NEW ISSUE-BOOK-ENTRY-ONLY **RATINGS: See "Ratings" herein**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to Rutgers, The State University (the "University"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2009 Series G Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2009 Series G Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for the purposes of calculating the alternative minimum tax. In rendering its opinion, Bond Counsel to the University has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University in connection with the 2009 Series G Bonds, and Bond Counsel to the University has assumed compliance by the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2009 Series G Bonds from gross income under Section 103 of the Code. See "TAX MATTERS" herein. In addition, in the opinion of Bond Counsel to the University, under existing statutes, interest on the 2009 Series G Bonds is exempt from the gross income of individuals under the New Jersey Gross Income Tax Act.

$80,000,000
RUTGERS, THE STATE UNIVERSITY
(The State University of New Jersey)
General Obligation Bonds, 2009 Series G
(Daily Rate)

Dated: Date of Delivery **Due:** May 1, 2039

INTEREST RATES: Daily Rate: The 2009 Series G Bonds will be initially issued in a Daily Rate mode, during which they will bear interest at the Daily Rate, to be determined by the Remarketing Agent each Business Day. Bonds in the Daily Rate Period will be subject to mandatory purchase prior to conversion to the Weekly Rate Period, the Flexible Rate Period, the Term Rate Period or the Fixed Rate Period.

Weekly Rate: The 2009 Series G Bonds may from time to time be in a Weekly Rate mode, during which they will bear interest at the Weekly Rate, to be determined by the Remarketing Agent each Tuesday or the first Business Day thereafter in the manner described herein and effective on Wednesday of each week. Bonds in the Weekly Rate Period will be subject to mandatory purchase prior to conversion to the Daily Rate Period, the Flexible Rate Period, the Term Rate Period or the Fixed Rate Period.

INTEREST PAYMENT: While in a Daily Rate Period or Weekly Rate Period, interest on the 2009 Series G Bonds will be payable on the first Business Day of each month and calculated on the basis of a 365- or 366-day year for actual days elapsed.

DENOMINATIONS: While in a Daily Rate Period or Weekly Rate Period, the 2009 Series G Bonds are issuable in denominations of $100,000 and multiples of $5,000 in excess of $100,000.

TENDER OPTION: Daily Rate: While in a Daily Rate Period, the 2009 Series G Bonds must be purchased on demand of the owners on any Business Day, at a price equal to 100% of principal amount, plus accrued interest, in the manner described herein.

Weekly Rate: While in a Weekly Rate Period, the 2009 Series G Bonds must be purchased on demand of the owners on any Business Day on 7 days notice, at a price equal to 100% of principal amount, plus accrued interest, in the manner described herein.

REDEMPTION: While in a Daily Rate Period or Weekly Rate Period, the 2009 Series G Bonds will be subject to optional and mandatory redemption and to mandatory tender for purchase prior to stated maturity on any Business Day, as described herein.

LIQUIDITY FACILITY: The purchase price of the 2009 Series G Bonds tendered for purchase and not remarketed will be paid, subject to the satisfaction of certain conditions set forth herein, from funds made available to the Trustee under a Standby Bond Purchase Agreement entered into with U.S. Bank National Association (the "Bank").

The Standby Bond Purchase Agreement expires on May 4, 2012, unless sooner extended or terminated. Under the circumstances described herein, a Standby Bond Purchase Agreement may be terminated or suspended without prior notice.

PURPOSE: The 2009 Series G Bonds are being issued to finance or refinance, as the case may be, the payment of certain costs of construction of a certain capital project of the University, as more fully set forth in this Official Statement. See "PLAN OF FINANCE" herein. The 2009 Series G Bonds shall not be deemed to constitute a debt or liability of the State of New Jersey nor a pledge of the faith and credit or taxing power of the State of New Jersey or of any political subdivision thereof. The University has no taxing power.

CONVERSION: The 2009 Series G Bonds may be converted, in whole, to one or more different Interest Rate Modes at the option of the University, following mandatory purchase, and thereafter the interest rates, Interest Rate Modes, and interest payment dates for and provisions for redemption and purchase of such 2009 Series G Bonds may change. THIS OFFICIAL STATEMENT DESCRIBES THE 2009 SERIES G BONDS ONLY WHILE THE 2009 SERIES G BONDS ARE IN A DAILY RATE PERIOD OR WEEKLY RATE PERIOD.

Price: 100%

The 2009 Series G Bonds are offered when, as, and if all the 2009 Series G Bonds are simultaneously issued and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of certain legal matters by Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the University. Certain legal matters will be passed upon for the University by its Senior Vice President and General Counsel, Jonathan R. Alger, Esq., New Brunswick, New Jersey. Certain legal matters will be passed upon for the Underwriters by their counsel, Cozen O'Connor, Newark, New Jersey. Certain legal matters will be passed upon for the Bank by its counsel, Emmet, Marvin & Martin, LLP, New York, New York. 2009 Series G Bonds in book-entry form are expected to be available for credit through the facilities of The Depository Trust Company on or about May 6, 2009.

MORGAN STANLEY

Dated: April 29, 2009

$80,000,000
RUTGERS, THE STATE UNIVERSITY
(The State University of New Jersey)
General Obligation Bonds, 2009 Series G
(Daily Rate)

Dated	Maturity	Initial Rate Mode	Liquidity Facility	CUSIP* Number
Date of Delivery	May 1, 2039	Daily	U.S. Bank National Association	783186NB1

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the University or the Underwriter and are included solely for the convenience of the holders of the 2009 Series G Bonds. Neither the University nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2009 Series G Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 2009 Series G Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2009 Series G Bonds.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by Rutgers, The State University (the "University"), to give any information or to make any representations with respect to the 2009 Series G 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 University. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2009 Series G Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information contained herein has been obtained from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the University. THE UNIVERSITY HAS RELIED ENTIRELY ON DTC FOR INFORMATION PERTAINING TO DTC AND THE INFORMATION INCLUDED IN "BOOK-ENTRY-ONLY SYSTEM" AND ON THE BANK FOR THE BANK INFORMATION INCLUDED IN "U.S. BANK NATIONAL ASSOCIATION".

Estimates and opinions included in this Official Statement should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The University does not make any representation as to the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. The Trustee and its counsel have not participated in the preparation of this Official Statement and disclaim any responsibility for the accuracy or completeness of the information set forth herein.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements". Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The University is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, do or do not occur.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THE OFFERING OF THE 2009 SERIES G BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2009 SERIES G BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2009 SERIES G BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE

TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN ADDITION, THE 2009 SERIES G BONDS HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAW.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE UNIVERSITY 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.

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OFFICIAL STATEMENT

Relating to

$80,000,000
RUTGERS, THE STATE UNIVERSITY
(The State University of New Jersey)
General Obligation Bonds, 2009 Series G

INTRODUCTION

The purpose of this Official Statement is to furnish information concerning Rutgers, The State University (the "*University*" or "*Rutgers*") and its $80,000,000 General Obligation Bonds, 2009 Series G (the "*2009 Series G Bonds*"), to be dated the date of delivery. The 2009 Series G Bonds shall be secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, as supplemented (the "*Master Indenture*"), by and between the University and U.S. Bank National Association, successor to First Union National Bank, as trustee (the "*Trustee*"), and a Seventh Supplemental Indenture of Trust, dated as of May 1, 2009, by and between the University and the Trustee (the "*Seventh Supplemental Indenture*," together with the Master Indenture, the "*Indenture*"). The 2009 Series G Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated (the "*Act*"), and the Indenture. The Seventh Supplemental Indenture was authorized pursuant to resolutions adopted by the Board of Governors of the University on April 24, 2008 and December 12, 2008 with the consent and advice of the Board of Trustees of the University by resolutions adopted on April 17, 2008 and April 30, 2009 (collectively, the "*Resolutions*"). The Resolutions authorized the University to issue one or more Series of Additional Bonds in an aggregate principal amount not to exceed $390,000,000 to provide funds for (i) the refinancing of the Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the University, and (iii) the payment of certain administrative, legal, financing and incidental expenses relating to the issuance of the 2009 Series G Bonds of the University as described more particularly in this Official Statement. The information contained in this Official Statement is furnished in connection with the initial sale of the 2009 Series G Bonds. Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Indenture. SEE "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND SEVENTH SUPPLEMENTAL INDENTURE."

The 2009 Series G Bonds will be general obligations of the University, payable from the revenues and other legally available funds of the University. SEE "SECURITY FOR THE 2009 SERIES G BONDS."

The 2009 Series G Bonds shall be secured by the Standby Bond Purchase Agreement (the "*Initial Liquidity Facility*"), to be dated as of May 6, 2009, by and among the University, U.S. Bank National Association, as tender agent (the "*Tender Agent*"), and U.S. Bank National Association, as provider of the Initial Liquidity Facility (the "*Bank*"). The Initial Liquidity Facility is expected to terminate on or about May 4, 2012. See "INITIAL LIQUIDITY FACILITY" and "U.S. BANK NATIONAL ASSOCIATION." The University and Morgan Stanley & Co. Incorporated, as remarketing agent for the 2009 Series G Bonds (the "*Remarketing Agent*"), will enter into a Remarketing Agreement to be dated as of May 1, 2009, with respect to the 2009 Series G Bonds (the "*Remarketing Agreement*").

THIS OFFICIAL STATEMENT DESCRIBES THE TERMS OF THE 2009 SERIES G BONDS ONLY WHILE THEY ARE IN A DAILY RATE PERIOD OR WEEKLY RATE PERIOD. UPON A CONVERSION OF THE RATE PERIOD FOR THE 2009 SERIES G BONDS TO A DIFFERENT RATE PERIOD, IT IS ANTICIPATED THAT A NEW OFFICIAL STATEMENT OR SUPPLEMENT WILL BE PROVIDED DESCRIBING THE TERMS OF THE 2009 SERIES G BONDS IN THE NEW RATE PERIOD.

As of April 1, 2009, the University has $696,447,000 principal amount of bonds outstanding and $56,515,000 principal amount of Commercial Paper outstanding under various indentures, including the Indenture and any supplements and amendments thereto. See “APPENDIX A - INFORMATION CONCERNING THE UNIVERSITY — Outstanding Indebtedness of the University.” After issuance of the 2009 Series G Bonds and refunding of the Commercial Paper to be Refunded (as defined herein), the University will have $755,365,000 principal amount of bonds outstanding and $41,110,000 principal amount of Commercial Paper outstanding.

THE 2009 SERIES G BONDS

General

The 2009 Series G Bonds initially will be issued as fully registered bonds without coupons in denominations of $100,000 or any integral multiple of $5,000 in excess thereof so long as the 2009 Series G Bonds bear interest at a Daily Rate, a Weekly Rate, a Flexible Rate or a Term Rate; and in denominations of $5,000, or any integral multiple in excess thereof, if the 2009 Series G Bonds bear interest at a Fixed Rate. The 2009 Series G Bonds will mature, subject to redemption, on May 1, 2039 (the “Maturity Date”). The 2009 Series G Bonds will be dated the date of issuance of the 2009 Series G Bonds under the Indenture.

Interest borne by the 2009 Series G Bonds bearing interest at the Daily Rate, Weekly Rate or Flexible Rate shall be calculated on the basis of the actual number of days elapsed over a year of 365 days or 366 days, as the case may be. Interest borne by the 2009 Series G Bonds bearing interest at a Term Rate or a Fixed Rate shall be calculated on the basis of a 360 day year consisting of twelve 30 day months.

At any given time, the 2009 Series G Bonds may operate in one of five rate periods: a Daily Rate Period, a Weekly Rate Period, a Flexible Rate Period, a Term Rate Period or a Fixed Rate Period. The 2009 Series G Bonds may operate at any time in any one Interest Rate Mode; provided, however, that all 2009 Series G Bonds will operate in the same Interest Rate Mode at any given time. While in any of those Interest Rate Modes, the 2009 Series G Bonds will bear interest at a Daily Rate, a Weekly Rate, a Flexible Rate, a Term Rate or a Fixed Rate, respectively. Initially, all of the 2009 Series G Bonds will be issued bearing interest at a Daily Rate.

The 2009 Series G Bonds are subject to redemption and optional and mandatory tender for purchase under certain circumstances as summarized under “THE 2009 SERIES G BONDS — Redemption Prior to Maturity,” and “THE 2009 SERIES G BONDS — Tender of 2009 Series G Bonds for Purchase.” Payment of the purchase price for 2009 Series G Bonds tendered or required to be tendered for purchase will be initially supported by funds provided by the Bank under the terms of the Initial Liquidity Facility.

The 2009 Series G Bonds are to be secured by the Initial Liquidity Facility. The Initial Liquidity Facility is expected to terminate on or about May 4, 2012. See “THE INITIAL LIQUIDITY FACILITY” and “U.S. BANK NATIONAL ASSOCIATION.” The 2009 Series G Bonds will be remarketed by the Remarketing Agent pursuant to the Remarketing Agreement.

THE FOLLOWING DESCRIPTION APPLIES TO 2009 SERIES G BONDS WHILE BEARING INTEREST AT DAILY RATES AND WEEKLY RATES. IF THE 2009 SERIES G BONDS ARE CONVERTED TO AN INTEREST RATE PERIOD OTHER THAN A DAILY RATE PERIOD OR A WEEKLY RATE PERIOD, IT IS EXPECTED THAT A NEW OFFICIAL STATEMENT OR A SUPPLEMENT TO THIS OFFICIAL STATEMENT WILL BE PREPARED FOR REMARKETING THE 2009 SERIES G BONDS.

Interest Payment Dates and Record Dates for Payments

Interest Payment Date. Interest on Daily Rate or Weekly Rate Bonds will be payable on each Interest Payment Date applicable thereto and at maturity or upon redemption. The Interest Payment Dates for the 2009 Series G Bonds bearing interest at the Daily Rate Period or Weekly Rate Period will be: (a) the first Business Day of each month, beginning on June 1, 2009; and (b) each Mandatory Tender Date. Interest on 2009 Series G Bonds converted to a Term Rate Period or a Fixed Rate Period will be payable semiannually on each May 1 and November 1 and at maturity, beginning on the May 1 or November 1 next following conversion. Interest on 2009 Series G Bonds that are subject to the same Flexible Period bearing interest at a Flexible Rate Period will be payable the first Business Day following the end of the applicable Flexible Period for 2009 Series G Bonds subject to such Flexible Period.

Record Date. The Record Date (a) for 2009 Series G Bonds during any Daily Rate Period, Weekly Rate Period or Flexible Rate Period will be the Business Day before each Interest Payment Date; and (b) for 2009 Series G Bonds converted to a Term Rate Period or a Fixed Rate Period, will be the fifteenth (15th) day of each April and October. To the extent interest is to be paid on other than the regularly scheduled date therefore, the "Special Record Date" provisions of the Municipal Securities Rulemaking Board or successor thereto will apply.

Changes in Interest Rate Modes

Initial Interest Rate Mode. The 2009 Series G Bonds initially will be issued as Daily Rate Bonds and the initial Daily Rate for the 2009 Series G Bonds will be determined on the date the 2009 Series G Bonds are sold to the Underwriter and will be in effect through but not including the following Business Day. Subsequent determinations of the Interest Rate Mode will be made as described below.

Adjustment to Daily Rate, Weekly Rate or Flexible Rate. The University, by written direction to the Trustee and the Remarketing Agent, may elect, at any time prior to adjustment to a Fixed Rate, that all of the 2009 Series G Bonds will bear interest at the Daily Rate, the Weekly Rate or the Flexible Rate in accordance with the terms of the Indenture.

Adjustment to or Continuation of Term Rate. The University, by written direction to the Trustee and the Remarketing Agent and with the prior written consent of the Trustee, may elect, at any time prior to the adjustment to the Fixed Rate, that all of the 2009 Series G Bonds will bear, or continue to bear, interest at a Term Rate, and if the University does so elect, will determine the duration of the Term Rate Period during which the 2009 Series G Bonds will bear interest at such Term Rate in accordance with the terms of the Indenture.

General Provisions Relating to Adjustments Between Interest Rate Modes and Continuation of Term Rate Period. The Interest Rate Mode will not be changed to a different Interest Rate Mode for all of the 2009 Series G Bonds Outstanding and no Term Rate Period will be continued for another Term Rate Period unless: (i) the Initial Liquidity Facility then in effect provides for the purchase of all the 2009 Series G Bonds upon any optional or mandatory tender, provides for the payment of accrued interest on the Outstanding Bonds at the Maximum Rate for a period of at least thirty-four (34) days or, if the 2009 Series G Bonds are to be converted to a Flexible Rate Mode, of at least two hundred seventy (270) days or, if the 2009 Series G Bonds are to be converted to a Term Rate Period, of at least one hundred eighty (180) days and has a remaining term of at least one year and no shorter than at least 15 days after the last day of any Term Rate Period, (ii) the Remarketing Agent has given written consent to such change, (iii) the Rating Agency has provided notice of the rating to be in effect on the 2009 Series G Bonds in the new Interest Rate Mode or Term Rate Period, and (iv) the University has specified, in a written direction given pursuant to the Indenture, (w) the new Interest Rate Mode, (x) the effect of such change on the then-existing ratings assigned to the 2009 Series G Bonds, and (y) the principal amount of 2009 Series G Bonds Outstanding.

After the conversion of the 2009 Series G Bonds to a Fixed Rate pursuant to the Indenture, no change in Interest Rate Modes for the 2009 Series G Bonds may be made. Notwithstanding the foregoing provisions, no adjustment will be made from one Interest Rate Mode to another Interest Rate Mode or the continuation of a Term Rate Period pursuant to the Indenture if (i) the Trustee has received written notice prior to such change that the Opinion of Bond Counsel required under the Indenture has been rescinded or will not be delivered or (ii) any other condition to any such change required under the Indenture has not been satisfied or (iii) less than all of the 2009 Series G Bonds subject to mandatory tender upon such change have been remarketed.

In no event will any change in any Interest Rate Mode be made without the prior written consent of the Bank except that no consent of the Bank will be required if (i) the University elects to continue in any then-existing Interest Rate Mode, (ii) the University elects to adjust all of the 2009 Series G Bonds to bear interest for a different Interest Rate Mode with a term not exceeding 360 days or (iii) the University elects to adjust all 2009 Series G Bonds to bear interest at the Fixed Rate.

In the event that any condition to a change in the Interest Rate Mode required pursuant to the Indenture has not been satisfied, the effective Interest Rate Mode will be as set forth in the Trustee's notice described in the following sentence. The University will prepare and the Trustee will promptly send a notice to all Bondholders stating that the proposed change in the Interest Rate Mode will not become effective and that no change will be made and that the Interest Rate Mode from which the change was attempted will remain in effect.

Opinion of Bond Counsel. Notwithstanding the foregoing provisions, the 2009 Series G Bonds will not be adjusted to an alternate Interest Rate Mode unless the Trustee is first furnished with an opinion of Nationally Recognized Bond Counsel and delivered at the expense of the University, to the effect that the change in the rate borne by the 2009 Series G Bonds to such interest rate by itself (i) is lawful under the Act and is authorized or permitted by the Indenture, and (ii) will not adversely affect the exclusion of interest on the 2009 Series G Bonds from gross income for federal income tax purposes, nor adversely affect the validity of the 2009 Series G Bonds. If such opinion is not furnished to the satisfaction of the Trustee and the Remarketing Agent, the 2009 Series G Bonds will continue to bear interest at the then current Interest Rate Mode.

Notice to Bondholders of Change in Interest Rate Mode. When a change in the Interest Rate Mode is to be made, the University will prepare and the Trustee will send a notice to the Bondholders, the Remarketing Agent and the Bank by first-class mail, postage prepaid, at least thirty (30) days, but not more than sixty (60) days, before the effective date of the change. The notice will be accompanied by the Opinion of Bond Counsel, if required as indicated above.

Tender of 2009 Series G Bonds for Purchase

Optional Tender.

