purpose to \$95 million effective July 1, 2009 in order to aid school districts in taking advantage of the newly enacted federal Qualified School Construction Bond program. On September 23, 2009, the Governor and Council approved State guarantees for two school districts totaling \$17.7 million. One school district with \$15 million of that approved guarantee chose to issue bonds through the New Hampshire Municipal Bond Bank and did not use the State guarantee; therefore \$15 million of the \$17.7 million approved guarantee lapsed. The second school district with the remaining \$2.7 million issued its debt using the State guarantee on June 29, 2010. On May 12, 2010, the Governor and Council approved State guarantees for seven school districts totaling \$36.6 million in principal. The statute provides that interest is also guaranteed under this program. Five school districts issued \$35.1 million of the total \$51.4 million guarantee on June 29, 2010.

State Guaranteed Local Superfund Site Bonds and Landfill and Waste Site Bonds. The Governor with the advice and consent of the Council may award an unconditional State guarantee for the payment of not more than \$20 million in aggregate principal amount (plus the interest thereon) of bonds issued by municipalities in the State for costs of cleanup of "superfund" hazardous waste sites for which the municipalities are named potentially responsible parties (including bonds issued by a municipality on behalf of other potentially responsible parties at the same site). No bonds have been guaranteed under this program.

In addition, the Governor and Council may award an unconditional State guarantee for the payment of principal and interest on bonds issued by municipalities in the State for closing or cleanup of landfills, other solid waste facilities or hazardous waste sites. The outstanding State guaranteed amount of principal and interest on such bonds may not exceed \$10 million at any one time. As of June 30, 2010, \$0.2 million of principal and interest was guaranteed under this program.

New Hampshire Business Finance Authority. The Legislature created the Business Finance Authority of the State of New Hampshire (formerly the Industrial Development Authority) as a body politic and corporate as an agency of the State to provide financial assistance to businesses and local development organizations in the State. Legislation enacted in 1992 and 1993 significantly expanded the power of the Authority, with the concurrence of the Governor and Council, to issue State guaranteed bonds and to award State guarantees of other indebtedness for the purpose of promoting business development in the State.

In order to carry out its programs, the Authority was authorized to issue up to \$25 million in principal amount of bonds as general obligations of the Authority, the principal of and interest on which is guaranteed by the State. The Authority issued \$25 million State guaranteed bonds in November, 1992. In April, 2002, the Authority issued an additional \$10 million of State guaranteed bonds, half of which were used to refund then outstanding 1992 bonds. The Authority issued an additional \$10 million of State guaranteed bonds in December 2002 to refund an equal amount of then outstanding 1992 bonds. The last \$1.3 million of then outstanding 1992 bonds was redeemed on November 1, 2003, leaving the Authority with a total balance of \$20 million of outstanding bonds as of June 30, 2010.

The Authority was authorized until June 30, 2002, to issue revenue bonds that are limited obligations of the Authority secured solely by specified revenues and assets. The principal of and interest on up to \$15 million in principal amount of the Authority's revenue bonds could be guaranteed by the State with the approval of the Governor and Council; \$1.0 million of such guaranteed revenue bonds are currently outstanding.

The Authority may also recommend that the Governor and Council award state guarantees of certain indebtedness of businesses, but the total principal amount of indebtedness guaranteed, when combined with the outstanding principal amount of State guaranteed bonds of the Authority, may not exceed \$95 million at any time. As of June 30, 2010, \$32.6 million of State guaranteed loans were outstanding under those Authority programs. The Authority expects that over the next five years it will seek Governor and Council approval of State bond and loan guarantees at or near the current outstanding amount.

In addition to its loan and guarantee programs, the Authority is also authorized to issue notes or bonds for the construction of industrial facilities, and certain commercial, recreational, railroad, small scale power and other

facilities, for lease or sale to specific private entities. Except for the guaranteed bonds described above, such bonds or notes are not a debt or obligation of the State and no State funds may be used for their payments.

Pease Development Authority. Pease Air Force Base in the Portsmouth area closed in October 1991. Under State legislation, the Pease Development Authority (“PDA”) was established in 1990 to prepare a comprehensive plan and to implement all aspects of the plan including taking title to the property, marketing, and developing the property. As of October, 2009, the Pease International Tradeport had 4.4 million square feet of new or renovated office/R&D/manufacturing space with over 245 companies employing more than 7,000 people. As of June 30, 2010, PDA is authorized to issue bonds, not exceeding in the aggregate \$250 million, and the Governor and Council may award an unconditional State guarantee to secure up to \$105 million in principal amount plus interest on those bonds. The remaining guarantee capacity at June 30, 2010 was \$48.9 million. The \$105 million unconditional State guarantee is made up of two separate statutory provisions, one of which is \$35 million that may be awarded by the Governor and Council after the approval of a comprehensive development plan submitted by the PDA. Bonds have never been issued under these statutory provisions.

The second guarantee provision authorizes the State to issue up to \$70 million general obligation bonds in lieu of a portion of the guarantee, with the maximum amount to be guaranteed then reduced by the amount of such bonds issued by the State. In April 1993 the State issued \$30 million of general obligation bonds for a project at the Tradeport consisting of construction and acquisition of certain manufacturing facilities to be leased to Celltech Biologics, Inc. (Celltech was acquired in June, 1996 by a British subsidiary of Alusuisse-Lonza of Switzerland, and is now called Lonza Biologics, Inc.) The State has also issued \$7.6 million of general obligation bonds in lieu of state guarantees to make loans to the PDA with respect to its operations. Pursuant to Chapter 1 of the Special Session Laws of 2008, the PDA was required to repay \$10 million to the State by December 1, 2008. On November 25, 2008 the PDA issued \$5.0 million State guaranteed bond anticipation notes and established a \$2.5 million State guaranteed line of credit. The PDA made the required \$10 million payment to the State on November 26, 2008.

With the passage of Chapter 112 of the Laws of 2009, enacted on June 22, 2009, the New Hampshire Department of Transportation was directed to convey ownership of the SkyHaven Airport to the PDA. The PDA accepted this transfer of ownership, from and after July 1, 2009 with no liability relative to any regulatory matters or causes of action arising prior to November 1, 2008. As a component of this transfer, the Authority assumed approximately \$0.3 million in debt outstanding.

In addition to the \$105 million State guarantee discussed above, the State is authorized to issue up to \$10 million general obligation bonds, the proceeds of which may be loaned to provide matching funds to private grants for development of a research district at the PDA. No debt has ever been issued under this provision. Finally, the State was authorized and did borrow \$5 million on behalf of the PDA to make economic development loans. The principal and interest on that debt was repaid by the PDA as part of the \$10 million payment to the State on November 26, 2008.

New Hampshire Housing Finance Authority. The New Hampshire Housing Finance Authority is a body politic and corporate having a distinct existence separate from the State and not constituting a department of State government. The Authority is generally authorized to provide direct construction and mortgage loans for residential housing and to make loans to and to purchase loans from lending institutions in order to expand available mortgage funds in the State. In order to carry out its corporate purposes, the Authority is authorized to issue its bonds or notes in an amount outstanding at any one time not to exceed \$2 billion. Such bonds or notes are special obligations of the Authority, and do not constitute a debt or obligation of the State. By law, the Authority is authorized to issue up to \$600 million in bonds supported by one or more reserve funds and to maintain in each fund for a specific series of bonds a bond reserve fund requirement established by resolution of the Authority in an amount not to exceed one year’s debt service on the bonds secured by such fund. For bonds issued under this provision, the chairman of the Authority is directed to request an appropriation of the sum, if any, needed to maintain the bond reserve funds at their required levels. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the State. The Authority has not issued bonds under this provision since 1982 and there are currently no bonds outstanding subject to such a reserve fund.