The University will purchase or cause to be purchased on behalf of the University on each Optional Tender Date any Daily Rate Bond or Weekly Rate Bond (other than a Liquidity Facility Provider Bond or a University Bond) or portion thereof tendered for purchase by the holder thereof (provided the principal amount of such Daily Rate Bond or Weekly Rate Bond to be purchased and the principal amount to be retained will each be in an Authorized Denomination), at a price equal to the principal amount thereof plus accrued interest (if any) thereon to the date of purchase (provided, however, such purchase price will not include interest if the purchase occurs on an Interest Payment Date), payable by check or wire transfer in immediately available funds, upon:

(i) delivery to the Trustee and the Remarketing Agent at their respective principal offices, by the Bondholder of an Optional Tender Notice not later than (a) for a Daily Rate Bond 11:00 a.m., prevailing New York City time, on the Business Day which is the Optional Tender

Date established in such notice and (b) for a Weekly Rate Bond not later than 5:00 p.m., prevailing New York City time, on a Business Day not less than seven (7) calendar days prior to the Optional Tender Date established in such notice, which Optional Tender Notice must state (A) the principal amount of such Daily Rate Bond or Weekly Rate Bond or such portion thereof to be purchased (provided the principal amount of such Daily Rate Bond or Weekly Rate Bond to be purchased and the principal amount to be retained will each be in an Authorized Denomination), (B) the Bond number, if any, of each Daily Rate Bond or Weekly Rate Bond of which all or a portion in an Authorized Denomination is to be purchased, and (C) the Optional Tender Date on which such Daily Rate Bond or Weekly Rate Bond or such portion thereof is to be purchased, which Optional Tender Date will be a Business Day not earlier than (y) the same Business Day for a Daily Rate Bond and (z) not earlier than seven (7) calendar days for a Weekly Rate Bond after the date of receipt of such Optional Tender Notice by the Trustee; and

(ii) delivery of such Daily Rate Bond or Weekly Rate Bond (with an appropriate instrument of transfer satisfactory to the Trustee executed in blank by the Bondholder with the medallion guarantee) to the Trustee, not later than 12:00 noon, prevailing New York City time, on the Optional Tender Date.

Accrued interest payable on any Bonds Tendered or Deemed Tendered for Purchase on any Interest Payment Date as provided above will be paid to the Bondholder as of the Record Date immediately preceding such Interest Payment Date in the same manner as if such Daily Rate Bond or Weekly Rate Bond had not been purchased or deemed to have been purchased pursuant to the Indenture.

In the event of immediate termination or suspension of the Bank's obligation to purchase the 2009 Series G Bonds, the 2009 Series G Bonds will not be subject to optional or mandatory tender for purchase.

Mandatory Tender.

The 2009 Series G Bonds (other than any Liquidity Facility Provider Bonds or any University Bonds or any Fixed Rate Bonds) are subject to mandatory tender and purchase on (i) the date which is any Liquidity Facility Substitution Date; (ii) the date which is any Liquidity Facility Termination Mandatory Tender Date, (iii) for 2009 Series G Bonds with the same Flexible Period, the Business Day following the last day of each Flexible Period for such 2009 Series G Bonds, (iv) for Term Rate Bonds, the Business Day following the last day of the Term Rate Period, (v) the effective date of any change to the Interest Rate Mode, and (vi) the Conversion Date (each a "Mandatory Tender Date"), and in such event, the University will purchase or cause to be purchased on behalf of the University the 2009 Series G Bonds (other than any Liquidity Facility Provider Bonds or any University Bonds or any Fixed Rate Bonds), on each Mandatory Tender Date at a price equal to the principal amount thereof plus accrued interest (if any) thereon to the date of purchase, payable by wire transfer in immediately available funds.

At least thirty-five (35) days prior (or the next Business Day after receipt of notice in the case of a termination notice pursuant to clause (ii) above) to each Mandatory Tender Date (other than in the event of the end of a Flexible Period), the Trustee must mail to the Bondholders of the 2009 Series G Bonds, the Remarketing Agent and the Bank a Mandatory Tender Notice, which notice must state:

(i)(1) in the case of a substitution of a Substitute Liquidity Facility for the Liquidity Facility then in effect, the 2009 Series G Bonds are subject to mandatory tender and purchase on the Liquidity Facility Substitution Mandatory Tender Date (such notice must also specifically identify the Mandatory Tender Date); (2) in the case of the expiration or termination of a Liquidity Facility then in effect, (A) that the Liquidity Facility will expire or be terminated; (B) the Liquidity Facility Termination Mandatory Tender Date or Liquidity Facility Substitution Mandatory Tender Date; and (C) that the 2009 Series G Bonds are subject to mandatory tender and purchase on the Liquidity Facility Termination Mandatory

Tender Date (such notice must also specifically identify the Mandatory Tender Date); (3) in the case of Term Rate Bonds, (A) the last day of the Term Rate Period then in effect and the Mandatory Tender Date or Liquidity Facility Substitution Mandatory Tender Date, and (B) that the 2009 Series G Bonds are subject to mandatory tender and purchase on the Mandatory Tender Date; (4) in the case of an adjustment in Interest Rate Modes, (A) that the University has initiated a change to the Interest Rate Mode and the proposed change, (B) the effective date of the proposed change and the Mandatory Tender Date, (C) any other information required by the Indenture, and (D) that the 2009 Series G Bonds are subject to mandatory tender and purchase on the Mandatory Tender Date; and (5) in the case of a Conversion Date: (A) that the interest rate on the 2009 Series G Bonds is to be converted to a Fixed Rate(s) until final maturity or earlier redemption; (B) the proposed Conversion Date; and (C) that the 2009 Series G Bonds are subject to mandatory tender and purchase on the proposed Conversion Date. No Mandatory Tender Notice will be given in connection with the end of a Flexible Period;

(ii) that all 2009 Series G Bonds must be tendered for purchase at or prior to 10:00 a.m., prevailing New York City time, on the Mandatory Tender Date to the Trustee with an instrument of transfer satisfactory to the Trustee executed in blank by the Bondholder with the medallion guarantee, and that 2009 Series G Bonds so tendered will be purchased on the Mandatory Tender Date at a Purchase Price equal to the principal amount thereof plus accrued interest thereon to the Mandatory Tender Date; and

(iii) that if there is deposited with the Trustee an amount sufficient to pay the Purchase Price of the 2009 Series G Bonds on such Mandatory Tender Date, the 2009 Series G Bonds will be deemed to have been tendered and purchased on such Mandatory Tender Date, will be deemed to be no longer Outstanding under the Indenture, and will cease to bear interest as of such Mandatory Tender Date, whether or not such 2009 Series G Bonds are tendered to the Trustee on such date, and that the holders of such 2009 Series G Bonds will have no rights with respect thereto or under the Indenture, except to receive the Purchase Price of such 2009 Series G Bonds.

The 2009 Series G Bonds are subject to mandatory tender and purchase notwithstanding the failure of the Trustee to send such notice or the failure of any Bondholders to receive such notice.

Inadequate Funds for Tender

If the funds available for purchases of 2009 Series G Bonds pursuant to the Indenture are inadequate for the purchase of all 2009 Series G Bonds required to be purchased on any purchase date, including in connection with the occurrence of an Event of Default under the Liquidity Facility Agreement that results in the immediate termination or suspension thereof without immediate tender, all 2009 Series G Bonds bearing interest at a Daily Rate, Weekly Rate, Flexible Rate, or Term Rate shall bear interest from such date at the Maximum Rate until such 2009 Series G Bonds can be remarketed or otherwise purchased.

In the event that the provisions above become applicable and the University shall not provide funds to purchase 2009 Series G Bonds Tendered or Deemed Tendered for Purchase, and the Trustee shall immediately: (i) return all 2009 Series G Bonds Tendered or Deemed Tendered for Purchase to the holders thereof; (ii) return all moneys received for the purchase of such 2009 Series G Bonds to the Persons providing such moneys; and (iii) notify all Bondholders in writing (A) that, subject to the paragraph below, an event of default has occurred, and (B) of the rate to be effective pursuant to the paragraph above.

The failure of the University to pay the purchase price of a 2009 Series G Bond Tendered or Deemed Tendered for Purchase on the purchase date shall not constitute a default under the Indenture, except during the period no Liquidity Facility is in effect.

In the event that inadequate funds are available to purchase the 2009 Series G Bonds as described in the first paragraph above, the obligation of the University to provide eligible moneys in a sufficient amount to purchase such tendered 2009 Series G Bonds shall remain in full force and effect and shall not be satisfied until such time as funds are deposited with the Trustee in an amount sufficient to purchase such 2009 Series G Bonds Tendered or Deemed Tendered for Purchase, including interest accrued from the original tender date to the actual purchase date at the rate specified in the paragraph above.

2009 Series G Bonds Deemed Tendered and Purchased on Tender Dates.

Any Optional Tender Notice given by a Bondholder will be *irrevocable*. Any 2009 Series G Bond described in an Optional Tender Notice as a 2009 Series G Bond to be purchased on an Optional Tender Date that is not tendered by the Bondholder thereof to the Trustee on such Optional Tender Date, and any 2009 Series G Bond to be purchased on a Mandatory Tender Date that is not delivered by the Bondholder thereof to the Trustee on such Mandatory Tender Date, will nonetheless be deemed to have been tendered by the Bondholder thereof for purchase and purchased from moneys described in the Indenture, if moneys for such purchase have been deposited with the Trustee on or before any such Tender Date in accordance with the Indenture. Thereafter (i) unless such 2009 Series G Bond deemed to have been tendered is purchased and canceled by the Trustee, the University will execute and the Trustee will authenticate and deliver a new 2009 Series G Bond or 2009 Series G Bonds in the same aggregate principal Authorized Denomination as the 2009 Series G Bond deemed to have been tendered to the person to whom the 2009 Series G Bond deemed to have been tendered and purchased would have been delivered, and the Trustee will register such new 2009 Series G Bond in the manner provided in the Indenture; (ii) such 2009 Series G Bond deemed to have been tendered will no longer be Outstanding under the Indenture; (iii) interest on such 2009 Series G Bond deemed to have been tendered will cease to accrue to the former Bondholder thereof as of the Tender Date on which such 2009 Series G Bond is deemed to have been tendered and purchased; (iv) the former Bondholder of such 2009 Series G Bond will cease to be entitled to the benefits and security of the Indenture as of the date on which such 2009 Series G Bond was deemed purchased, except to receive the Purchase Price of such 2009 Series G Bond against delivery thereof at the designated corporate trust office of the Trustee; and (v) the Trustee will not register, nor will the Trustee recognize, any further transfers of such 2009 Series G Bond by the former Bondholder thereof. Any 2009 Series G Bond executed and authenticated in lieu of a 2009 Series G Bond deemed to have been tendered and purchased will be delivered as provided in the Indenture.

Moneys to be used for the purchase of any 2009 Series G Bond pursuant to the paragraph above will be deposited with the Trustee and held in trust by the Trustee in the Purchase Fund uninvested and the Trustee will not be liable for interest thereon, and will be paid to the former Bondholder of such 2009 Series G Bond upon presentation thereof. Except as provided in the following paragraph, the former Bondholder of such 2009 Series G Bond will thereafter be restricted and entitled exclusively to such moneys for the satisfaction of any claim of whatever nature on its part under the Indenture or on, or with respect to, such 2009 Series G Bond.

Any moneys which the Trustee holds in trust for the payment of the Purchase Price of any 2009 Series G Bond deemed to have been tendered and purchased and which remain unclaimed for a period of one year after the Tender Date on which such 2009 Series G Bond is deemed to have been tendered and purchased, upon the University's written request to the Trustee, but only to the extent permitted by law, will be paid to the University, with notice to the Bank of such payment; provided, however, that:

(i) before the Trustee makes, or permits to be made, any such payment to the University, the Trustee, at the University's expense, will cause notice to be given once by mail to the former Bondholder of such 2009 Series G Bond at the last address for such Bondholder reflected on the registration books of the Trustee, to the effect that such moneys remain unclaimed and that, after a date specified therein, which will not be less than thirty (30) days after the date of such notice by mail, any unclaimed balance of such moneys then remaining will be paid to the University; and

(ii) no such payment will be made to the University if the Trustee has notice that an Event of Default has occurred and continues to occur under the Indenture or the Trustee has written notice from the

Bank that an event of default has occurred and continues to occur under any of the Liquidity Facility Documents.

After the payment of such unclaimed moneys to the University, the Bondholder of such 2009 Series G Bond will thereafter look only to the University for the payment thereof, and all liability of the Trustee and the Bank with respect to such moneys will thereupon cease.

Remarketing and Purchase of 2009 Series G Bonds upon Tender

Morgan Stanley & Co. Incorporated has been appointed the exclusive Remarketing Agent for the 2009 Series G Bonds. The Remarketing Agent's principal office is currently at Morgan Stanley & Co. Incorporated, 1221 Avenue of the Americas, New York, New York 10020, Attention: Short Term Products. Telephone inquiries as to interest rates may be made by calling (212) 762-8263 during business hours.

Upon receipt of any Optional Tender Notice or Mandatory Tender Notice meeting the requirements of the Indenture, and upon the end of each Flexible Rate Period, the Remarketing Agent, subject to the terms of the Remarketing Agreement, will use its best efforts to remarket the 2009 Series G Bonds, to persons other than the University (including affiliates and insiders of the University), any such sale to be made on the Optional Tender Date or the Mandatory Tender Date on which such 2009 Series G Bonds are to be purchased, at a price equal to the principal amount thereof, plus accrued interest (if any) thereon to the Optional Tender Date or the Mandatory Tender Date.

In no event will the Remarketing Agent remarket any Bonds Tendered or Deemed Tendered for Purchase on any Tender Date for a price other than the principal amount thereof, plus accrued interest (if any) thereon to the applicable Tender Date.

Not later than 12:00 noon, prevailing New York City time, on the Business Day of the Tender Date on which 2009 Series G Bonds are to be purchased pursuant to the Indenture, the Remarketing Agent will give electronic notice to the Trustee of the amount of proceeds of remarketing expected to be available to the Remarketing Agent on such Tender Date and expected to be transferred, in immediately available funds, to the Trustee on such Tender Date from the remarketing and sale of 2009 Series G Bonds and the principal amount of 2009 Series G Bonds that the Remarketing Agent has been unable to remarket. The Remarketing Agent will transfer any such remarketing proceeds to the Trustee for deposit in the Remarketing Proceeds Account of the Purchase Fund by not later than 12:15 p.m., prevailing New York City time, on the Tender Date. To the extent that proceeds of the remarketing of the 2009 Series G Bonds received and held by the Trustee in the Remarketing Proceeds Account by 12:15 p.m., prevailing New York City time, on the Tender Date are not sufficient to pay the Purchase Price due on such Tender Date in full, the Trustee will, by 12:30 p.m., prevailing New York City time, on such Tender Date deliver a Notice of Bank Purchase in accordance with the Initial Liquidity Facility to the Liquidity Facility Provider pursuant to the Initial Liquidity Facility in an amount sufficient to provide for any such deficiency. The Bank in such case will be required to provide any amount provided from the Initial Liquidity Facility, in immediately available funds, to the Trustee for deposit into the Liquidity Facility Account of the Purchase Fund no later than 2:30 p.m., prevailing New York City time, on such Tender Date. See "THE 2009 SERIES G BONDS—Liquidity Facility; Substitute Liquidity Facility."

Not later than 12:00 noon, prevailing New York City time, on the Tender Date, the Remarketing Agent will deliver to the Trustee the name, address and tax identification number of each prospective purchaser to whom the Remarketing Agent has remarketed and sold the 2009 Series G Bonds.

The Remarketing Agent, pursuant to and subject to the terms of the Remarketing Agreement, will use its best efforts to remarket all Liquidity Facility Provider Bonds and all University Bonds.

Notwithstanding the above, (i) if there has occurred and continues to occur an Event of Default under the Indenture or an Event of Default under the Initial Liquidity Facility; (ii) if any 2009 Series G Bonds have been called for redemption; (iii) if the Bank is in default of its obligations under the Initial Liquidity Facility (except in the case of conversion to Fixed Rate Bonds), and (iv) if the University has not provided a Substitute Liquidity Facility upon the termination of the then existing Liquidity Facility (except in the case of conversion to Fixed Rate Bonds), the Remarketing Agent will not be required to remarket the 2009 Series G Bonds (or in the case of (ii) above those 2009 Series G Bonds called for redemption) on the Mandatory Tender Date or otherwise occurring upon such termination.

The Trustee will hold in the Remarketing Proceeds Account of the Purchase Fund, separate and apart from all other moneys, the proceeds of any sale of the 2009 Series G Bonds transferred to the Trustee by the Remarketing Agent pursuant to the Indenture for the person who tendered, or is deemed to have tendered, such 2009 Series G Bond for purchase and will deliver the proceeds of such sale to or on behalf of the tendering 2009 Series G Bondholder on the applicable Tender Date.

The proceeds of any sale of Liquidity Facility Provider Bonds by the Remarketing Agent will be paid by the Remarketing Agent directly to the Bank and the Remarketing Agent will promptly provide notice thereof to the Trustee.

Funds for the payment of the Purchase Price of 2009 Series G Bonds on any Purchase Date will be derived solely from the following sources in the order of priority indicated below: (i) first, from proceeds of the remarketing and sale of such 2009 Series G Bonds; (ii) second, from immediately available funds drawn under the Initial Liquidity Facility; and (iii) third, from any funds furnished by the University.

Certain Matters Relating to the Remarketing of the 2009 Series G Bonds

The Remarketing Agent Is Paid by the University. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the 2009 Series G Bonds that are tendered on an optional or mandatory basis by the owners thereof (subject, in each case, to the terms of the Indenture and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the University and is paid by the University for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of the 2009 Series G Bonds.

The Remarketing Agent Routinely Purchases Bonds for Its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of the 2009 Series G Bonds (i.e., because there are otherwise not enough buyers to purchase the tendered 2009 Series G Bonds) or for other reasons. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2009 Series G Bonds for its own account and, if it does so, it may cease doing so at any time without notice. The Remarketing Agent may also make a market in 2009 Series G Bonds by routinely purchasing and selling such 2009 Series G Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the 2009 Series G Bonds. The Remarketing Agent may also sell any 2009 Series G Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2009 Series G Bonds. The purchase of 2009 Series G Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2009 Series G Bonds in the market than is actually the case. The practices described above also may result in fewer 2009 Series G Bonds being tendered in a remarketing.

2009 Series G Bonds May Be Offered at Different Prices on Any Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the 2009 Series G Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the 2009 Series G Bonds (including whether the Remarketing Agent is willing to purchase the 2009 Series G Bonds for its own account). There may or may not be 2009 Series G Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2009 Series G Bonds tendered for purchase on such date at par, and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2009 Series G Bonds at the remarketing price. In the event the Remarketing Agent owns any 2009 Series G Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2009 Series G Bonds on any date, including a Rate Determination Date, at a discount to par to some investors.

The Ability to Sell Bonds Other than Through the Tender Process May be Limited. The Remarketing Agent may buy and sell 2009 Series G Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their 2009 Series G Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the 2009 Series G Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2009 Series G Bonds other than by tendering the 2009 Series G Bonds in accordance with the tender process.

The Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2009 Series G Bonds. Without a successor being named, under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, subject to the terms of the Remarketing Agreement.

Redemption Prior to Maturity

The 2009 Series G Bonds are subject to redemption prior to maturity as follows:

<u>Optional Redemption</u>. (i) The 2009 Series G Bonds bearing interest at a Daily Rate or Weekly Rate are subject to optional redemption prior to maturity as a whole or in part, at the option of the University, on any Interest Payment Date, without premium or penalty, at a Redemption Price equal to the principal amount of the 2009 Series G Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption; provided that any Liquidity Facility Provider Bonds Outstanding will be redeemed first (although the redemption of Liquidity Facility Provider Bonds will not be implemented with moneys drawn under the Liquidity Facility).

(ii) The 2009 Series G Bonds bearing interest at a Daily Rate or Weekly Rate are subject to optional redemption prior to maturity at the option of the University, in whole or in part on any Mandatory Tender Date, without premium or penalty, at a Redemption Price equal to the principal amount of the 2009 Series G Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption; provided that any Liquidity Facility Provider Bonds Outstanding will be redeemed first (although the redemption of Liquidity Facility Provider Bonds will not be implemented with moneys drawn under the Initial Liquidity Facility).

The University may provide prior written direction to the Trustee to purchase, or cause to be purchased, 2009 Series G Bonds of the maturity for which redemption has been established at prices which have been identified by the University and delivery of binding purchase contracts therefor (not including brokerage and other charges) not exceeding the Redemption Price for such 2009 Series G

Bonds when such 2009 Series G Bonds are redeemable by application of the applicable redemption provision, plus accrued interest to the date of purchase; provided that any Liquidity Facility Provider Bonds Outstanding will be purchased first. Upon purchase of such 2009 Series G Bonds, such 2009 Series G Bonds shall be canceled and no longer considered to be Outstanding.

Sinking Fund Installment Redemption. The 2009 Series G Bonds will be subject to mandatory sinking fund installment redemption, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on May 1 of the years and in the amounts set forth below:

Year	Principal Amount of 2009 Series G Bonds	Year	Principal Amount of 2009 Series G Bonds
2010	$1,420,000	2025	$2,560,000
2011	1,495,000	2026	2,660,000
2012	1,555,000	2027	2,765,000
2013	1,615,000	2028	2,875,000
2014	1,680,000	2029	2,995,000
2015	1,745,000	2030	3,115,000
2016	1,810,000	2031	3,245,000
2017	1,880,000	2032	3,375,000
2018	1,950,000	2033	3,515,000
2019	2,030,000	2034	3,655,000
2020	2,110,000	2035	3,805,000
2021	2,195,000	2036	3,960,000
2022	2,280,000	2037	4,120,000
2023	2,370,000	2038	4,290,000
2024	2,465,000	2039	4,465,000

*Final maturity.

Redemption Procedures. When 2009 Series G Bonds (or portions thereof) are to be redeemed, the University must give or cause to be given notice of the redemption of the 2009 Series G Bonds to the Trustee no later than 45 days prior to the redemption date. Thereafter, the Trustee must give or cause to be given notice of the redemption of the 2009 Series G Bonds (or portions thereof) in the name of the University which notice must specify: (i) the 2009 Series G Bonds to be redeemed in whole or in part; (ii) the redemption date; (iii) the numbers and other distinguishing marks of the 2009 Series G Bonds to be redeemed (except in the event that all of the Outstanding Bonds are to be redeemed); and (iv) that such 2009 Series G Bonds will be redeemed at the designated corporate trust office of the Trustee. Such notice must further state that on such date there is due and payable upon each 2009 Series G Bond (or a portion thereof) to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon ceases to accrue. Such notice must be given, not more than sixty (60) nor less than thirty (30) days (or such shorter period as may be established by the Indenture) prior to the redemption date, by the Trustee by mail, postage prepaid, or by Electronic Means to the Bank and the Bondowners of any 2009 Series G Bonds which are to be redeemed, at their addresses appearing on the registration books maintained by the Trustee. Notice having been given in accordance with the foregoing, failure to receive any such notice by any of such Bondowners or any defect therein, will not affect the redemption or the validity of the proceedings for the redemption of the 2009 Series G Bonds.

With respect to any notice of optional redemption, unless, upon the giving of such notice, such 2009 Series G Bonds shall be deemed to have been paid, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such 2009 Series G Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the University shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

If less than all of the 2009 Series G Bonds of any maturity are to be so redeemed, the 2009 Series G Bonds (or portions thereof) to be so redeemed will be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee. Any outstanding Liquidity Facility Provider Bonds will be redeemed prior to the special redemption of any of the 2009 Series G Bonds. Redemption of any of the 2009 Series G Bonds, in addition to the provisions set forth above, will be effected in accordance with the Indenture.

Liquidity Facility; Substitute Liquidity Facility

So long as the 2009 Series G Bonds are in a Daily Rate Period or Weekly Rate Period, the University may provide for a Liquidity Facility. The Initial Liquidity Facility is the initial Liquidity Facility. Nothing in the Seventh Supplemental Indenture shall require the University to deliver to the Trustee a Substitute Liquidity Facility upon the expiration or termination of a Liquidity Facility.

At any time which is at least forty-five (45) days prior to the expiration or termination of any Liquidity Facility, the University may provide for the delivery to the Trustee of a Substitute Liquidity Facility. Provision of such Substitute Liquidity Facility may be evidenced by delivery of an irrevocable commitment for the Substitute Liquidity Facility issued by the proposed Liquidity Facility Provider at least forty-five (45) days prior to the expiration or termination of any Liquidity Facility then in effect. Any such Substitute Liquidity Facility may be for a term of years which is more or less than the Liquidity Facility which is being replaced and shall contain administrative provisions reasonably acceptable to the Trustee. Any Substitute Liquidity Facility delivered in substitution for another Liquidity Facility shall provide for the purchase of any Liquidity Facility Provider Bonds held on the Liquidity Facility Substitution Date by the issuer of the prior Liquidity Facility. On or prior to the date of the delivery of such Substitute Liquidity Facility to the Trustee, the University shall furnish to the Trustee (i) an opinion of Nationally Recognized Bond Counsel to the effect that the delivery of the proposed Substitute Liquidity Facility to the Trustee is permitted under the Seventh Supplemental Indenture and complies with the terms of the Seventh Supplemental Indenture and will not adversely affect the exclusion of the interest payable on the 2009 Series G Bonds to which it relates from the gross income of the Holders of the 2009 Series G Bonds for purposes of federal income taxation pursuant to Section 103 of the Code, and (ii) a notice from each Rating Agency of the ratings to be assigned to the 2009 Series G Bonds upon provision of the Substitute Liquidity Facility. Upon receipt of such documents and such additional documents as are required under the Seventh Supplemental Indenture, the Trustee shall accept such Substitute Liquidity Facility, which Substitute Liquidity Facility shall be effective on the Liquidity Facility Substitution Date, and in any case not later than any applicable Mandatory Tender Date, and shall surrender the Liquidity Facility then in effect to the Liquidity Facility Provider which issued such Liquidity Facility on the Liquidity Facility Substitution Date. The Trustee shall provide prompt notice by mail to the Holders of the 2009 Series G Bonds of the delivery of the Substitute Liquidity Facility, the occurrence of a Liquidity Facility Substitution Date, the Liquidity Facility Substitution Date shall be a Liquidity Facility Mandatory Tender Date, identifying the new Liquidity Facility Provider, the term of the Substitute Liquidity Facility and the ratings on the 2009 Series G Bonds to be in effect after the Liquidity Facility Substitution Date.

Any then current Liquidity Facility shall not be released until the Trustee has on deposit in immediately available funds sufficient moneys (from remarketing proceeds or from a drawing for the payment of the Purchase Price under the Liquidity Facility then in effect) to pay in full all 2009 Series G Bonds Tendered or Deemed Tendered for Purchase on a Tender Date.

DEBT SERVICE REQUIREMENTS

The following table sets forth, for each respective bond year ending April 30, the amounts required in such year for payment of debt service on the University's outstanding $24,805,000 original principal amount of General Obligation Bonds, 2003 Series D (the "*2003 Series D Bonds*"), $111,320,000 original principal amount of General Obligation Refunding Bonds, 2003 Series C (the "*2003 Series C Bonds*"), $86,725,000 original principal amount of General Obligation Bonds, 2004 Series E (the "*2004 Series E Bonds*"), $50,000,000 original principal amount of General Obligation Bonds, 2002 Series B (the "*2002 Series B Bonds*"), $110,000,000 original principal amount of General Obligation Refunding Bonds, 2002 Series A (the "*2002 Series A Bonds*"), $94,370,000 original principal amount of General Obligation Refunding Bonds, 1992 Series A (the "*1992 Series A Bonds*"), $50,000,000 original principal amount of General Obligation Bonds, 1998 Series A (the "*1998 Series A Bonds*") and $233,105,000 General Obligation Bonds, 2009 Series F (the "*2009 Series F Bonds*") (collectively, the "*Prior Bonds*"), the payment of principal, Sinking Fund Installments of and interest on the 2009 Series G Bonds, and the total debt service for the Prior Bonds and the 2009 Series G Bonds. Principal payments or Sinking Fund Installments are due on each May 1 immediately succeeding each April 30 as listed below.

Bond Year Ending April 30	Debt Service on Prior Bonds*	2009 Series G Bonds Principal	2009 Series G Bonds Interest*	Total Debt Service
2010	$52,675,775.29	$1,420,000.00	$3,968,428.22	$58,064,203.51
2011	51,460,431.32	1,495,000.00	4,018,451.05	56,973,882.37
2012	49,795,903.80	1,555,000.00	3,944,959.48	55,295,863.28
2013	49,763,456.30	1,615,000.00	3,864,311.55	55,242,767.85
2014	48,680,641.30	1,680,000.00	3,782,690.05	54,143,331.35
2015	47,824,001.30	1,745,000.00	3,699,895.01	53,268,896.31
2016	47,034,081.30	1,810,000.00	3,615,755.33	52,459,836.63
2017	42,204,783.80	1,880,000.00	3,524,679.49	47,609,463.29
2018	42,185,271.30	1,950,000.00	3,432,042.36	47,567,313.66
2019	30,335,018.80	2,030,000.00	3,333,373.65	35,698,392.45
2020	24,864,187.52	2,110,000.00	3,232,373.96	30,206,561.48
2021	24,875,737.52	2,195,000.00	3,124,006.53	30,194,744.05
2022	23,494,737.52	2,280,000.00	3,013,045.21	28,787,782.73
2023	23,497,477.52	2,370,000.00	2,897,822.57	28,765,300.09
2024	21,250,650.00	2,465,000.00	2,779,533.80	26,495,183.80
2025	21,257,712.50	2,560,000.00	2,653,607.86	26,471,320.36
2026	21,262,675.00	2,660,000.00	2,524,365.66	26,447,040.66
2027	21,255,450.00	2,765,000.00	2,390,127.64	26,410,577.64
2028	21,273,737.50	2,875,000.00	2,250,673.19	26,399,410.69
2029	21,263,162.50	2,995,000.00	2,101,826.87	26,359,989.37
2030	21,273,525.00	3,115,000.00	1,946,811.99	26,335,336.99
2031	21,280,375.00	3,245,000.00	1,785,582.38	26,310,957.38
2032	21,291,037.50	3,375,000.00	1,618,460.12	26,284,497.62
2033	21,298,512.50	3,515,000.00	1,442,940.97	26,256,453.47
2034	21,316,075.00	3,655,000.00	1,261,011.33	26,232,086.33
2035	12,441,250.00	3,805,000.00	1,071,831.12	17,318,081.12
2036	12,428,750.00	3,960,000.00	875,339.63	17,264,089.63
2037	12,427,500.00	4,120,000.00	669,926.25	17,217,426.25
2038	12,435,750.00	4,290,000.00	456,679.73	17,182,429.73
2039	12,426,750.00	4,465,000.00	234,636.86	17,126,386.86

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*Interest on the 2002 Series A Bonds is assumed to be the fixed interest rate of 3.96% which is payable by the University under the ISDA Master Agreement, dated as of September 14, 2001, between the University and Morgan Guaranty Trust Company of New York, together with all remarketing and liquidity fees. Interest on a $21,115,000 portion of the 2009 Series G Bonds is assumed to be the fixed interest rate of 3.824% which is payable by the University under an interest rate swap agreement with The Bank of New York; and interest on the remaining $58,885,000 portion of the 2009 Series G Bonds is assumed to be the fixed interest rate of 4.08% which is payable by the University under an interest rate swap agreement with Merrill Lynch, together with all remarketing and liquidity fees. See “APPENDIX A – INFORMATION CONCERNING THE UNIVERSITY – Interest Rate Swaps.”

THE INITIAL LIQUIDITY FACILITY

The Initial Liquidity Facility contains various provisions, covenants, and conditions, certain of which are summarized below. Various words or terms used in the following summary are defined elsewhere in this Official Statement or the Initial Liquidity Facility and reference is made thereto for a full understanding of their import.

General

During the term of the Initial Liquidity Facility, the Initial Liquidity Facility will provide liquidity, subject to the satisfaction of certain conditions described therein, for the purchase of 2009 Series G Bonds bearing interest at the Daily Rate or Weekly Rate which are delivered to the Trustee but not remarketed by the Remarketing Agent. The Initial Liquidity Facility will expire on May 4, 2012, prior to the final maturity of the 2009 Series G Bonds to which it relates, unless extended or terminated as described in the Initial Liquidity Facility. Subject to the terms of the Initial Liquidity Facility, the University has the right and may elect to terminate the Initial Liquidity Facility in its discretion. Unless otherwise noted, all defined terms in this summary of the Initial Liquidity Facility shall have the meaning ascribed to such terms in the Initial Liquidity Facility.

“Transaction Documents” means, with respect to the Bank, the Indenture, the Initial Liquidity Facility, the 2009 Series G Bonds and the Remarketing Agreement, and all related documents.

“Eligible Bonds” means, the 2009 Series G Bonds related to such Bank and bearing interest at a Daily Rate or Weekly Rate as applicable, other than the 2009 Series G Bonds owned by, for the account of, or on behalf of, University or an affiliate thereof.

UNDER CERTAIN CIRCUMSTANCES THE OBLIGATION OF THE BANK TO PURCHASE 2009 SERIES G BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY TENDER MAY BE TERMINATED WITHOUT A PURCHASE BY THE BANK. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE INITIAL LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, ON THE 2009 SERIES G BONDS. THE INITIAL LIQUIDITY FACILITY PROVIDES FOR THE PURCHASE OF ELIGIBLE BONDS SUBJECT TO THE INITIAL LIQUIDITY FACILITY THAT ARE TENDERED FOR PURCHASE ONLY. SEE “THE 2009 SERIES G BONDS - Inadequate Funds For Tenders” HEREIN.

Purchase of Eligible Bonds by the Bank

The Bank has agreed to purchase during the Commitment Period, subject to the satisfaction of certain conditions, the Eligible Bonds subject to the Bank's Initial Liquidity Facility, which have been tendered for optional purchase or which are tendered for mandatory purchase and which have not been remarketed as provided in the Indenture. The Commitment Period begins on the date the Initial Liquidity Facility shall become effective in accordance with its terms and ends on the earliest of (a) the close of business on May 4, 2012 (if not extended); (b) the date on which no Bonds remain Outstanding, (c) the close of business on the Conversion Date on which all of the 2009 Series G Bonds have been converted to a Non-Covered Mode, provided that any Notice of Bank Purchase given by the Trustee on such date has been honored, (d) the earlier of the Termination Date and the close of business on the Business Day next following the Purchase Date for a Mandatory Tender effected as described in paragraph (b) of "Remedies Upon an Event of Default" below, provided that any Notice of Bank Purchase given by the Trustee on such date has been honored, and (e) the date on which the Available Commitment has been reduced to zero or terminated in its entirety. The price to be paid by the Bank for the 2009 Series G Bonds will be equal to the aggregate unpaid principal amount on the 2009 Series G Bonds without premium, plus interest accrued thereon on the Purchase Date, unless, in the case of interest, the Purchase Date is an Interest Payment Date. As described below, under certain circumstances a Termination Event may occur, and the obligation of the Bank to purchase the related Eligible Bonds will be automatically terminated, without prior notice or demand, and the Trustee will be unable to require the purchase of 2009 Series G Bonds under the Initial Liquidity Facility.

Events of Default

The remedies upon the occurrence of an Event of Default under the Initial Liquidity Facility may differ and depend upon the nature of the particular Event of Default. See "Remedies Upon an Event of Default" below.

(a) ***Payment on the 2009 Series G Bonds***. Any principal of, or interest on, any 2009 Series G Bond (including any Bank Bond, other than accelerated Bank Bonds) or any other amount owed to the Bank pursuant to the Initial Liquidity Facility with respect to Bank Bonds, shall not be paid when due and such default shall not have been cured within three Business Days; or

(b) ***Fee Payments***. The University shall fail to pay any annual fee owing to the Bank under the Initial Liquidity Facility within 15 days after the same shall have become due; or

(c) ***Representations***. Any representation or warranty made by or on behalf of the University in the Initial Liquidity Facility or in any Transaction Document or in any certificate or statement delivered under the Initial Liquidity Facility or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) ***Certain Covenants***. The University shall default in the due performance or observance of any of the covenants set forth in the Initial Liquidity Facility related to the appointment of a successor Trustee or a successor Remarketing Agent or related to the redemption of Bank Bonds, or

(e) ***Other Covenants***. The University shall default in the due performance or observance of any other material term, covenant or agreement contained or incorporated by reference in the Initial Liquidity Facility (other than those referred to in paragraphs (a) through (d) above) and such default shall remain unremedied for a period of 30 days after the Bank shall have given written notice thereof to the University; or

(f) ***Insolvency***. (i) The University shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the University or its Debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the University shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the University any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the University any case, proceeding or other action seeking issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof, or (iv) the University shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the University shall generally not be able to pay, or shall be unable to pay, or shall admit in writing its inability to pay, its Debts ranking on a parity with or senior to, the 2009 Series G Bonds; or

(g) ***Other Documents***. Any Event of Default under the Indenture or any "event of default" which has not been cured within any applicable cure period under any of the Transaction Documents shall have occurred and, as a result thereof, remedies have become available thereunder; or

(h) ***Invalidity***. (i) Any material provision of the Initial Liquidity Facility, the Indenture or the 2009 Series G Bonds relating to payment of principal or interest shall at any time for any reason cease to be valid and binding on the University or any Governmental Authority having jurisdiction shall find or rule that any provision of the Initial Liquidity Facility, the Indenture or the 2009 Series G Bonds requiring the University to pay principal and interest is unenforceable, non-binding or invalid, or (ii) the validity or enforceability of any provision of the Initial Liquidity Facility, the Indenture or the 2009 Series G Bonds requiring the University to pay principal and interest shall be contested by the University in writing or the University shall deny in writing that it has any or further liability or obligation under any such document; or

(i) ***University Default on Other Debt***. The University shall default in any payment of principal of or premium, if any, or interest on any general obligation of the University for borrowed money ranking on a parity with, or senior to, the 2009 Series G Bonds in excess of $1,000,000 in the aggregate and such default shall continue beyond the expiration of the applicable grace period, if any, and shall permit or result in the declaring due and payable of such obligation prior to the date on which it would otherwise have become due and payable; or

(j) ***Ratings Downgrade***. The long term ratings assigned to the 2009 Series G Bonds or any other Additional Bonds issued under the Indenture *("Parity Bonds")* by Moody's shall fall below "Baa3 (or its equivalent) and the long term ratings assigned to the 2009 Series G Bonds or any Parity Bonds by S&P shall fall below "BBB-" (or its equivalent), or each of Moody's and S&P shall withdraw or suspend their ratings on the 2009 Series G Bonds or any Parity 2009 Series G Bonds for credit-related reasons; or

(k) ***Judgments***. A final judgment or order for the payment of money in excess of $5,000,000 shall have been rendered against the University and such judgment or order shall not have been satisfied, stayed or bonded pending appeal within a period of 60 days from the date on which it was first so rendered; or

(l) ***Taxability***. A ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the 2009 Series G Bonds is includable in the gross income of the Owners or Beneficial Owners of such 2009 Series G Bonds and either (i) the University, after being notified by the Internal Revenue Service, or any such Owner or Beneficial Owner of 2009 Series G Bonds, as applicable, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered; or

(m) ***Moratorium***. Any Governmental Authority having appropriate jurisdiction over the University shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or a decree which results in, a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2009 Series G Bonds.

Remedies Upon an Event of Default

If any Event of Default occurs and is continuing, the Bank has the following remedies:

(a) In the case of any Termination Event (defined as an Event of Default described in paragraphs (a), (f), (h), (i), (j) or (m) above), the Available Commitment and the obligation of the Bank to purchase 2009 Series G Bonds shall immediately terminate without notice or demand to any Person, and thereafter the Bank shall be under no obligation to purchase 2009 Series G Bonds. Promptly upon such Event of Default, the Bank shall give written notice of the same to the University, the Trustee and the Remarketing Agent; provided, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Available Commitment and of its obligations to purchase the 2009 Series G Bonds pursuant to the Initial Liquidity Facility. The University shall cause the Trustee to notify all Bondholders of the termination of the Available Commitment and the termination of the obligation of the Bank to purchase the 2009 Series G Bonds.