Legislation enacted in 1989 authorizes the Authority to issue certificates of guarantee equal to 50% of the principal of loans made to eligible child care agencies or organizations, such principal guarantee not to exceed \$10,000 per recipient. The full faith and credit of the State are pledged for such guarantees, provided that the total obligation of

the State shall at no time exceed \$300,000. As of June 30, 2010, no outstanding debt was guaranteed under this program.

New Hampshire Municipal Bond Bank. The New Hampshire Municipal Bond Bank was established by the State in 1977 for the purpose of aiding local governmental units in the financing of public improvements. The powers of the Bank are vested in a board of five directors, including the State Treasurer and four members appointed by the Governor and Council. The Bank is authorized to issue revenue bonds in unlimited principal amount and to make loans to political subdivisions of the State through the purchase by the Bank of general obligation bonds and notes of the political subdivisions. The obligations of the political subdivisions bear interest at a rate equal to the rate on the Bank's bonds plus administrative costs. Bonds of the Bank do not constitute a debt or obligation of the State. The Bank is authorized to establish one or more reserve funds to additionally secure its bonds and is directed to request such appropriations from the Legislature as are necessary to (1) maintain such reserve funds at required cash levels or (2) reimburse the payor of any sums paid by such payor under any insurance policy, letter or line of credit or other credit facility maintained by the Bank for the purpose of meeting the reserve fund requirements in lieu of the deposit of cash. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the State.

The Bank is also authorized to issue revenue bonds in unlimited principal amount for small scale power facilities and to make loans to public utilities and to certain elementary and secondary educational institutions through the purchase by the Bank of bonds of such public utilities and educational institutions. Such bonds are issued through separate divisions of the Bank and are not a debt or obligation of the State and no State funds may be used for their payment.

New Hampshire Health and Education Facilities Authority. This authority, formerly known as the New Hampshire Higher Educational and Health Facilities Authority, was established to provide financing for the State's private colleges and hospitals; the Authority can now also provide financing for the University System. The State is not directly or indirectly responsible for any obligations of this Authority issued for private entities. Moreover, bonds issued for the University System by the Authority constitute limited obligations of the University System payable solely from designated revenues.

New Hampshire Rail Transit Authority. The New Hampshire Rail Transit Authority ("NHRTA") was established under RSA 238-A effective July 1, 2007 as a body corporate and politic in the State for the general purpose of developing and providing intercity rail or other similar forms of passenger rail service. The NHRTA is authorized to issue bonds to carry out its purposes. RSA 238-A provides that all obligations of the NHRTA shall be paid solely from funds provided to or obtained by it and will not be deemed a debt of the State nor a pledge of the full faith and credit of the State. The NHRTA held its organizational meeting on September 30, 2007 and continues to meet on a monthly basis. The NHRTA is currently developing plans and operating agreements for proposed passenger rail service from Concord, New Hampshire to Boston, Massachusetts through the cities of Manchester and Nashua in New Hampshire. There are no specific plans for debt issuance at this time.

STATE RETIREMENT SYSTEM

Current Market Conditions

Since June 30, 2008, the liquidity crisis in the credit, housing and mortgage markets blossomed into a global economic crisis of significant proportions. Both U.S. and global investment markets experienced significant declines since June 30, 2008. For the fiscal year ended June 30, 2009, the System's total fund investment return declined 18.1% and net assets available for benefits declined \$1,135.8 million to \$4,461.2 million. Investment results since June 30, 2009 have improved, and as a result of that improvement, the market value of net assets available for benefits have recovered to an approximate \$4.8 billion level as of June 30, 2010. (It should be noted that future State contributions to the System will be based upon the actuarial value of the System's assets, not market value, and such actuarial values will differ from market value.) The System's marketable investments, approximately 93% of assets, returned an estimated 13.7% for the year ended June 30, 2010. Based on the System's current asset allocations and market index returns over the same period, the System's investment returns are consistent with investment market returns. The System is a long-term investor. No prediction can be made of the short-term or long-term investment prospects for the System's investment portfolio.