(b) In case any Mandatory Tender Event (defined as any Event of Default other than a Termination Event) has occurred and is continuing, the Bank may give written notice to the University, the Trustee and the Remarketing Agent (a "*Notice of Termination*"), stating that a Mandatory Tender Event has occurred and is continuing and that the Initial Liquidity Facility will terminate on the 45th day following receipt of such notice by the Trustee (the "*Termination Date*"). Following a Notice of Termination, the Trustee shall give a Mandatory Tender Notice of a Mandatory Tender Date, which shall be at least one Business Day prior to the Termination Date. Provided that any Notice of Bank Purchase given by the Trustee to fund such Mandatory Tender shall have been honored and the Bank shall have purchased all the 2009 Series G Bonds, the Available Commitment shall terminate at the close of business on the Business Day next following the Purchase Date and the Bank shall thereafter be under no obligation to purchase 2009 Series G Bonds.

(c) Upon the occurrence of any Event of Default, the Bank may declare all accrued and unpaid amounts payable to it under the Initial Liquidity Facility immediately due and payable (other than payments of principal of and interest on Bank Bonds, acceleration rights with respect to which are governed by the Indenture), and the Bank shall have all remedies provided at law or equity, including, without limitation, specific performance; provided, however, the Bank agrees to purchase Eligible Bonds on the terms and conditions of the Initial Liquidity Facility notwithstanding the occurrence of an Event of Default which does not terminate its obligation to purchase Bonds under paragraph (a) above.

The remedies in paragraphs (a) and (b) above shall only be exclusive with respect to such Events of Default to the extent they are obtained by the Bank. If, for any reason whatsoever the Bank is not able to obtain all such remedies, then the Bank reserves the right and shall have the right to pursue any other available remedies, whether provided by law, equity or the Initial Liquidity Facility. No failure by the Bank to exercise, and no delay in exercising, any right, remedy, power or privilege under the Initial Liquidity Facility shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege under the Initial Liquidity Facility preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Extension, Reduction, Adjustment or Termination of the Initial Liquidity Facility

The Initial Liquidity Facility will expire on May 4, 2012, unless earlier terminated or, with the consent of the Bank in its sole and absolute discretion, extended for an additional period or periods, in each case in accordance with the provisions of the Initial Liquidity Facility.

Upon (i) any redemption, repayment or other payment of all or any portion of the principal amount of the 2009 Series G Bonds, (ii) any conversion of Eligible Bonds to a Non-Covered Mode or (iii) any purchase by the Bank of related 2009 Series G Bonds tendered or deemed tendered in accordance with the terms of the Indenture, such Bank's purchase commitment under the Initial Liquidity Facility with respect to principal of 2009 Series G Bonds shall automatically be reduced by the principal amount of the 2009 Series G Bonds so redeemed, repaid, converted or otherwise paid or purchased, as the case may be. The Bank's commitment with respect to interest under the Initial Liquidity Facility initially will be equal to an amount equal to thirty-four (34) days' interest on the related series of 2009 Series G Bonds, computed as if such series of 2009 Series G Bonds bore interest at the rate of twelve percent (12%) per annum, based on a year of 365 days for actual days elapsed). The commitment with respect to interest will be adjusted downward by an amount in proportion to the reduction of the commitment as to principal because of the redemption, conversion or other payment of 2009 Series G Bonds or the purchase by the Bank of 2009 Series G Bonds series tendered or deemed tendered in accordance with the terms of the Indenture.

Limitations of the Initial Liquidity Facility

The ability to obtain funds under the Initial Liquidity Facility in accordance with its terms may be limited by federal or state law, bankruptcy, conservatorship, receivership and similar laws governing financial institutions or any issuer of the Initial Liquidity Facility may prevent or restrict payment under the Initial Liquidity Facility. To the extent a short term rating on the 2009 Series G Bonds depends on the rating of the Bank, the short term ratings on the 2009 Series G Bonds could be downgraded or withdrawn if such Bank were to be downgraded, placed on credit watch or have its ratings suspended or withdrawn or were to refuse to perform under the Initial Liquidity Facility. The obligation of the Bank to purchase unremarketed 2009 Series G Bonds pursuant to the Initial Liquidity Facility is subject to the conditions and limitations set forth therein, and is also subject to all rights and defenses available to contracting parties generally. The Initial Liquidity Facility does not guaranty to pay the purchase price of the 2009 Series G Bonds tendered for purchase nor guaranty the principal of or interest on the 2009 Series G Bond. The Initial Liquidity Facility is a general contract, subject to certain conditions and limitations, and is not a letter of credit. Purchasers of the 2009 Series G Bonds should consult their legal counsel for an explanation of the differences between a general contract and a letter of credit or guaranty.

U.S. BANK NATIONAL ASSOCIATION

U.S. Bank National Association (the "*Bank*") is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp. At December 31, 2008, the Bank reported total assets of $262 billion, total deposits of $172 billion and total shareholders' equity of $21 billion. The foregoing financial information regarding the Bank has been derived from and is qualified in its entirety by the unaudited financial information contained in the Federal Financial Institutions Examination Council report Form 031, Consolidated Report of Condition and Income for the Bank with Domestic and Foreign Offices ("*Call Report*"), for the quarter ended December 31, 2008. The publicly available portions of the quarterly Call Reports with respect to the Bank are on file with, and available upon request from, the FDIC, 550 17th Street, NW, Washington, D.C. 20429 or by calling the FDIC at (877) 275-3342. The FDIC also maintains an Internet website at www.fdic.gov that contains reports and certain other information regarding depository institutions such as the Bank. Reports and other information about the Bank are available to the public at the offices of the Comptroller of the Currency at One Financial Place, Suite 2700, 440 South LaSalle Street, Chicago, IL 60605.

U.S. Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "*SEC*"). U.S. Bancorp is not guaranteeing the obligations of the Bank and is not otherwise liable for the obligations of the Bank.

Except for the contents of this section, the Bank and U.S. Bancorp assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank or U.S. Bancorp since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

SECURITY FOR THE 2009 SERIES G BONDS

General

The Indenture provides that the 2009 Series G Bonds shall be direct and general obligations of the University, and that the full faith and credit of the University shall be pledged for the payment of the principal and Redemption Price thereof and interest thereon; provided, however, there shall be excluded from the pledge of the Indenture any revenues, moneys, securities or funds heretofore or hereafter specially pledged by the University for the payment of other bonds, notes or other indebtedness. Payment of the principal and Redemption Price of the 2009 Series G Bonds and the interest thereon shall be additionally secured equally and ratably under the Indenture by a pledge of the revenues set aside by the University and received by the Trustee and all the moneys or securities held or set aside by the Trustee under the Indenture (other than amounts held in the Rebate Fund). In addition, the University has reserved the right pursuant to the Indenture to issue Additional Bonds for Additional Projects permitted thereunder upon the terms and conditions set forth therein. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND SEVENTH SUPPLEMENTAL INDENTURE—Additional Bonds for Additional Projects and Other Purposes" herein.

Further, the University has covenanted in the Indenture that it will at all times charge and collect tuition, fees, rents, charges and other revenues which, together with other legally available funds, shall be sufficient to make all payments as the same become due of principal, interest and Sinking Fund Installments with respect to any and all Indebtedness of the University and to meet all other obligations of the University.

The 2009 Series G Bonds shall not be deemed or construed to create or constitute a debt, a liability or a loan or pledge of the credit of, or be payable out of the property or funds of the State of New Jersey (the "State").

Initial Liquidity Facility

The Initial Liquidity Facility for the 2009 Series G Bonds will be the Initial Liquidity Facility between the University and the Bank. Under the Initial Liquidity Facility, the Bank will provide liquidity, subject to the satisfaction of certain conditions described therein, for the purchase of 2009 Series G Bonds bearing interest at the Daily Rate or Weekly Rate which are delivered. See "THE INITIAL LIQUIDITY FACILITY."

The University, at its discretion, may terminate the Initial Liquidity Facility or any subsequent Liquidity Facility and replace it with a Substitute Liquidity Facility, subject to the satisfaction of certain conditions described in the Seventh Supplemental Indenture. Nothing in the Seventh Supplemental Indenture shall require the University to deliver to the Trustee a Substitute Liquidity Facility upon the expiration or termination of a Liquidity Facility.

Additional Bonds

One or more Series of Additional Bonds may be issued under and secured by the Indenture for the purpose of providing funds for each Additional Project (including for the purpose of completing any Project or the funding of any deficiency in the Debt Service Reserve Fund if required pursuant to the respective Supplemental Indenture). The Bonds of each such Series shall be authenticated and delivered by the Trustee only upon receipt by it of, among other things, a certificate of an Authorized Officer of the

University stating that the University is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture.

BOOK-ENTRY-ONLY SYSTEM

Payment of principal of, premium, if any, and interest on the 2009 Series G Bonds will be made directly to The Depository Trust Company ("*DTC*"), New York, New York, or its nominee, Cede & Co., by the Trustee. In the event the 2009 Series G Bonds are not in a book-entry-only system, payment of principal of, premium, if any, and interest on the 2009 Series G Bonds will be made as described in the Indenture.

The information in this Official Statement concerning The DTC and DTC's book-entry system has been obtained from DTC and the University takes no responsibility for the completeness or accuracy thereof. The University can not and does not give any assurances that DTC, DTC Direct Participants or DTC Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2009 Series G Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2009 Series G Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2009 Series G Bonds, or that they will so do on a timely basis, or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described under this heading. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the 2009 Series G Bonds. The 2009 Series G Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the 2009 Series G Bonds, each in the aggregate principal amount of such maturity, and 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 the 2009 Series G Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Series G Bonds on DTC's records. The ownership interest of each actual purchaser of each 2009 Series G Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2009 Series G Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2009 Series G Bonds, except in the event that use of the book-entry system for the 2009 Series G Bonds is discontinued.

To facilitate subsequent transfers, all 2009 Series G Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2009 Series G Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009 Series G Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the 2009 Series G Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2009 Series G Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2009 Series G Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the 2009 Series G Bonds may wish to ascertain that the nominee holding the 2009 Series G Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the 2009 Series G Bonds of a particular maturity are being redeemed, DTC's usual practice is to determine by lot the amount of the interest of each Direct Participant the 2009 Series G Bonds of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009 Series G Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 2009 Series G Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the 2009 Series G Bonds 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 University or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct 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 Direct Participant and not of DTC (nor its nominee), the Trustee or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2009 Series G Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the Trustee, 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.

A Beneficial Owner shall give notice to elect to have its 2009 Series G Bonds purchased or tendered, through its Participant to the Trustee, and shall effect delivery of such 2009 Series G Bonds by causing the Direct Participant to transfer the Participant's interest in the 2009 Series G Bonds on DTC's records, to the Trustee. The requirement for physical delivery of 2009 Series G Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2009 Series G Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2009 Series G Bonds to the Trustee's DTC account.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC DIRECT PARTICIPANTS, DTC INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC DIRECT PARTICIPANTS, DTC INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.

DTC may discontinue providing its services as depository with respect to the 2009 Series G Bonds at any time by giving reasonable notice to the University or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2009 Series G Bond certificates will be printed and delivered.

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

PLAN OF FINANCE

Proceeds of the 2009 Series G Bonds will be applied to (i) finance and refinance the cost of expansion of, and improvements to, the University's football stadium located in Piscataway, New Jersey and (ii) pay certain administrative, legal, financing and incident expenses relating to the issuance of the 2009 Series G Bonds. The stadium project involves expanding the seating capacity to approximately 55,500 seats, upgrading the sound system, scoreboard and video board, and upgrading the concourses by adding new elevators, concession sales points and restrooms.

See "ESTIMATED SOURCES AND USES OF FUNDS."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the 2009 Series G Bonds are expected to be applied as set forth below:

SOURCES OF FUNDS	
Principal Amount of 2009 Series G Bonds	$80,000,000.00
Total Sources of Funds	$80,000,000.00
USES OF FUNDS	
Deposit to the Construction Account	$64,042,194.73
Deposit to Escrow Fund to refund Commercial Paper	15,405,000.00
Costs of Issuance*	552,805.27
Total Uses of Funds	$80,000,000.00

* Costs of issuance include, among other things, costs of liquidity facility fee, legal fees, underwriters' discount, financial advisory fees, rating agency fees, accountant's fees and printing.

TAX MATTERS

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the University, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2009 Series G Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and (ii) interest on the 2009 Series G Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for the purposes of calculating the alternative minimum tax. In rendering its opinion, Bond Counsel to the University has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University in connection with the 2009 Series G Bonds, and Bond Counsel to the University has assumed compliance by the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2009 Series G Bonds from gross income under Section 103 of the Code. The provisions of the American Recovery and Reinvestment Act of 2009 relating to the treatment of interest on certain tax-exempt bonds apply to the 2009 Series G Bonds.

In addition, in the opinion of Bond Counsel to the University, under existing statutes, interest on the 2009 Series G Bonds is exempt from the gross income of individuals under the New Jersey Gross Income Tax Act.

Bond Counsel to the University expresses no opinion regarding any other Federal or state tax consequences with respect to the 2009 Series G Bonds. Bond Counsel to the University renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel to the University expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2009 Series G Bonds, or under State and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2009 Series G Bonds in order that interest on the 2009 Series G Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2009 Series G Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2009 Series G Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The University has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2009 Series G Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2009 Series G Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2009 Series G Bonds.

Prospective owners of the 2009 Series G Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes. Interest on the 2009 Series G Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2009 Series G Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2009 Series G Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2009 Series G Bonds under Federal or state law and could affect the market price or marketability of the 2009 Series G Bonds.

Prospective purchasers of the 2009 Series G Bonds should consult their own tax advisors regarding the foregoing matters.

RATINGS

Moody's Investors Services ("*Moody's*") and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies ("*S&P*") have assigned the short-term ratings of "V-MIG-1" and "A-1+", respectively, to the 2009 Series G Bonds, based upon the strength of the Bank which provides support for the payment of the Purchase Price of the 2009 Series G Bonds tendered for purchase..

Moody's and S&P have assigned the underlying long-term ratings of "Aa3" and "AA", respectively to the 2009 Series G Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organization, and the University makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the 2009 Series G Bonds.

STATE NOT LIABLE ON THE 2009 SERIES G BONDS

Nothing in the 2009 Series G Bonds or in the Indenture shall be construed as pledging the faith and credit of the State of New Jersey or any political subdivision thereof for their payment, or to create any debt against said State or any political subdivision thereof. The University has no taxing power.

LEGALITY OF THE 2009 SERIES G BONDS FOR INVESTMENT

The 2009 Series G Bonds are legal investments, in the opinion of Bond Counsel to the University, under present provisions of New Jersey law: (i) for banks and life insurance companies in the State of New Jersey; (ii) for savings banks and savings and loan associations in the State of New Jersey, subject to certain statutory limitations on the amount of such investments; (iii) for fiduciaries, subject to the provisions of the New Jersey Prudent Investment Law; and (iv) for certain institutions, subject to the provisions of the New Jersey Uniform Management of Institutional Funds Act.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the 2009 Series G Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the University, whose approving opinion in substantially the form included herein as APPENDIX D will be attached to the 2009 Series G Bonds and delivered with such 2009 Series G Bonds. Certain legal matters will be passed upon for the University by its General Counsel, Jonathan R. Alger, Esq., New Brunswick, New Jersey. Certain legal matters will be passed upon for the Underwriters by their counsel, Cozen O'Connor, Newark, New Jersey. Certain legal matters will be passed upon for the Bank by its counsel, Emmet, Marvin & Martin, LLP, New York, New York.

UNDERWRITING

The 2009 Series G Bonds are being purchased from the University by Morgan Stanley & Co. Incorporated (the "*Underwriter*"). The Underwriter has agreed, subject to certain conditions, to purchase all of the 2009 Series G Bonds at a purchase price of $79,753,898.98, which price reflects the principal amount of the 2009 Series G bonds less an underwriter's discount equal to ($246,101.02). The Underwriter may offer and sell the 2009 Series G Bonds to certain dealers (including dealers depositing 2009 Series G Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices or yields lower than the offering prices or yields set forth on the inside cover page hereof. The purchase contract for the 2009 Series G bonds provides that the Underwriter's obligation to purchase the 2009 Series G bonds is subject to certain conditions and that the Underwriter is obligated to purchase all of the 2009 Series G Bonds, if any 2009 Series G Bonds are purchased.

FINANCIAL ADVISOR

Prager, Sealy & Co., LLC ("*Prager Sealy*") has been retained to act as financial advisor for the University in connection with the issuance of the 2009 Series G Bonds. Although Prager Sealy has assisted in the preparation of this Official Statement, Prager Sealy is not obligated to undertake, and has not undertaken to make, any independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

INDEPENDENT AUDITORS

The statements of net assets of Rutgers, The State University of New Jersey as of June 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, included in APPENDIX B – "Independent Auditors' Report and Financial Statements of Rutgers, The State University" to this Official Statement, have been audited by KPMG LLP, independent certified public accountants, as stated in their report appearing in "APPENDIX B – INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS OF RUTGERS, THE STATE UNIVERSITY" to this Official Statement.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the 2009 Series G Bonds, or questioning or affecting the validity of the 2009 Series G Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the University, nor the title of the present officers of the University to their respective offices, is being contested except as otherwise described in this Official Statement.

The University, in its normal operations, is a defendant in various legal actions. The Administration is of the opinion that the outcome of these matters will not have a material adverse effect on the financial position or operations of the University.

CONTINUING DISCLOSURE UNDERTAKING

The Securities and Exchange Commission (the "*SEC*"), pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "*Securities Exchange Act*") has adopted amendments to its Rule 15c2-12 ("*Rule 15c2-12*") effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer ("*Participating Underwriter*") from purchasing or selling municipal securities, such as the 2009 Series G Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to various information repositories.

The University has covenanted with the Trustee for the benefit of Bondholders to provide certain financial information and operating data relating to the University by not later than 180 days following the end of the University's Fiscal Year beginning with the Fiscal Year ending June 30, 2009 (the "*Annual Report*"), and to provide notices of the occurrence of certain enumerated material events. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND SEVENTH SUPPLEMENTAL INDENTURE — Continuing Disclosure Undertaking."

The Annual Report will be filed, or caused to be filed, by the University with each Nationally Recognized Municipal Securities Information Repository. As of the date of this Official Statement, to the best of the University's knowledge, the State of New Jersey has not established a State Information Repository within the meaning of Rule 15c2-12 and consequently the University shall not file an Annual Report with a State Information Repository. The notices of material events will be filed, or caused to be filed, by the University with each Nationally Recognized Municipal Securities Information Repository or to the Municipal Securities Rulemaking Board.

The University has not failed to provide annual financial information or notices of material events pursuant to the requirements of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act.

The SEC recently adopted certain amendments to Rule 15c2-12, which amendments become effective July 1, 2009. Pursuant to such amendments, it is expected that the University will be required to file or cause to be filed the annual financial information and material event notices with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system for municipal securities disclosures instead of with each Nationally Recognized Municipal Securities Information Repository.

CLOSING CERTIFICATE

Concurrently with delivery of the 2009 Series G Bonds, the University, will furnish a certificate executed by its President or Senior Vice President for Finance and Administration to the effect that this Official Statement, as of the date of this Official Statement and as of the date of delivery of the 2009 Series G Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The references herein to the Act and the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act and the Indenture, respectively, for a full and complete statement of such provisions. Copies of the documents mentioned in this paragraph are on file at the Office of the University's Senior Vice President for Finance and Administration.

The execution and delivery of this Official Statement by its Senior Vice President for Finance and Administration have been duly authorized by the University.

RUTGERS, THE STATE UNIVERSITY

By: /s/ Bruce C. Fehn
Senior Vice President for
Finance and Administration

Dated: April 29, 2009

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APPENDIX A

INFORMATION CONCERNING THE UNIVERSITY

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RUTGERS, THE STATE UNIVERSITY

General Background

Rutgers, The State University ("Rutgers", or the "University"), one of the nation's nine colonial colleges, consists of 27 schools and colleges located at campuses in New Brunswick and adjacent areas, Newark and Camden, and maintains educational services in many other communities throughout the State of New Jersey (the "State"). The University is the State University of New Jersey and the Land Grant College of the State of New Jersey. The University was created as a body corporate and politic with the title "The Trustees of Queens College in New Jersey" by royal charter granted by King George III on November 10, 1766. The charter was amended and confirmed by the Council and General Assembly of New Jersey in 1781 and again in 1799. Its title was changed to "The Trustees of Rutgers College in New Jersey" in 1825. In 1864, the Scientific School of Rutgers College was designated the "Land Grant College of the State of New Jersey" with curricula in agriculture, engineering and chemistry. In 1945, the various departments of higher education maintained were collectively designated the State University of New Jersey to be utilized as an instrumentality of the State for providing public higher education and thereby increasing the efficiency of its public school system. The University's title was changed to "Rutgers, The State University" and its charter was amended and supplemented by an act of the Legislature of the State in 1956 (the "Rutgers Law").

All of the University's property and educational facilities are impressed with a public trust for higher education of the people of the State. The Board of Governors of the University presents an annual request for State support of the University to the State Department of the Treasury and to the State Commission on Higher Education (the "State Commission") in accordance with legislation adopted in 1994. See "Budgeting Procedures of the University" herein.

The Board of Governors has general supervision over the conduct of the University and is responsible for determining the programs and degree levels to be offered by the University, but final administrative decisions over new academic programs that go beyond the University's programmatic mission rest with the State Commission.

The Board of Trustees of the University is designated under the Rutgers Law to serve in an overall advisory capacity to the Board of Governors and to the University. The Board of Trustees must approve the use of properties acquired by the University prior to passage of the Rutgers Law and also invests certain funds under its control. (See page (i) for a current listing of members of the Board of Governors and Board of Trustees, as well as certain University administrative officers.)

Unless otherwise indicated, references to years are to the University's fiscal year ended June 30.

Campuses and Academic Programs

The University has seven main campuses: the Busch Campus in Piscataway (779 acres), the College Avenue Campus in New Brunswick (69 acres), the Cook Campus in New Brunswick and North Brunswick (707 acres), the Douglass Campus in New Brunswick (180 acres) ("Douglass"), the Livingston Campus in Piscataway and Edison (972 acres) ("Livingston"), the Camden Campus (27 acres) and the Newark Campus (38 acres). In total, the University operates research and instructional facilities on 5,927 acres in 12 counties and 27 municipalities.

University degrees are awarded by 27 schools and colleges. In New Brunswick, 13 colleges and schools offer degrees: the School of Arts and Sciences, the School of Environmental and Biological Sciences, the School of Engineering, the Ernest Mario School of Pharmacy, Mason Gross School of the Arts, Rutgers Business School: Undergraduate-New Brunswick, the Edward J. Bloustein School of Planning and Public Policy, the Graduate School-New Brunswick, the Graduate School of Applied and Professional Psychology, the Graduate School of Education, the School of Communication, Information and Library Studies, the School of Social Work, and the School of Management and Labor Relations. In Newark, eight colleges and schools offer degrees: Newark College of Arts and Sciences, University College-Newark, the Graduate School-Newark, the College of Nursing, Rutgers Business School: Undergraduate-Newark, the School of Public Affairs and Administration, the School of Law-Newark and the School of Criminal Justice. In Newark and New Brunswick, one school offers degrees: Rutgers Business School: Graduate Programs–Newark/New Brunswick. In Camden, five colleges and schools offer degrees: Camden College of Arts and Sciences, University College-Camden, the School of Law-Camden, the Graduate School-Camden and the School of Business-Camden.

In order to coordinate University academic programs and other activities to make programs and facilities available to all, the University has developed an inter-campus bus system consisting of 42 buses on 11 routes which is designed to meet the transportation needs of students, faculty and staff on the five New Brunswick campuses. Inter-campus buses carry more than 225,000 passengers per week when classes are in session on a schedule that operates over a period of approximately 20 hours a day during the academic year. During the current calendar year, University buses will transport approximately 6.5 million passengers.

Faculty and Staff

Many of the University's faculty members have received the highest recognition from their peers by being named fellows of prominent scholarly organizations or have received other prestigious awards for their distinguished accomplishments. These include 49 memberships in the National Academies of Sciences and Engineering, the American Academy of Arts and Sciences and the Institute of Medicine.

Among the notable awards earned by members of the University faculty this past year are: Carolyn Brown, Associate Professor of History, received a 2008-09 Distinguished Lecturing Chair Award from the Canada-U.S. Fulbright Program; Sumit Guha, Professor of History and Director of the South Asian Studies Program, was awarded a Guggenheim Fellowship; David Greenberg, Assistant Professor of Journalism and Media Studies, received the 2008 Hiett Prize in the Humanities; Annette Gordon-Reed, professor of history, won the 2008 National Book Award for Nonfiction for *The Hemingses of Monticello: An American Family*; Kristjan Haule, an Assistant Professor of Physics, won an Alfred P. Sloan Foundation Research Fellowship; and Endre Szemeredi, Professor of Computer Science, was awarded the American Mathematical Society's 2008 Leroy P. Steele Prize for his work on the Szemeredi theorem used in number theory and computer science.

As of April 17, 2009, the University's faculty and staff who were employed full-time or part-time on a regular basis totaled approximately 13,074, of whom 10,456 are represented, for purposes of collective negotiations, by the following labor organizations: 2,783 faculty and 1,763 teaching assistants and graduate assistants are represented by the Rutgers Council of American Association of University Professors ("AAUP") Chapters; 1,985 administrative employees are represented by the Union of Rutgers Administrators, American Federation of Teachers ("URA-AFT"); 1,419 service and maintenance employees are represented by the American Federation of State, County and Municipal Employees ("AFSCME") Local 888; 971 clerical, office, laboratory and technical employees are represented by AFSCME Local 1761; 24 Educational Opportunity Fund counselors are represented by the EOF Chapter of the Rutgers Council of AAUP Chapters; 28 operating engineers are represented by the International Union of Operating Engineers ("IUOE") Local 68-68A; 11 student health service physicians are represented by Doctors Council/Services Employees International Union; 67 police officers are represented by Fraternal Order of Police ("FOP")-Primary Unit; 28 police sergeants, detectives and lieutenants are represented by FOP-Superior Officers Association; and 1,078 Part-Time Lecturers ("PTL"), who are instructional personnel employed on a per course basis, are represented by the Part-Time Lecturer Faculty Chapter of the Rutgers Council of AAUP Chapters. There are also 299 PTLs who are not yet eligible for the PTL bargaining unit. The remaining 2,618 employees who are not represented by unions consist of 2,147 administrative employees, 338 post-doctoral associates and 133 confidential or visiting employees. Collectively negotiated agreements are in place for the ten unionized groups covering the period July 1, 2007 - June 30, 2011, with the exception of the two FOP contracts expiring June 30, 2009. Negotiations for successor contracts have not yet been initiated.

Accreditation

Following a self-study evaluation visit, the Middle States Commission on Higher Education reaffirmed the University's accreditation without conditions in June 2008. Certain programs at the University are also accredited by specialized accrediting organizations.

The Middle States Commission review team noted particular accomplishments made in the area of undergraduate education and confirmed its support for the University's efforts to create a unified School of Arts and Sciences in New Brunswick and enhance undergraduate programs in Newark and Camden.

AAU Membership

In 1989, the University was elected to membership in the prestigious Association of American Universities (the "AAU"), an association of the 62 leading research universities in the United States and Canada. The AAU focuses on issues that are important to research-intensive universities, such as funding for research, research policy issues, and graduate and undergraduate education. Rutgers and Princeton University are the only AAU member institutions in the State.

Currently, Rutgers ranks among the top half of public AAU institutions in the number of memberships in the National Academies of Engineering and Sciences, the Institute of Health, and the American Academy of Arts and Sciences.

Research and Development

The University's prestigious faculty has received significantly increased research funding for the University. Total awards for sponsored research and programs reached an all-time high of $327.2 million in 2008 (up from $257.2 million in 2004). Federal funding remains the most significant source of research funding for the University. Federal support for research and development increased to a record

$211.2 million in 2008, or 64.6% of the externally sponsored research funds, representing an 8% increase from 2007. The National Institute of Health ("NIH") of the United States Department of Health and Human Services and the National Science Foundation provides the greatest number of grants and the largest amounts of Federal dollars to the University. In 2008, the University received $65.5 million in NIH funding and $48.3 million in National Science Foundation funding.

In 2008, corporate support for research and development was $16.1 million and other sources of support, including foundations, totaled $46.0 million. Also, during a period of increasingly limited State funding, State support for research and development was maintained, providing the University with approximately $41.7 million in 2007 and $53.9 million in 2008. With regard to large awards from government agencies and corporations, 73 faculty and staff of the University were awarded grants that exceeded $500,000 during 2008, up from 15 recipients of large grants in 2000.

Since 1999, the University significantly increased its research and development expenditures. In 2008, the University spent approximately $318.4 million on research activities ($157.4 million of which was expended for sponsored research and $70.4 million of which was expended for budgeted research and development). An additional approximately $90.6 million was expended for other sponsored programs. The University's total research and development expenditures rose by over 68% from 1999 to 2008.

From 1991 to 2008, the annual number of U.S. patent applications filed by Rutgers increased from 21 to 83. The annual number of patents issued to Rutgers has risen for the same period from 10 to 36 and annual licensing income increased from $1.7 million to $8.4 million (which places Rutgers in the top five among schools in the country without medical schools). The University's faculty have created 60 spin-off companies with licenses executed, including 34 within the State. As of June 30, 2008, the University owned over 450 U.S. patents, 290 of which have been issued in the last decade.

In 2008, Rutgers was awarded many significant grants and contracts. Among such grants are the following:

- NIH awarded a $57.8 million grant to the Rutgers Cell and DNA Repository. The first award is a five-year cooperative agreement with the National Institute of Mental Health to establish the Center for Genomic Studies on Mental Disorders based at Rutgers. It has a budget of $42.4 million plus a supplemental award of $1.2 million. The second award is a five-year, $14 million contract with the National Institute of Diabetes and Digestive and Kidney Diseases. This contract funds cellular and molecular biology laboratory services and infrastructure in support of research aimed at finding the causes of metabolic and digestive diseases.

- Federal Highway Administration (FHWA) awarded a competitive five-year contract worth up to $25.5 million to the Rutgers Center for Advanced Infrastructure and Transportation (CAIT), as prime contractor, for the FHWA Long-Term Bridge Performance (LTBP) program, to improve the understanding of bridge performance through monitoring and testing of full scale bridges. Findings will impact the way bridges are inspected, rehabilitated, and renewed/reconstructed.

- Robert Wood Johnson Foundation awarded a $10 million grant to the School of Environmental and Biological Sciences to establish the Institute for Food, Nutrition and Health.

- National Institute of Mental Health awarded a five-year, $8 million grant to Rutgers Center for Behavioral Health Services and Criminal Justice Research, to establish the center as an Advanced Center for Innovation in Services and Intervention Research, to enhance the University's ability to recruit additional researchers and develop new intervention projects in its expanded focus.

- National Science Foundation awarded a $2.1 million grant to the Graduate School of Education (GSE) in New Brunswick to continue a long-running research project on how children learn mathematics.

- National Science Foundation's ADVANCE program awarded the Office for the Promotion of Women in Science, Mathematics and Engineering (WISEM) a five-year, $3.7 million grant to promote the participation and advancement of women in science, engineering and mathematics at the University.

Table 1 summarizes the University's research grants and contracts for 2004 through 2008.

TABLE 1
Research Grants and Contracts
(in millions of dollars)

	2004	2005	2006	2007	2008
Federal	$159.9	$171.3	$171.7	$195.6	$211.2
State of New Jersey	39.0	44.0	60.1	40.7	53.9
Corporate	14.3	20.3	21.0	24.8	16.1
Foundations/Other	44.0	59.9	45.1	48.6	46.0
	$257.2	$295.5	$297.9	$309.7	$327.2

University Enrollment

The University conducts an aggressive program to recruit and enroll a highly competitive and diverse student body. This program is based on a strategic marketing plan and is undertaken by professional admissions officers, currently enrolled students and alumni volunteers in a multi-state network. Admissions staff and alumni recruiters are actively involved in distant states, including California, Colorado, Florida, Georgia, Illinois, Ohio, South Carolina and Texas, as well as in more proximate states, such as Connecticut, Delaware, Maine, Maryland, Massachusetts, New York, Pennsylvania, Rhode Island, Virginia, and Washington, DC. Admissions staff are also recruiting abroad in India, Asia, and the Middle East. The University maintains a state, national and global reach by attracting competitive applicants from 50 states and 144 foreign countries. Integral to the success of the admissions process is the achievement of the annual enrollment goals at the undergraduate collegiate units. These goals consist of distinct targets purposefully determined and affirmed by the University's administration. Goals are based on extended enrollment projections, application and enrollment trends, budgetary resources and special initiatives affecting short and long-term enrollments.

For Fall 2008, the University enrolled 10,004 new undergraduate students (consisting of 7,102 first year students and 2,902 transfer students). Overall new student enrollment increased by 9% so that course offerings and instructional quality could be maintained with the constraints of allocated State resources.

TABLE 2
Fall First Year Enrollments
Day Undergraduate Colleges

	2004-05	2005-06	2006-07	2007-08	2008-09
Applicants	28,160	28,933	30,695	32,153	32,816
% Admitted (selectivity)	62.9	61.0	60.4	59.4	59.9
Admitted Students	17,702	17,659	18,540	19,142	19,659
% Enrolled (yield)	33.3	33.9	33.4	35.0	36.1
Enrolled Students	5,887	5,993	6,189	6,696	7,102
Mean SAT (Regular)	1,161	1,167	1,152	1,141	1,141

TABLE 3
Fall First Year and Transfer Students
Day Undergraduate Colleges

	2004-05	2005-06	2006-07	2007-08	2008-09
Applicants	37,487	37,919	40,228	42,101	43,296
Admitted Students	21,863	21,458	22,650	23,776	24,802
Enrolled Students	8,066	7,902	8,245	9,169	10,004

The University continues to admit higher quality students, as seen in the SAT scores of first year students set forth in Table 4 below. The combined SAT mean score for the regularly admitted first-year students of the University increased by 2 points, moving from a combined mean (Critical Reading plus Math) of 1196 in Fall 2007 to a combined mean of 1198 in Fall 2008. The current Fall 2008 SAT mean of 1198 for entering first-year students is close to 200 points higher than the State of New Jersey SAT mean (1008) and the national SAT mean (1017).

This SAT increase was achieved concurrently with enrolling the largest first-year class in approximately 30 years, and increasing underrepresented minority enrollment from 20% to 23%. Increases took place for African American, Puerto Rican, other Latino, and Native American students. The majority of Rutgers enrolling first-year students are non-white.

For Fall 2008, the University enrolled 52,471 students (see Table 4), representing the highest enrollment in history, exceeding the previous high of 51,480 students in Fall 2002 by nearly 1,000 students.

The undergraduate student faculty ratio of full-time equivalent students to full-time equivalent instructional faculty for Fall 2008 was 14 to 1.

The University administration is committing increased research and attention to promoting the University's statewide, national and international visibility and public perception through various marketing efforts. The University has enhanced traditional marketing efforts with its web presence and has partnered with a firm to redesign the University web site, based on extensive research. The University's new admissions web site is scheduled to be released during the spring, 2009.

TABLE 4
University Enrollment

	New Brunswick			Newark			Camden			
Year	**SAT***	**UG**	**Grad & Prof**	**SAT***	**UG**	**Grad & Prof**	**SAT***	**UG**	**Grad & Prof**	**University Wide TOTAL**
2004-05	1,226	26,814	7,883	1,128	6,608	3,685	1,128	4,007	1,556	50,553
2005-06	1,230	26,713	7,736	1,136	6,513	3,733	1,136	3,846	1,475	50,016
2006-07	1,227	26,691	7,701	1,109	6,503	3,700	1,121	3,694	1,471	49,760
2007-08	1,216	26,829	7,975	1,091	6,685	3,868	1,115	3,690	1,469	50,516
2008-09	1,218	28,031	8,010	1,090	7,001	4,031	1,115	3,870	1,528	52,471

*Combined mean score for regularly Admitted First Year Students
UG – Undergraduate

Budgeting Procedures of the University

The University submits its budget of operating expenses for each Fiscal Year directly to the Treasurer of the State for further review and eventual incorporation in the Governor's budget for the State's fiscal year. A portion of the amount included in such budget for educational and general operating expenditures is then appropriated out of the State's General Fund and held by the State for payment to the University from time to time during the fiscal year. Auxiliary enterprise facilities are operated substantially on a self-supporting basis. Moneys appropriated for capital construction of academic facilities are made available by the State to the University and expended as required.

When the State's appropriation for operating expenses is approved by the Legislature of the State and enacted into law, an operating budget for the University is developed by the Vice President for University Budgeting, working with University Vice Presidents and Chancellors. Thereafter, the responsibility for budgetary control rests with the Office of the Senior Vice President for Finance and Administration. Monthly budget reports and summaries are furnished to all appropriate operating personnel to keep them informed of expenditures and commitments to date and uncommitted balances by class of expenditures. Budget summaries are reviewed and analyzed by the Senior Vice President for Finance and Administration and appropriate steps are taken to ensure that budgets are adhered to or adjusted to meet changed needs.

Budgeted Revenues of the University

Table 5 summarizes the University's 2008 actual and budgeted 2009 current funds (including unrestricted and restricted funds), revenues by source, the total of which supports total actual or budgeted expenditures of similar amounts.

TABLE 5

	Fiscal Year Ending June 30, (in thousands of dollars)	
	2008 Actual	**2009 Budget**
OPERATING REVENUES		
Student Tuition and Fees (net of scholarship allowances of $104,011 and $111,235, respectively)	$ 472,294	$ 505,098
Federal Appropriations	6,594	6,000
Federal Grants and Contracts	202,795	208,800
State and Municipal Grants and Contracts	118,843	120,000
Nongovernmental Grants and Contracts	59,939	61,622
Auxiliary Enterprises (net of scholarship allowances of $25,394 and $26,663, respectively)	207,395	217,762
Other Operating Revenues	56,451	52,100
Total Operating Revenues	$ 1,124,311	$ 1,171,382
NON-OPERATING REVENUES		
State Appropriations	$ 328,895	$ 309,523
Fringe Benefits Paid Directly by the State	147,616	155,657
Gifts	47,929	42,000
Investment Income (including Unrealized Gains on Marketable Securities)	29,372	24,115
Other Non-operating Revenues	640	0
Total Non-operating Revenues	$ 554,452	$ 531,295
TOTAL OPERATING AND NON-OPERATING REVENUES	$1,678,763	$1,702,677

For Academic Year 2008-2009, applications to the University increased by 2.8%. The total headcount enrollment of 52,471 for the fall semester 2008 is 1,955, or 3.9%, greater than the headcount enrollment for the fall semester 2007. The combination of increased enrollments and increased tuition rates has resulted in a projected $41.3 million increase in revenue in support of the Academic Year 2008-2009 General University Budget. However, no assurance can be made that enrollments will continue at the current levels.

Tuition, Charges and Fees

The University operates its day programs on a two-semester basis. Tuition and fees vary with the college and school year. Table 6 sets forth the undergraduate tuition and fees per academic year or other basis for full-time and part-time students enrolled in Rutgers College and graduate tuition for full-time and part-time students enrolled in the Graduate School of New Brunswick.