JUDICIAL RETIREMENT PLAN

The New Hampshire Judicial Retirement Plan (the "Plan") was established on January 1, 2005 pursuant to RSA 100-C:2. The Plan is a defined benefit plan providing disability, death, and retirement protection for full-time Supreme Court, Superior Court, district court or probate court judges employed within the State.

Since January 1, 2006 biennial actuarial valuations performed for the Plan as of January 1 have reported the following results:

NH Judicial Retirement Plan Selected Actuarial Valuation Results

Valuation Date	Net Assets (Actuarial)	Unfunded Accrued Liability	Funded Ratio	State Contribution Rates for Fiscal Years
January 1, 2006	\$ 44,980,407	\$ 2,173,046	98%	19.68% FY 08-09
January 1, 2008	\$ 50,600,791	\$ 4,330,338	92%	27.42% FY 10-11
January 1, 2010	\$ 44,013,949	\$ 15,811,816	74%	46.31% FY 12-13

The State contributions in the current biennium increased approximately \$625,000 over the 2008-2009 biennium. The significantly increased unfunded actuarial liability set forth in the most recent actuarial valuation, dated as of January 1, 2010, is expected to cause the State contributions for the 2012-13 biennium to increase from approximately \$1.9 million (as projected in the prior January 1, 2008 valuation) for the current biennium to an estimated \$3.6 million annually for the 2012-2013 biennium. Further significant increases will likely be required in later years as well in order to amortize the current unfunded liability, which has 15 years remaining in the current amortization period.

SCHOOL FUNDING

In February, 2008, the companion cases of *Worth Development Corp. v. Department of Revenue Administration ("DRA")*, *100 Market St. v. DRA*, *Lawrence P. McManus and Mary Elizabeth Herbert v. DRA*, *Dale W. Smith and Sharyn Smith v. DRA*, *Split Rock Cove Limited Partnership v. DRA*, *J.P. Nadeau v. DRA*, *Mirona Realty, Inc. v. DRA*, and *St. John's Masonic Assoc. v. DRA*, were filed. Petitioners appeal DRA's denial of their request for refund of all State Education Tax paid pursuant to RSA 76:3. Petitioners allege that the DRA's

equalization process and the Tax and the system of assessment to determine the amount of Tax lack substantial uniformity and amount to intentional discrimination which results in the Petitioners being forced to pay an unjust, disproportionate, unconstitutional, and illegal tax. In June, 2008, the State filed a Motion to Dismiss the case alleging that Petitioners had failed to correctly appeal the denial of their requests for refund. The matter was heard in July, 2008, at which time, Petitioners filed a Motion to Amend their petition and added a declaratory judgment action challenging the constitutionality of the statewide education property tax. The court dismissed the RSA 21-J:28-a appeals, but allowed the declaratory judgment claim to proceed. The State filed a motion to dismiss in July, 2009, arguing that Petitioners have failed to disclose or produce any experts or expert reports supporting their claim. On September 8, 2009, the Court granted the State's motion to dismiss. The petitioners appealed to the New Hampshire Supreme Court. After briefing but without oral argument, the Supreme Court issued an unpublished decision upholding the Superior Court's dismissal of Petitioners' claim holding that expert testimony is needed to prove disparity in a taxing system. This matter is now concluded.