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TABLE 6

	2006	2007	2008	2009
TUITION:				
Undergraduate students:				
Residents of New Jersey:				
Full-time students	7,336	7,923	8,541	9,268
Part-time students[2]	237	255	275	299
Non-residents of New Jersey:				
Full-time students	14,935	16,428	17,710	19,482
Part-time students[2]	484	533	574	632
Graduate students:				
Residents of New Jersey:				
Full-time students[1]	7,830-10,440	8,613-11,484	9,285-12,380	10,080-13440
Part-time students[2]	435	479	516	560
Non-residents of New Jersey:				
Full-time students[1]	11,641-15,521	12,805-17,074	13,804-18,406	15,192-20,256
Part-time students[2]	647	711	767	844
Students at University College:				
Residents of New Jersey[2,4]	237	255	275	299
Non-residents of New Jersey[2,4]	484	533	574	632
Summer Session students:				
Undergraduate students:				
Residents of New Jersey[2]	237	255	275	299
Non-residents of New Jersey[2]	484	533	574	632
Graduate Students:				
Residents of New Jersey[2]	435	479	516	560
Non-residents of New Jersey[2]	647	711	767	844
COLLEGE FEE:				
Full-time students[8]	1,635	1,770	1,870	1,989
Part-time students[8]	305	330	377	403
COMPUTER FEE:				
Full-time students	250	265	275	283
Part-timestudents[3]	50-118	53-125	55-138	59-142
BOARD, ROOM AND APARTMENT CHARGES:				
Board charges[5]	3,460	3,630	3,810	4,000
Room charges	5,378	5,682	5,952	6,232
Apartment rental per student family				
Efficiency[6]	654	-	-	-
One-bedroom[6]	787	834	842	884
Two-bedroom[6]	871-998	923-1057	999-1,067	1,120-1,049
Apartment rentals per student in groups of four				
Two-bedroom[7]	5,741	6,070	6,360	6,723

(1) Effective July 1, 2003, the University changed the definition of a full time graduate student from 12 credits to 9 credits per semester (except for business and law). All graduate students (except for business and law) are charged on a per credit basis up to 12 credits per semester. Tuition charges are capped at 12 credits per semester. Graduate business and law students taking less than 12 credits are charged tuition on a per credit basis. At 12 credits and above, tuition is charged at a flat rate.
(2) Charge per credit hour taken.
(3) Part-time computer fee based on sliding scale of credit hours taken per semester.
(4) Effective July 1, 1999, University College students registered for 12 credits or more are charged the full time undergraduate rate.
(5) Board charges based on the 285 meal plan.
(6) Per month over a 12 month period. Apartments are unfurnished, rent includes utilities. Efficiency not used in 2007, 2008 and 2009.
(7) Per academic year. Apartments are furnished and rent includes utilities.
(8) Due to the reorganization of Undergraduate Education, effective July 1, 2007, the college fee includes the campus fee and the school fee.

The University charges a college fee which is the aggregate of a number of components and which provides funds for student activities programs, intercollegiate athletics, health services and medical insurance, parking, transportation, a portion of the University's debt service, capital improvements and the operating costs of student centers and recreation centers.

The University, by resolution, has pledged certain components of the college fee to secure the University's outstanding Revenue Bonds and Revenue Refunding Bonds. The pledged fees, more particularly, consist of: (i) a housing and dining debt service fee of $16 per year for each full-time undergraduate student and $5 per year for each full-time graduate student in the New Brunswick area; (ii) a student center system debt service fee of $116 per year for each full-time student and $29 per year for each part-time student; and (iii) the first $200,000 of a parking and transportation fee of $72 per year for each full-time student and $36 per year for each part-time student throughout the New Brunswick campuses for the Douglass Campus and College Avenue parking garages.

Student Financial Aid

The University has traditionally utilized its current policy of admissions without regard to financial ability to meet the cost of Rutgers' education, together with a commitment to provide assistance to those admitted who demonstrate need. During 2008, 40,078 University students (79% of the total enrollment) received some form of University administered student aid.

For the past 45 years, Federal student assistance programs have been a major source of financial aid for the University's students. In 2008, University students received a total of $348.1 million in direct Federal and State aid through a variety of programs. This aid included $73.2 million borrowed through the Federal Direct Student Loan Program ("Direct Loan Program") which the University opted to join on behalf of its students. The Direct Loan Program provides direct financing and direct delivery of loan funds to eligible borrowers to cover the costs of postsecondary education. Participating schools, acting on behalf of the Federal government, determine student and parent loan amounts, obtain signed promissory notes, and disburse funds to borrowers. Servicing loans and collecting Direct Loan Program repayments is the responsibility of the Federal government and/or its designated contractors.

Table 7 provides information concerning financial assistance the University has provided to students for the five years ended June 30, 2008. It is expected that total aid offered to registered students will be approximately $524.3 million in 2009. All programs under the aegis of the Federal and state governments are subject to appropriations and funding by the respective legislatures and there can be no assurance that such funding will be available in the future.

TABLE 7

	2004	2005	2006	2007	2008
	(in millions of dollars)				
Scholarships/Grants:					
Institutional Funds*	$ 78.9	$ 72.3	$ 76.4	$ 88.4	$ 95.9
State Funds	45.4	49.8	51.7	56.9	60.8
External	5.8	6.2	6.1	6.8	7.4
Federal Funds	32.4	31.2	30.0	32.7	35.4
Total Scholarships/Grants	162.5	159.5	164.2	184.8	199.5
Loans Made To Students:					
University Loan Funds	0.3	0.3	0	0.2	0.1
State Loan Funds	17.7	21.1	27.9	41.5	68.0
External Funds	10.7	15.6	23.4	25.5	22.1
Federal Loan Funds	153.1	163.3	167.2	171.2	178.5
Total Loans Made To Students	181.8	200.3	218.5	238.4	268.7
Student Employment:					
Federal Work-Study	5.1	5.1	5.8	5.5	5.4
University Student Payroll	21.3	25.6	24.7	23.0	24.8
Total Student Employment	26.4	30.7	30.5	28.5	30.2
Total Student Financial Aid	**$370.7**	**$390.5**	**$413.2**	**$451.7**	**$498.4**

* Includes tuition remission benefits provided to graduate and teaching assistants, employees and children of employees.

Federal funds referred to herein and in Table 7 include the Perkins Loan Program, the Federal Work-Study Program, Federal Supplemental Educational Opportunity Grants, and Pell Grants. Included in State funds are the New Jersey Tuition Aid Grant, the Educational Opportunity Fund, and the three specific merit scholarships which taken together comprise the Garden State Scholarship Program. University loan funds referred to in such table include emergency loan accounts, as well as the Rutgers University Loan Program.

The Rutgers University Loan Program offers low interest (5%) loans to exceptionally needy students. It was funded by bringing together balances from various short-term emergency loan accounts which had been historically under-utilized, and has proven to be an invaluable supplement to the federal loan programs for needy students.

In 1989, the University instituted a Rutgers Assistance Grant Program ("RAG"). RAG was instituted in recognition of the fact that Federal and State grant funding had failed to keep pace with the cost of education, and that as a result students were facing undue hardships in the areas of both access and continued ability to meet costs of tuition and charges. In 2007, RAG awarded $11.2 million to 4,850 recipients and in 2008, it awarded $13.2 million to 4,583 recipients. Rutgers Assistance Grants are included in "Institutional Funds" in Table 7.

State Appropriations to the University

The University has received annually and anticipates receiving appropriations from the State, which are to be applied to the educational and general expenditures of the University, and at times receives appropriations for capital construction.

The State, in accordance with State statutes, also makes employer contributions on behalf of the University's two retirement plans. Pension expenses paid directly by the State for 2008 aggregated $47.8 million ($44.7 million in 2007) of which $10.1 million ($9.4 million in 2007) has been reimbursed to the State from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University has no direct pension obligation associated with the State plans, and no liability for such costs has been reflected in the financial statements of the University. See "APPENDIX B – Independent Auditors' Report and Financial Statements of Rutgers, The State University" herein.

During the five years ended June 30, 2008, the State appropriations received by the University for educational and general expenditures, together with fringe benefits for Rutgers employees paid directly by the State, aggregated over $2.3 billion and are summarized as follows:

TABLE 8
(in thousands of dollars)

Year Ended June 30	State Appropriation	Fringe Benefits Paid Directly by the State	Total
2004	$ 312,211	$ 116,767	$ 428,978
2005	325,951	122,733	448,684
2006	356,250	134,439	490,689
2007*	309,370	146,394	455,764
2008	328,895	147,616	476,511
TOTAL............................	$1,632,677	$667,949	$2,300,626

*Beginning in, 2007, following an accounting methodology change, the State appropriation amounts no longer include Educational Opportunity Fund payments. Fiscal Years 2004, 2005 and 2006 have been adjusted to reflect this accounting methodology change, and therefore the above figures will not match the University's earlier financial statements.

The five year trend, as detailed above, shows an increase of 5.3% over the five year period of 2004 to 2008 of $16.7 million in direct State appropriation. However, as shown above, appropriations can vary significantly from year to year. The 2006 appropriation increase of $30.3 million was followed by a $46.9 million appropriation decrease in 2007.

The 2009 direct appropriation for the University is $293.0 million with the University expecting to receive an additional $12.4 million from the State to support negotiated salary increases for a total of $305.4 million in State support. The University has no assurance that State appropriations will be received in amounts equal to the approved budgeted amount for any given year. The variations in State funding over the period shown have to date been offset by tuition increases coupled with strong enrollment demand, targeted reductions to unit budgets as necessary, and an emphasis on increasing revenues from other sources.

Governmental Grants and Contracts

Revenues from governmental grants and contracts, including recovery of indirect costs, aggregated $321,638,000 in 2008. Revenues from government grants and contracts include funds received for sponsored research programs, other sponsored programs and student financial aid.

Sponsored research programs include: research in physical, mathematical and computer sciences; biomedical and life sciences; agricultural sciences; engineering; social and behavioral sciences; humanities; and the creative and performing arts. Other sponsored programs include support for training, public service and library initiatives. Student financial aid programs include the Pell Grant Program and the State of New Jersey Tuition Aid Grant Program. See "Research and Development" herein.

Gifts, Grants and Bequests to the University

Private sources of funding provide another significant resource and a strong source of funding for the University. These funds support critically important projects, such as graduate fellowships and laboratory development. Yearly donations to the University through the Rutgers University Foundation increased steadily through the 1990s to reach a record high in 2008.

Table 9 summarizes gifts, grants and bequests (including transfers from The Rutgers University Foundation) to the University for the five years ended June 30, 2008.

TABLE 9

Fiscal Year	Total (in thousands of dollars)
2004	$ 379,118
2005	391,151
2006	390,931
2007	444,736
2008	459,292
TOTAL	$ 2,065,228

Capital Projects and Strategic Planning

As a result of increasing student demand and the University's desire to meet such demand with quality academic programs and student life, the University has increased its commitment of resources to infrastructure improvements, construction of new state-of-the-art academic buildings and residential halls, as well as technology enhancement initiatives. To guide the University's future development and growth, the University administration, together with faculty, students and the communities in which each campus is located, have been actively engaged in strategic and capital planning for the University.

In 2004, the President and Board of Governors of the University identified five long-term strategic goals. These long-term strategic goals consist, generally, of: (i) academic excellence, (ii) enhancement of student residences and services, (iii) improvement of relations between the University and the respective communities in which the University campus is located, (iv) expansion of University resources, and (v) development of leadership within the University. Each goal represents a path for achieving two primary objectives for the University — greater academic distinction and more significant service to communities beyond the campuses. The five strategic goals are reviewed on an annual basis with specific areas of emphasis and effort identified for each goal each academic year.

In 2003, the Board of Governors approved the 2003 Physical Master Plan of the University (the "Physical Master Plan"). The Physical Master Plan provides a University-wide comprehensive assessment of the University's facilities needs and physical growth in support of its academic mission. The Physical Master Plan is intended for, and has been utilized in, providing a conceptual outline of controlled University development and as a vehicle for evaluating the allocation of University resources for capital projects. Supplementing the Physical Master Plan is the 2005 New Brunswick-specific project titled "A New Vision for the College Avenue Campus".

Central to the redevelopment of the New Brunswick campus is a plan for the closing of a portion of College Avenue to vehicular traffic and the transformation of College Avenue into a landscaped greenway to improve campus aesthetics, enhance pedestrian safety and encourage social interaction. Later phases of the redevelopment would extend the greenway the full length of College Avenue. The College Avenue redevelopment plan also includes construction of new academic buildings and partial occupancy of a mixed use gateway building, development of a major transportation hub and construction of new higher quality residence halls and student service hubs. The proposed transformation of College Avenue is a multi-year development plan. To date, the University has committed $17.0 million for the first phase of this project, a portion of which will be financed from proceeds of the 2009 Series F Bonds.

Guided by the Physical Master Plan and "A New Vision for the College Avenue Campus", the University is seeking to transform its campuses in Camden, Newark and New Brunswick with nearly two million square feet of new and renovated academic, residential and service spaces. More than two dozen major construction projects, planned, in progress, or completed, are intended to enable the University to better fulfill its mission of teaching, research, and service across the State and beyond. These projects are also projected to significantly expand the University's role as an economic engine within its host communities.

The major construction projects completed or in progress include:

<u>New Brunswick Campus</u>

Biomedical Engineering Building: A $33.5 million state-of-the-art structure on the Busch Campus added nearly eight times the academic and support space currently allocated to this growing discipline. The new building, dedicated in spring 2007, includes conference and classroom facilities, research laboratories, laboratory support facilities, teaching labs, faculty office space, and computer facilities. The building also includes a 150-seat auditorium with audiovisual conferencing capabilities.

Busch Housing Facility: A new housing project will provide much needed first year housing for which there is presently an inadequate inventory and a demonstrated demand. Construction of 500 double occupancy beds in two buildings costing approximately $57.0 million are expected to be completed by August 2011.

Center for Advanced Infrastructure and Transportation (CAIT): A new research and teaching facility was designed for civil engineering on the Busch Campus. The $4.6 million, two-story facility was funded by Rutgers, state and federal departments of transportation, and transportation industry groups and opened in 2006.

Center for Integrative Proteomics Technologies: A new $55.0 million facility on the Busch Campus will be a shared instrumentation resource and proteomics research facility, including the Protein Data Bank. It is scheduled for completion in 2011.

College Avenue Greening: A $17.0 million outdoor greening project involving the transformation of College Avenue between Huntington Street and Bishop Place on the College Avenue Campus. Features will include new public outdoor gathering spaces, pedestrian plazas and an intercampus bus hub near Brower Commons and the Rutgers Student Center. Relocation of utility lines has begun. The project is scheduled to be completed by the summer of 2010.

Douglass Developmental Disabilities Center: A $4.0 million addition to the existing center, which will house classrooms, observation rooms, multipurpose rooms, and offices, was completed in fall 2008.

Electrical Substation: A $10.5 million project involves upgrading the main electrical services and increasing power to the Busch and Livingston campuses. This project was completed in spring 2009.

Endocrine Research Facility: A $4.5 million, single-story lab facility on the George H. Cook Campus provides offices and labs for animal science department faculty focusing on endocrine research. The facility opened in summer 2008.

Gateway at Easton Avenue: A $150.0 million mixed use building financed by New Brunswick Development Corporation, a not-for-profit corporation, the DEVCO Development Project, to be located at the corner of Easton Avenue and Somerset Street on the College Avenue Campus, which will also house the Rutgers University Bookstore and Rutgers University Press will occupy approximately 60,000 of the total 644, 653 square feet available. The University has negotiated a not-to-exceed price with DEVCO of $276 per square foot for design and construction of the respective space and an additional $40 per square foot for interior fit-out for a total project budget of $326 per square foot. Selective demolition started in December 2008 for a June 2011 occupancy.

Health Sciences Center: A $10.0 million first phase of a health services center was built between Paterson and Bayard streets near Robert Wood Johnson University Hospital in New Brunswick. The five-story, 23,000-square-foot building will serve the College of Nursing and include units associated with the Ernest Mario School of Pharmacy. The first phase of the Health Sciences Center includes classrooms, exam rooms, study areas, lounges, and office space which were completed in Fall 2008. The $25.0 million second phase of the center will be a 58,000-square-foot building to house offices of the Institute for Health, Health Care Policy, and Aging Research. The entire facility is scheduled for final completion by late 2009.

Heldrich Plaza: A mixed use building built by DEVCO, Heldrich Plaza is located across from the Civic Square building on Livingston Avenue in downtown New Brunswick. The project features a 248-room hotel; 50,000-square-foot conference center; 48 condominiums; retail stores; and space for the University's Heldrich Center for Workforce Development, a unit of the Edward J. Bloustein School of Planning and Public Policy. The $120.0 million project opened in spring 2007. Rutgers occupies 30,000 square feet of the total complex.

Livingston Housing Facility: A mixed use housing development consisting of 2 and 4 bedroom apartments to meet housing demand for returning and transferring students while providing retail services required by college students. Projected costs are approximately $215.0 million. The project is anticipated to be placed into service in August 2011.

Livingston Dining Commons: A $24.7 million new multistory dining facility will replace Tillett Hall with an upscale, modern dining environment. Construction is scheduled to be completed in 2010.

Livingston Student Center: A $15.0 million renovation and expansion of the student center will feature a new outdoor plaza that will become a major gathering space on the Livingston Campus. The expansion, which will be adjacent to the planned Livingston Dining Commons, also will provide additional space for retail stores. Construction began in fall 2007 and is scheduled to be completed in late 2009.

Mine Street Acquisition: A $1.9 million acquisition of the property located at 17 Mine Street, New Brunswick was finalized in June 2008. The property consists of 0.5 acres of land and three buildings. Purchased from the Diocese of Metuchen, the property will be leased back from Rutgers to the Diocese until November 30, 2009.

Public Safety Building: A modern headquarters for Rutgers' Division of Public Safety opened in 2006 at the corner of Commercial Avenue and George Street in New Brunswick. The University entered into a 30-year lease with DEVCO, developer and owner of the property, for a parking garage and office space to house the Rutgers University Police Department and other public safety and University administrative units.

Rutgers Stadium: The football stadium is being expanded in a $102.0 million self-supporting project. In the first phase, 1,000 new mezzanine seats were added for the opening of the 2008 season. In the second phase, another 11,500 lower-level seats will be added for the 2009 season. Plans also include a new entrance off River Road that will increase the stadium's visibility while helping to ease traffic congestion on game days. The University intends to finance these costs with proceeds of the 2009 Series G Bonds and taxable Commercial Paper.

Solar Farm: A $10.0 million, 1.4-megawatt solar energy facility, the largest system on a single campus in the United States, will be constructed on a seven-acre parcel of land on the northeast corner of the Livingston Campus. The solar farm is expected to generate 10% of the Livingston Campus's electrical demand and is scheduled to be in operation in spring 2009.

Stem Cell Research Center: A $2.4 million renovation of an existing facility includes a shared laboratory designed for biochemistry and molecular biology, office space for faculty and staff, and a state-of-the-art stem cell research laboratory. The facility opened in spring 2007.

Visitor Welcome Center: A $7.5 million project involves constructing a new Visitor Welcome Center on a prime and easily accessible location on the Busch Campus. This project is scheduled to be completed in fall 2009.

Wright-Reiman Polymer and Protein Wet Lab, Room 371: A $3.0 million reconfiguration and renovation of the Chemistry Department laboratory, Wright-Reiman provides a state-of-the-art wet laboratory for the Chemistry Department featuring 24 fume hoods, casework, and a new HVAC system. The lab was completed in fall 2007.

Newark Campus

Life Sciences Center: A six-story, $23.4 million life sciences building on the Newark campus added research and teaching space for various science departments. It features academic laboratories, a media seminar room, research labs, and support space. Located at the corner of University Avenue and Warren Street, the structure opened in fall 2006.

Rutgers Business School: The $83.0 million project for the relocation of the Newark Business School program includes acquisition and renovation of 11 floors at One Washington Park and construction of a two story addition. The project is scheduled to be completed in mid 2009.

University Square: A 13-story, $51.0 million undergraduate residence hall houses 600 students and includes computer labs, a multipurpose room, study lounges, and retail space. As the first residence hall built on the Newark Campus in 16 years, it helps meet increased demand for student housing. The building opened in fall 2006.

Camden Campus

Camden Dining Hall: A $5.0 million renovation of the dining hall in the Camden Student Center includes an expanded dining room and mechanical upgrades. The new dining hall was completed in September 2007.

Camden Recreation Center: A $12.0 million renovation of the existing recreation center will feature an upgraded auditorium, gymnasium, and training and locker space. It is scheduled for completion in summer 2009.

Camden Residential Complex: A $4.5 million renovation project of the on-campus housing complex was completed in two stages. The first phase was completed in 2007 and the second phase was completed in 2008.

Cooper and Lawrence Street Property Acquisition: A multi-phase project to acquire properties surrounding the Camden campus on Cooper Street and Lawrence Street. The cost to acquire the properties is approximately $6.9 million. Six properties have been acquired to date with the acquisition of a seventh property currently being negotiated. As many of the acquired properties as possible will be renovated into faculty offices. The vacated faculty space will be converted into classrooms. The expected cost to renovate the acquired properties into faculty offices is approximately $4.0 million.

School of Law-Camden: A $37.0 million law school expansion began in early 2006 in Camden's growing University district. A new four-story building, completed in spring 2008, includes faculty and administrative offices, a moot court complex, additional space for clinical programs, and student gathering areas. Renovations to the existing building, which include a state-of-the-art career center and new space for the three student law journals, were completed in December 2008.

Financial Statements of the University

The University maintains its financial records in a manner consistent with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

The University has adopted GASB Statement 34, "Basic Financial Statements — Management's Discussion and Analysis — for State and Local Governments," as amended by GASB Statements No. 35, "Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities," and No. 37, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus." The University also adopted GASB Statement No. 38, "Certain Financial Statement Note Disclosures." These GASB Statements establish standards for external financial reporting for public colleges and universities. The 2007 and 2008 financial statements focus on the financial position of the University, the changes in its financial position and its cash flows as a whole.

The statements of revenues, expenses and changes in net shows that the University's operations during the fiscal year ended June 30, 2008 resulted in an increase in net assets of $91.0 million, which amount has been allocated principally for deferred maintenance and capital improvements. See "APPENDIX B – Independent Auditors' Report and Financial Statements of Rutgers, The State University" herein.

Independent Auditors

The statements of net assets of Rutgers, The State University of New Jersey as of June 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, included in APPENDIX B – "Independent Auditors' Report and Financial Statements of Rutgers, The State University" to the Official Statement, have been audited by KPMG LLP, independent certified public accountants, as stated in their report appearing in APPENDIX B – "Independent Auditors' Report and Financial Statements of Rutgers, The State University" to the Official Statement.

Recent Developments

On December 15, 2008, the Office of the State Comptroller scheduled a performance audit. A performance audit is defined as an engagement that provides assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits aim to provide management with objective information that will improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. This audit began on March 18, 2009 and will focus on the University's procurement and contract purchasing practices for the period July 1, 2007 through the completion of the audit fieldwork.

Outstanding Indebtedness of the University

Table 10 summarizes the short-term and long-term outstanding indebtedness of the University as of April 1, 2009.

TABLE 10

	Final Maturity	**Outstanding Principal Amount** (in thousands of dollars)
Revenue Bonds, 1967 Series E	2016	$ 370
Revenue Bonds, 1967 Series F	2016	660
General Obligation Bonds, 1992 Series A	2013	22,850
General Obligation Bonds, 1998 Series A	2029	17,355
General Obligation Bonds, 2002 Series A	2018	72,800
General Obligation Bonds, 2002 Series B	2034	45,460
General Obligation Bonds, 2003 Series C	2019	72,910
General Obligation Bonds, 2003 Series D	2019	18,175
General Obligation Bonds, 2004 Series E	2034	84,450
General Obligation Bonds, 2009 Series F	2039	233,105
General Obligation Commercial Paper	2009	56,515
Long-Term Notes		1,891
Capitalized Lease Obligations		126,421
Total Indebtedness		$752,962

General Obligation Bonds

The University has outstanding six series of General Obligation Refunding Bonds issued under the 2002 Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture and two series of General Obligation Bonds and General Obligation Refunding Bonds issued under the 1987 Indenture. Such bonds constitute direct and general obligations of the University. The full faith and credit of the University has been pledged to the payment of the principal and redemption price of the Bonds and interest thereon.

Revenue Bonds

The University has outstanding Revenue Bonds and Revenue Refunding Bonds, which are secured by the rents, fees, charges, revenues and receipts (the "System Revenues") derived from the operation of a building system of the University comprised of a majority of the residence, dining, parking garage and student center facilities of the University (the "System").

The Revenue Bonds and Revenue Refunding Bonds are secured by the System Revenues, and are further secured by a pledge of the full faith and credit of the University.

Other Indebtedness

The Commercial Paper constitutes direct general obligations of the University for the payment of which as to both principal and interest the full faith and credit of the University are pledged. Principal of the Commercial Paper, to the extent not paid from the proceeds of general obligation bonds and proceeds of other Commercial Paper, and interest on the Commercial Paper is payable from other available moneys of the University.

Other Bonds Issued and to be Issued by the University

Capital projects currently being considered by the University may be financed through the issuance of future bonds or Commercial Paper, gifts and/or other University resources.

Other Obligations of the University

Rutgers Community Park. In 1999, the University and the City of Camden entered into a joint venture for the acquisition, development and construction of an outdoor recreational complex designated the "Rutgers Community Park" which is used by the University as the site of its softball and soccer fields. Public use of the facility is managed by the University. In 2002, the University agreed to assume the obligation for debt service payable on an aggregate of $1.0 million in loans that the City of Camden received from the Green Acres Program of the State, together with an aggregate of $1.0 million in grants receivable from this program in connection with the Rutgers Community Park. The assumption of the debt service payable on the Green Acres Program is a general obligation of the University. As of April 1, 2009, the outstanding amount due on the loans was $0.7 million.

Guaranty of LEAP School Bond Financing. In 2003, the University entered into a Guaranty Agreement guaranteeing the timely payment of principal and interest due and payable on the $8.5 million Delaware River Port Authority Charter School Project Bonds, Series of 2003 (LEAP Academy University Charter School, Inc.), issued by the Delaware River Port Authority for the purpose of financing the costs of the design, development, construction and equipping of the LEAP Academy University High Charter School (the "LEAP School") in Camden. The LEAP School is owned and managed by the LEAP

Academy University Charter School, Inc., a New Jersey not-for-profit corporation, and serves over 200 students in grades 9-12. The LEAP School site is adjacent to the Camden Campus. The University's obligations under the Guaranty are a general obligation of the University. As of April 1, 2009, $7.8 million bonds were outstanding.

College Hall Student Housing Project. In 2004, the University has entered into a Limited Minimum Revenue Guaranty, pursuant to which the University has agreed to pay the debt service payable for a two-year period on, and thereafter to replenish the debt service reserve account established in connection with, Middlesex County Improvement Authority's (the "MCIA") $4.2 million aggregate principal amount of Revenue Bonds (George Street Student Housing Project), 2004 Series B. The 2004 Series B Bonds mature on August 15, 2011 and were issued, together with the MCIA' s $49.9 million Revenue Bonds (George Street Student Housing Project), 2004 Series A, to finance the costs of the planning, design, development, construction, furnishing and equipping of a student housing facility for use primarily by the University's students. The University's obligations under the Limited Revenue Guaranty are a general obligation of the University.

Line of Credit. The University has an unsecured $20.0 million line of credit with a bank to be used for interim financing requirements. No portion of the line of credit is in use, and no funds have been drawn on the letter of credit as of April 1, 2009.

Standby Purchase Agreements

On February 6, 2002, the University issued $110.0 million aggregate principal amount of General Obligation Refunding Bonds, 2002 Series A (the "2002 Series A Bonds") pursuant to the Master Indenture and the First Supplemental Indenture. The University entered into a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement") with Landesbank Hessen-Thüringen Girozentale, New York Branch (the "Bond Liquidity Provider") under which the Bond Liquidity Provider is obligated to purchase the University's 2002 Series A Bonds, subject to suspension or termination upon the occurrence of certain events. The Standby Bond Purchase Agreement will terminate on August 1, 2011 unless terminated prior to such date in accordance with its terms. JP Morgan & Co. is the exclusive remarketing agent in connection with the remarketing of the Series 2002A Bonds.

As of April 1, 2009, the University has $56.5 million aggregate principal amount of General Obligation Commercial Paper, Series A, B, C and D (the "Commercial Paper") outstanding. The University entered into a Standby Commercial Paper Purchase Agreement (the "Standby Commercial Paper Purchase Agreement") with Wachovia Bank, National Association (the "Commercial Paper Liquidity Provider") under which the Liquidity Provider is obligated to purchase newly issued Commercial Paper issued to pay the principal of other Commercial Paper, subject to suspension or termination upon the occurrence of certain events. The Standby Commercial Paper Purchase Agreement will terminate on February 28, 2012 unless terminated prior to such date in accordance with its terms. Morgan Stanley & Co. Incorporated is the exclusive commercial paper dealer in connection with the offering and issuance of the Commercial Paper.

None of the 2002 Series A Bonds nor Commercial Paper are Bank Bonds (defined to mean 2002 Series A Bonds or Commercial Paper, as the case may be, purchased by a Bond Liquidity Provider or Commercial Paper Liquidly Provider, as applicable, or either of their assignee pursuant to the Standby Bond Purchase Agreement or Standby Commercial Paper Purchase Agreement, respectively).

Interest Rate Swaps

The University has entered into various interest rate swaps related to its Bonds and as detailed in Table 11.

TABLE 11

(in thousands of dollars)

Counterparty	**Bank of New York**	**Merrill Lynch**	**UBS**	**JP Morgan & Co.**
Current Notional Amount	$21,775	$100,000	$13,500	$72,800
Termination Date	5/1/2027	11/1/2038	11/1/2017	5/1/2018*
Rate Paid by Dealer	SIFMA	100% 3-month LIBOR	100% 1-month LIBOR	SIFMA
Rate Paid by Rutgers	3.824%	4.080%	5.127%	3.960%
Fair Value**	($1,839)	($13,889)	($2,405)	($7,545)

*Counterparty has the option to terminate the swap should SIFMA average more than 7% per annum for 180 days
**As of March 31, 2009.

The Rutgers University Foundation

The Rutgers University Foundation (the "Foundation") was incorporated in 1973 to support the University in obtaining private funds and other resources to meet University needs for which adequate funds may not be available from State, Federal or other resources. To fulfill this mission, the Foundation solicits and receives gifts and pledges to the University from all private sources including individuals, corporations and foundations.

During fiscal year 2008, the Rutgers University Foundation received contributions totaling $98.4 million. In addition, $42.6 million in new pledges were secured in 2008 as the University prepares for its largest-ever funding campaign with a goal of approximately $1 billion. The pending campaign goal is a 100% increase from its previous campaign goal of $500 million which concluded in June 2004.

Gifts to the University are received through: (i) the office of the Foundation, (ii) the Associate Alumnae of Douglass College and (iii) various University departments. The Foundation maintains the central database and acknowledges all gifts received for the benefit of the University.

Table 12 sets forth the total gifts received for the benefit of the University for the five years ended June 30, 2008:

TABLE 12

Fiscal Year	**Total Receipts** (in thousands of dollars)
2004	$ 73,541
2005	74,053
2006	78,523
2007	103,197
2008	98,438

To meet the challenge of raising an increasing amount of private support, Rutgers maintains a professional fund-raising staff of 126. In addition, in 2008, professionally-trained student callers raised $6.8 million for the Foundation's Rutgers Fund, an annual fund-raising activity.

Endowment and Similar Funds of the University

As of December 31, 2008, the University's endowment and similar funds had an aggregate market value of $503.4 million. Table 13 sets forth the quoted market value of the University's endowment and similar funds as of June 30 in each of the five years ended June 30, 2008 and as of December 31, 2008:

TABLE 13

As of June 30	**Quoted Market Value** (in thousands of dollars)
2004	$410,104
2005	449,078
2006	497,914
2007	594,544
2008	593,114
December 31, 2008	503,618

The above table does not include funds held in trust by others, which at June 30, 2008 had a market value of $63.5 million. Income derived from such irrevocable trust funds held by others, aggregating $2.7 million as of June 30, 2008, is reported as current restricted fund revenues. Income derived from such trust funds has been applied by the University primarily to fund research in the biological sciences. The University estimates the market value for the endowment and similar funds has decreased by approximately 24% during Fiscal Year 2009 (through February 28, 2009). See "APPENDIX B – Independent Auditors' Report and Financial Statements of Rutgers, The State University".

Investment Policy of the University

The primary financial objective of the investment management of the University's endowment, as set forth in the Statement of Investment Policy (the "Investment Policy"), is to preserve and enhance the endowment's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the endowment is to attain an average annual real total return of at least 4.5% plus inflation and management expenses. The University's annual spending policy is to spend an amount not to exceed 4.5% of a trailing 13-quarter average of the endowment's market values.

The endowment assets are under the regular scrutiny of the Joint Investment Committee of the Board of Governors and Board of Trustees (the "Investment Committee") and are allocated to equity, fixed income and other investment classes, within a set range with long-term benchmarks as set forth in the Investment Policy. The investments are placed with professional managers with different investment philosophies to ensure that no single security or class of securities will have a disproportionate impact on the endowment's aggregate results. Subject to the Investment Policy, investment managers have complete discretion to manage the assets in each portfolio to best achieve the University's investment objectives. The Investment Committee, with the assistance of an Investment Consultant, monitors the investment managers to ensure performance and evaluates the Investment Policy on an on-going basis.

Insurance

The University at all times insures its buildings and contents, including buildings under construction, against losses under an All Risk Property program which is a broad form policy providing for full repair or replacement without deduction for depreciation.

The current property insurance carried by the University is based upon declared replacement value totaling $4,172.3 million as of July 1, 2008 with a maximum claim of $1.0 billion per occurrence. Net revenues from major auxiliary enterprise operations (dormitories and apartments, dining services and intercollegiate athletics) are insured against loss due to untenantability of facilities caused by fire and other perils insured under a business interruption policy.

The University has in force primary general and automobile liability policies with $2.0 million limits of liability to protect it and its employees from claims arising from its operations and activities, whether for personal injury or property damage. The University also maintains Umbrella and Excess coverage with limits of liability of $123.0 million to provide protection above the primary policies. The University maintains a self-insurance program for workers compensation covering all employees of the University. The self-insurance program is funded with specific reserves and excess loss protection.

Pension Programs of the University

Eligible University employees participate in State administered retirement programs. Rutgers employees by law are deemed to be employees of the State for purposes of participation in State administered retirement programs. Thus, most of the University's employees participate in the New Jersey Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). Generally, PERS is the program applicable to most staff employees and ABP is applicable to faculty members and to staff members in certain positions as prescribed by law. Some employees assigned to the New Jersey Agricultural Experiment Station participate in the federal Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). PERS, PFRS, CSRS and FERS are defined benefit pension plans and ABP is a defined contribution pension plan. The rules governing participation and benefits are determined by State and federal statutes and regulations, as the case may be. Employer contributions to the State retirement plans are made by the State for those positions authorized and budgeted by the State. With respect to employees whose positions are self-supporting or grant funded, Rutgers reimburses the State for the employer's pension contributions. Rutgers makes no contributions to the federal retirement plans. Rutgers does not have its own retirement programs.

APPENDIX B

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS OF RUTGERS, THE STATE UNIVERSITY

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Financial Report
2007-2008

RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY

Rutgers, The State University of New Jersey

Governors and Trustees

DURING THE YEAR ENDED JUNE 30, 2008

Board of Governors

Board of Trustees

RUTGERS

SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

January 26, 2009

President Richard L. McCormick
The Board of Governors
The Board of Trustees
of Rutgers, The State University of New Jersey

I am pleased to submit the Annual Financial Report of Rutgers, The State University of New Jersey for the year ended June 30, 2008. The report contains the KPMG LLP Independent Auditors' Report on the University's financial statements. The financial information presented in this report is designed to assist the reader in comprehending the scope of the University's use of resources in meeting its primary missions of instruction, research and public service.

The report sets forth the complete and permanent record of the financial status of the University for the year.

Respectfully submitted,

Bruce C. Fehn
Senior Vice President for Finance
and Administration

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KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

INDEPENDENT AUDITORS' REPORT

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have audited the accompanying statements of net assets of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of June 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rutgers, The State University of New Jersey as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

January 26, 2009

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2008 and 2007

The following management discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, the State University of New Jersey (the University) at June 30, 2008 and 2007, and its results of operations for the years then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board for public colleges and universities. This MD&A should be read in conjunction with the audited financial statements and related footnotes of the University, which directly follow the MD&A.

The University's financial report includes three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements focus on the financial condition of the University, the changes in financial position, and cash flows of the University as a whole rather than the accountability of funds.

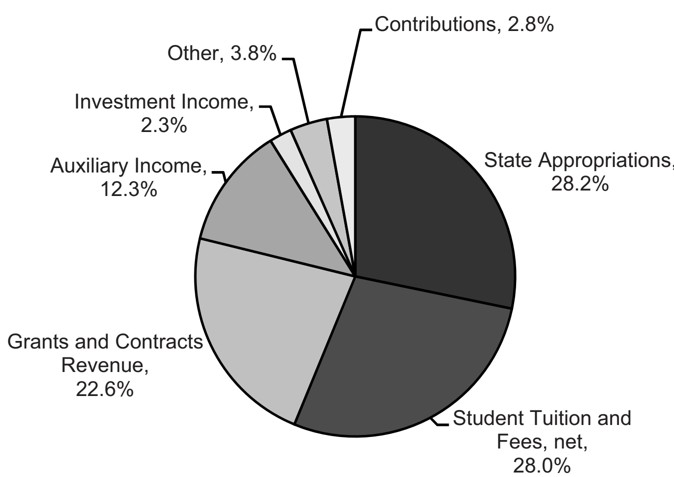
In 2008, the financial reporting entity of Rutgers included 30 degree granting schools, of which 17 offered graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The financial statements also include the financial activity of the Rutgers University Foundation, which administers the fundraising activities for the University.

Financial Highlights and Economic Outlook

The University's financial condition at June 30, 2008 continues to remain sound with net assets increasing by $91.0 million or 4.1 %. Total operating revenues increased by $90.9 million or 8.8% with increases of 11.5% in net student tuition and fees, 5.4% in grant and contract revenue, and 9.1% in auxiliary revenues. Operating expenses increased only 7.0% in 2008 while nonoperating revenues decreased 12.0% primarily as a result of market value losses.

As the State University of New Jersey, the appropriation from the State represents a vital part of the University's funding. In fiscal 2008, the State increased the University's base appropriation by 4.0% and provided partial funding of salary program increases. Tuition revenue is another significant source of funding for the University. In fiscal 2008, in addition to an increase in tuition rates averaging 7.8%, enrollment grew by 3.9% for our highest total enrollment of 52,471 students.

As presented in the chart below, net student tuition and fees, state appropriation and grant and contract revenue are the three primary sources of revenue for the University.



Statement of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets (current and noncurrent), liabilities (current and noncurrent) and net assets (the difference between total assets and total liabilities) of the University. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the statement of net assets. Net assets is one indicator of the financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the University's assets, liabilities and net assets at June 30, 2008, 2007 and 2006 is as follows (dollars in thousands):

	2008	2007	2006
Assets			
Current assets	$626,222	$589,239	$550,104
Noncurrent assets:			
Endowment, restricted and other noncurrent cash and investments	835,348	755,001	633,320
Capital assets, net	1,654,905	1,609,842	1,592,726
Other assets	78,811	66,528	48,299
Total assets	3,195,286	3,020,610	2,824,449
Liabilities			
Current liabilities	336,412	226,279	175,530
Noncurrent liabilities	548,438	574,937	608,093
Total liabilities	884,850	801,216	783,623
Net assets (assets less liabilities)			
Invested in capital assets, net of debt	1,045,262	1,032,839	1,017,840
Restricted - expendable	402,998	390,575	359,006
Restricted - nonexpendable	359,348	339,324	273,558
Unrestricted	502,828	456,656	390,422
Total net assets	$2,310,436	$2,219,394	$2,040,826

Current Assets and Current Liabilities

Current assets include unrestricted cash and cash equivalents, investments that mature within a year, receivables and pledges due within a year, inventories and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than a year as well as all cash and cash equivalents and investments that are restricted by donors or external parties as to their use. Receivables and pledges deemed to be collectable in more than a year are also included as noncurrent. Current assets increased $37.0 million in 2008 as opposed to a $39.1 million increase in 2007.