LITIGATION

In *New Hampshire Health Care Association, Genesis Pleasant View, Villa Crest, Greenbriar Terrace Healthcare v. Governor Lynch and Commissioner of DHHS*, in February, 2009, a group of private nursing homes and an industry association petitioned the New Hampshire Supreme Court for a writ of mandamus and declaratory relief alleging that Chapter 129 of the Laws of 2007 provided that any funds remaining in the nursing home appropriation of the State budget at the end of fiscal year 2007 were to be paid to the nursing homes as supplemental Medicaid reimbursements. The Governor received the Legislative Fiscal Committee's approval to eliminate these payments as part of a budget reduction process. Approximately \$2.217 million in State general fund money remained in the account at the end of fiscal year 2007. In 2007, the source of funds for nursing home Medicaid payments was 50% Federal, 25% State and 25% County. Under certain conditions, the State is required to pay the counties' share of nursing home expenses if the counties have reached the established cap for their payments. If the counties had met their cap in fiscal year 2007, it is possible that the State may be responsible for the combined \$4.434 million payment. The nursing homes also challenge another \$2 million reduction of State funds in their fiscal year 2009 appropriation. The nursing homes allege that these actions by the Governor, with the Legislative Fiscal Committee's approval, violate the New Hampshire Constitution by infringing on the legislative power of the Legislature requiring a need for mandamus relief. Upon motion by the State, the New Hampshire Supreme Court dismissed the case without prejudice to the plaintiffs re-filing in Superior Court.

On or about May 19, 2009, the same plaintiffs re-filed their action in the New Hampshire Superior Court, again seeking mandamus and declaratory relief. The plaintiffs also requested a preliminary injunction temporarily enjoining the lapse of the disputed funds. On June 30, 2009, the Superior Court issued a preliminary order enjoining the lapse of the Chapter 129 funds pending the outcome of the litigation. The Court found that the plaintiffs had shown a likelihood of success on the merits of their claim to the Chapter 129 funds but not as to the remainder of their lawsuit, including their challenge to the authority of the Governor, with the approval of Fiscal Committee, to implement budget reductions. On July 9, 2009, the State moved to clarify the Court's preliminary injunction order to indicate that only \$2.217 million of the total \$8.8 million appropriation constituted State general funds subject to the non-lapse order. The Court ruled in response to the motion to clarify that the State is required to carry the Chapter 129 funds, which it identified as \$8.8 million, on its books as non-lapsing. In October 2009, the plaintiffs filed a motion for partial summary judgment on their claim to the Chapter 129 funds. The State objected, and filed a cross motion for partial summary judgment on the same claim. The plaintiffs have also moved to amend their petition to add a contract claim and to seek class certification. The court granted the motion to amend. In June 2010, the Superior Court granted the State's motion for partial summary judgment and denied the plaintiffs' motion for partial summary judgment, upholding the constitutionality of RSA 9:16-b and the governor's authority to reduce appropriations in times of serious deficit. The plaintiffs appealed this ruling to the New Hampshire Supreme Court and have taken a non-suit on the remaining claims.

Before the Supreme Court accepted the appeal, the State filed a motion for clarification in the Superior Court seeking clarification on what effect the summary judgment order had on the preliminary injunction. On July 22, 2010, the Superior Court issued an order stating that the summary judgment order terminated the preliminary injunction. Because the plaintiffs had filed a notice of appeal in the Supreme Court, the Superior Court gave them 10 days to seek relief in that Court before its order would go into effect. The plaintiffs filed two emergency motions for expedited relief seeking to stay the Superior Court's July 22, 2010 order. On July 30, 2010, the Supreme Court issued temporary

relief, continuing the preliminary injunction with respect to the \$8.8 million surplus funds pending further order of that Court. The Supreme Court ordered the State to respond to the expedited motions by August 9, 2010. The State will object to the continuation of the preliminary injunction. It is not possible to predict if the plaintiffs will appeal this ruling, or the outcome of the remaining claims

FINANCIAL STATEMENTS

KPMG LLP, the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report referenced in the Information Statement, any procedures on the financial statements addressed in that report. KPMG LLP has also not performed any procedures relating to the Information Statement or this Supplement.

August 25, 2010

THE STATE OF NEW HAMPSHIRE

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