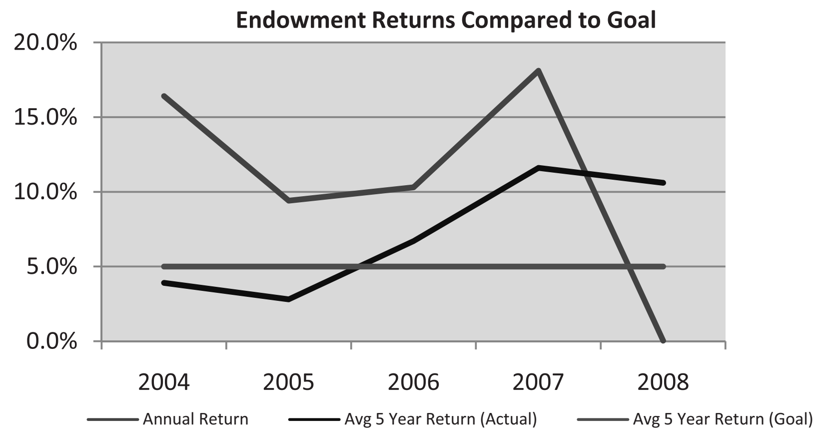
Current liabilities include all liabilities that are payable within the next fiscal year. Deferred revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities.

Current liabilities increased $110.1 million primarily from the issuance of Commercial Paper in the amount of $100.1 million in 2008. This commercial paper was issued to refinance the University's capital lease for the Civic Square facility and for temporary financing of several projects appoved by the Board.

The University's current assets cover current liabilities by a factor of 1.9 times, an indicator of good liquidity and the ability to bear short term demands on working capital. This coverage in 2007 was 2.6 times. The University's current assets also cover over five months of its total operating expenses, excluding depreciation.

Endowment and Other Investments

The primary financial objective of the investment management of the Endowment is to preserve and, hopefully, enhance its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings for current use. The long term investment goal of the Endowment is to attain an average annual real total return (net of fees) of at least 5% over rolling 5 year periods. A major portion of the University's endowment is maintained in two long term investment pools managed by the University's Joint Investment Committee. The total annual return for the combined long-term investment pools was 0.03% in 2008 and 18.1% in 2007. The average annual return over the 5 year period ending June 30, 2008 and 2007 was 10.6% and 11.6%, respectively.

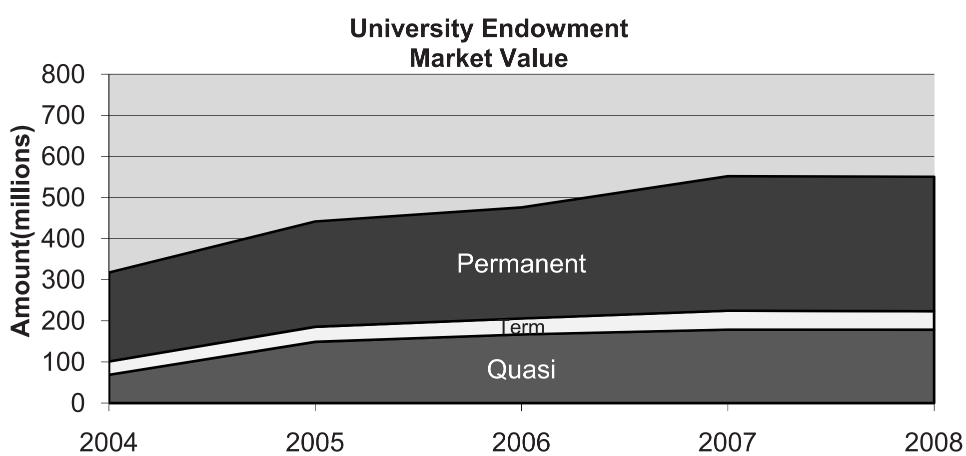


The University distributes endowment earnings in a way that balances the annual support needed for operational purposes against the requirement to preserve the future purchasing power of the endowment. The endowment spending-rate policy is based on total return, not just cash earnings. The total distribution for the endowment was $20.5 million in 2008 and $18.2 million in 2007.

The University's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principle gift remain inviolate and be invested in perpetuity with the income generated from the investment to be expended for a specific purpose as designated by the donor. These permanent endowments remained unchanged at $327.1 million for 2007 and 2008. Term endowments are those funds received from donors that function as endowment until a specified event occurs. The University's term endowments decreased by $1.1 million to $45.0 million in 2008 from $46.1 million in 2007. Quasi endowments consist of restricted gifts and unrestricted funds that have been designated by the University for long-term investment purposes and therefore act as endowments. The University's quasi endowments increased by $2.2 million to $178.4 million from $176.2 million in 2007.

From a net assets perspective, earnings from the endowment, while expendable, are mostly restricted in use by the donors. It is important to note that of the University's endowment funds, only $102.7 million or 18.7% ($89.7 million or 16.3% in 2007), can be classified as unrestricted net assets. From this unrestricted endowment, a significant portion of the income is internally designated by the University for scholarships, fellowships, professorships, and research efforts.

The following chart demonstrates the growth in the University's endowment during the last five years.



Capital Assets and Debt Activities

As a result of increasing student demand and the University's desire to meet such demand with quality academic programs and student life, the University has increased its commitment of resources to infrastructure improvement, construction of new state-of-the-art academic buildings and residential halls as well as technology enhancement initiatives. The University administration, together with faculty, students and the communities in which each campus is located, is actively developing a strategic and capital development plan for the University, which, when completed will serve as the plan for the University's future development and growth.

Capital asset increases totaled $45.1 million in 2008, as compared to $17.1 million in 2007. Capital additions primarily comprise replacement, renovation and new construction of academic and research facilities as well as significant investments in equipment, including information technology. Several major projects completed during 2008 include:

- Renovation and expansion of the existing Law building on the Camden Campus.
- Rutgers Food Innovation Center in Bridgeton, a 23,000 square-foot food business incubator facility.

These additions were funded primarily with the proceeds of bonds and capital appropriations from the State. As of June 30, 2008, the University had various projects under construction or in the design stage. Significant projects include:

- Expansion of the University Stadium on the Busch Campus.
- Renovation to a new facility for the School of Business on the Newark Campus.
- Upgrades to increase the capacity of the Busch/Livingston High Voltage lines.

On June 15, 2006, the Board of Governors and Board of Trustees of the University approved a comprehensive debt policy for the University to provide an internal strategic framework for capital planning and overall debt management. In 2007, the Board of Governors and the Board of Trustees of the University approved a Commercial Paper program. The commercial paper program is being used for the interim financing of capital projects and temporary funding of outstanding debt issues.

In 2008, the University issued commercial paper in the amount of $14.3 million to refinance the University's capital lease for the Civic Square facility. The University also issued $68.7 million of tax-exempt and $17.1 million of taxable commercial paper this year to provide interim financing for several projects approved by the Board.

Net Assets

Net Assets represent the residual interest in the University's assets after the deduction of its liabilities. The change in net assets measures whether the overall financial condition has improved or deteriorated during the year. Net assets consist of three major categories; invested in capital assets (net of related debt), restricted net assets (non-expendable and expendable), and unrestricted net assets. Net assets increased by $91.0 million in 2008. In 2007, net assets increased $178.6 million.

The first category, net assets invested in capital assets, net of related debt, represent the University's capital assets of land, buildings and equipment net of accumulated depreciation and net of outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The increase of $12.4 million in 2008 is primarily attributable to construction projects including the construction of the Rutgers Food Innovation Center in Bridgeton. In 2007, there was an increase of $15.0 million in this category.

The next category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable net assets are those resources that have been set aside and invested as required by the provider of the resources. These funds are not available for expenditures, but rather must be invested in perpetuity with the earnings on those investments to be used as specified by the external donor at the time the resources are received. Nonexpendable net assets increased by $20.0 million in 2008 as a result of additional contributions held at the Foundation for the endowment fund. In 2007, nonexpendable net assets increased by $65.8 million primarily from additional gifts raised for endowments.

Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as specified by external donors. The increase of $12.4 million in 2008 is attributable to an increase in contributions received for academic programs of $12.1 million. In 2007, there was an increase of $31.6 million in expendable restricted net assets.

The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose. Substantially all of the University's unrestricted net assets have been designated by the governing boards or management to support specific programs such as student activities, research projects, continuing education and summer programs, agricultural experiment station activities, junior year abroad programs, auxiliary enterprises and other self-supporting organized activities relating to educational departments as well as capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The University, therefore, has an obligation to its students to maintain these funds for the purposes that they were received. The increase in unrestricted net assets of $46.2 million in 2008 is primarily the result of funds designated for deferred maintenance, system improvements and other capital projects totaling $27.4 million. In addition, $19.0 million was designated for academic programs for the coming year. In 2007, unrestricted net assets increased $66.2 million.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are classified as either operating or nonoperating. Revenues received and expenses incurred as a result of the University providing goods and services to its customers are considered operating. Nonoperating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and gifts as nonoperating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the University, specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenues.

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2008, 2007 and 2006 is as follows (dollars in thousands):

	2008	2007	2006
Operating revenues			
Student tuition and fees (net of scholarship allowances)	$472,294	$423,738	$386,823
Grants and contracts	381,577	362,100	349,529
Auxiliary enterprises (net of scholarship allowances)	207,395	190,107	181,079
Other operating revenues	63,045	57,492	51,916
Total operating revenues	1,124,311	1,033,437	969,347
Operating expenses	1,590,598	1,486,906	1,459,888
Operating loss	(466,287)	(453,469)	(490,541)
Nonoperating revenues (expenses)			
State appropriations (including fringe benefits paid directly by the state)	476,511	455,764	490,689
Contributions	47,929	50,449	10,050
Endowment and investment income	38,317	40,956	35,815
Unrealized and realized gains (losses) on securities	(8,945)	79,165	30,600
Interest on capital asset related debt	(25,892)	(25,940)	(24,525)
Net other nonoperating revenues (expenses)	(531)	(921)	11,051
Net nonoperating revenues	$527,389	$599,473	$553,680
Income before other revenues and expenses	$61,102	$146,004	$63,139
Other revenues and expenses	29,940	32,564	31,352
Increase in net assets	91,042	178,568	94,491
Net assets at beginning of year	2,219,394	2,040,826	1,946,335
Net assets at end of year	$2,310,436	$2,219,394	$2,040,826

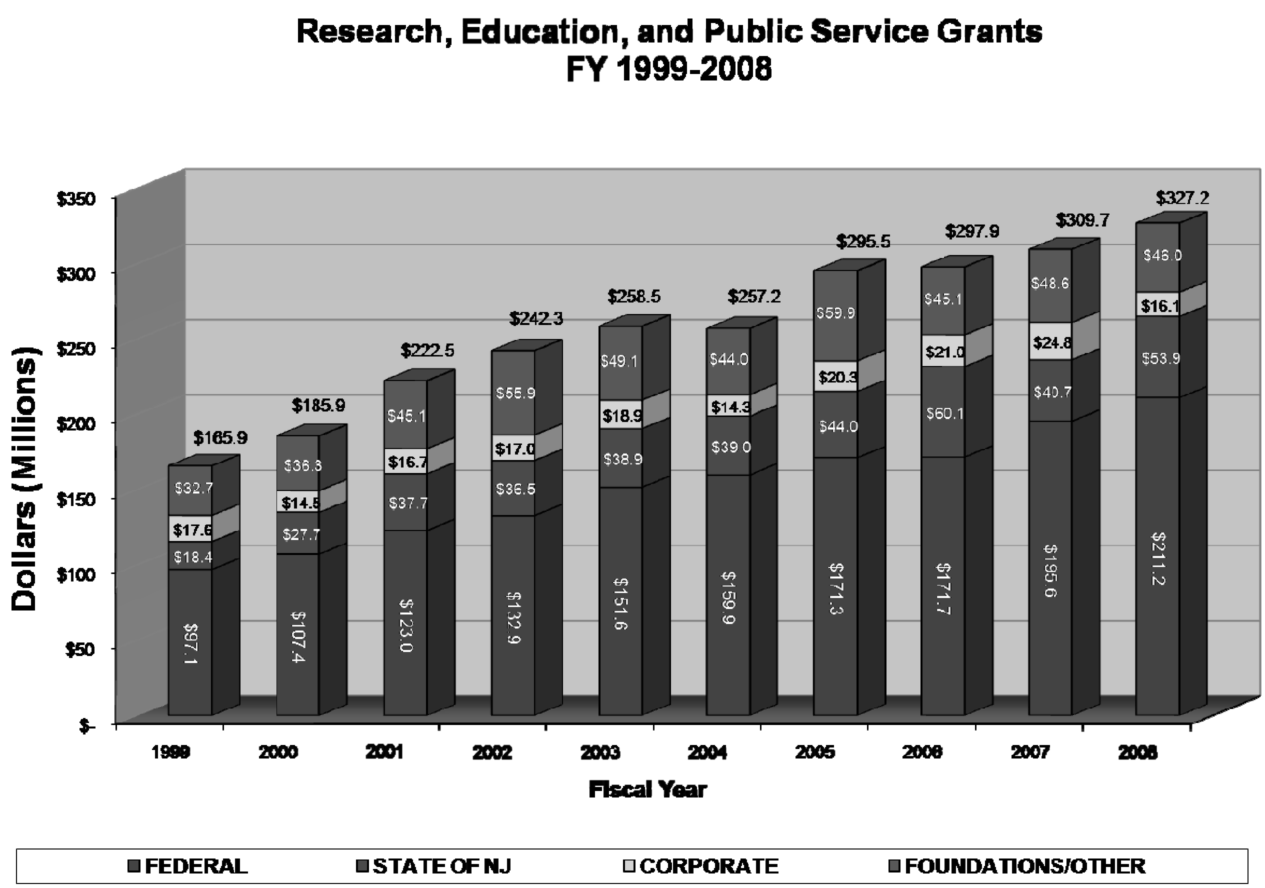
In 2008, net assets increased by $91.0 million. Endowment and investment income of $38.3 million, $47.9 million in contributions, and $12.0 million in grants and gifts used to construct, renovate or acquire capital assets contributed to this increase. In addition, $17.8 million was received from donors to be added to the University's permanent endowment to generate income that the University will be able to use for specific programs.

The University's net assets increased by $178.6 million in 2007. The $79.2 million increase in market value of the University's investments contributed to this increase. Another $50.4 million of this increase was attributable to contributions. In addition, $41.0 million in Endowment and Investment Income was also a part of this increase.

Operating revenues increased $90.9 million in 2008. Significant components of operating revenues include the following:

Student tuition and fees, net of scholarship allowances are the largest component of operating revenues. Tuition and fees are reflected net of scholarship allowances, which represent scholarships and fellowships applied to student accounts for tuition and residence fees. These scholarships and fellowships are funded through federal and state grant programs and gifts raised by the University. The University provided $129.4 million of a total $170.2 million of student aid directly to student accounts. The remaining $40.8 million was paid to students and is reflected as scholarships and fellowships expense. Scholarship allowances allocated to tuition and fees amounted to $104.0 million. Another $25.4 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased $48.6 million in 2008. The increase resulted primarily from an increase in tuition rates of 7.8% for undergraduates and graduate students, as well as an average increase of 9.6% in student fees. Also, full time enrollment increased by 2.8% while part time enrollment decreased by 1.3%. In 2007, tuition and fees net of scholarship allowances, increased $36.9 million. The increase in 2007 resulted from an 8.0% undergraduates and 10.0% graduate students increase in tuition rates, as well as an average increase of 9.3% in student fees.

Grants and Contracts includes revenues for sponsored programs from federal, state and nongovernmental grants and contracts that normally provide for the recovery of direct and indirect costs, or expenses. In 2008, research grants and contracts increased $9.7 million. The following table summarizes the research awards received by the University over the last 10 years.



Federal grants for research remained relatively flat in 2008. Funding from the Department of Health and Human Services declined by $4.8 million in 2008. This decrease was offset by increases from several other agencies, particularly the National Science Foundation, the Department of Commerce and the Federal Transportation Administration, this year. In 2007, Federal grants for research increased by $5.6 million. This increase resulted primarily from increases in awards from the Department of Health and Human Services and the Department of Defense offset by decreases in awards from the National Science Foundation.

State support for research increased by $8.3 million this year. The primary cause of this increase was the result of awards from the Department of Children and Families and the Division of Family Development totaling $3.0 million and an award from the Department of the Treasury of $2.3 million for Neuroscience. In 2007, State support for research decreased by $3.9 million. The primary cause of this decrease was the result of decrease in awards from the Department of the Treasury and the Department of Health and Senior Services.

Finally, nongovernmental grants and contracts increased $4.7 million in 2008. Revenue was earned from the following large grants this year; $1.7 million from the Casino Reinvestment Development Authority for construction of the Food Innovation Building, $1.0 million from Sanofi-Aventis for a postdoctoral Pharmacy fellowship, and $0.9 million from Raytheon Company for research related to nanomaterials. In 2007, nongovernmental grants and contracts increased $6.1 million. The University received two major grants in 2007 that caused this increase. A grant of $3.0 million was received for the Heldrich Center for Workforce Development and a $2.0 million grant for the Early Learning Research Academy on the University's Camden Campus.

Auxiliary enterprise revenues include revenues from the University's housing and dining facilities, as well as other business type activities such as the bookstore and the golf course that provide support to the University's primary missions of education, research and public service. Auxiliary revenues, net of scholarship allowances, increased in 2008 by $17.3 million while expenditures increased by $18.4 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 4.9%. There was also a 6.0% increase in occupancy on the Newark campus and a 1.5% increase in occupancy on the New Brunswick campus. There was also an overall increase of 11.6% in meal plans sold. Additionally, intercollegiate athletic revenue increased $4.9 million as a result of two additional home football games, increased ticket prices for football and basketball games, increased game attendance and increased revenue sharing from the Big East for both men's and women's basketball. In 2007, auxiliary revenues, net of scholarship allowances, increased by $9.0 million while expenditures decreased by $1.5 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 6.0% and 5.0% respectively. There was also a 6.0% increase in occupancy on the Camden campus and a 1.0% increase in occupancy on the New Brunswick campus. There was also an overall increase of 1.0% in meal plans sold.

Operating expenses increased $103.7 million in 2008 and consist of the following significant components:

Instruction expenditures consist of all expenses incurred in providing academic programs for the University's students. These expenses increased by $36.6 million this year. Salary increases and increased fringe benefit costs on those salaries accounted for a total of $28.1 million. The remainder of this increase resulted from additional positions to cover an increase in courses offered in areas such as the Graduate School of Social Work and Summer Session Program in New Brunswick. In 2007, these expenditures increased by $8.1 million. Salary increases and increased fringe benefit costs on those salaries accounted for a total of $18.4 million. This increase was offset by cost reductions totaling $11.2 million as a result of a reduction in the state appropriation.

Expenditures for sponsored programs funded by grant and contract revenues increased by $11.2 million in 2008. The primary increases were from corporate contracts which increased $5.9 million, contracts from the state increased $2.4 million and contracts from associations increased $2.0 million. In 2007, these expenditures increased $18.1 million.

General Administration and Institutional expenditures increased $6.4 million in 2008. This increase was a result of salary increases as well as staff additions at the Foundation as they prepare for another campaign. In 2007 there was a decrease of $2.4 million in these expenditures.

Scholarships and fellowships consist of payments made directly to students as a result of financial aid awarded to the student. In 2008, these expenditures increased $6.2 million. This increase was due to increases in the maximum award amounts for both the State Tuition Aid Grant Program (TAG) and the Federal Pell grants of 2.8% and 6.4%, respectively. In addition, both programs also saw increases in the number of recipients with an increase of 7.9% for TAG and 9.6% for Pell. The University also continued to increase University funded scholarships. These expenditures increased by $2.9 million in 2007 primarily as a result of increased funding by the University to offset reductions in state aid as a result of budgetary constraints by the State. In particular, the State eliminated funding of the Outstanding Scholars program. As a result, the University provided the funding for this program.

Expenditures for operation and maintenance of plant increased $16.3 million in 2008. The primary cause of this increase was due to rising utility costs. In 2007, these expenditures remained relatively flat with a slight decrease of $0.2 million.

Net Nonoperating revenues decreased $72.1 million in 2008 and consist primarily of the following:

State appropriations, including fringe benefits paid directly by the State, increased $20.7 million in 2008. The appropriation by the State for University operations increased $19.5 million primarily as a result of an increase in the base appropriation of $12.4 million and an increase of $6.5 million in funding of salary program increases. State payments on behalf of the University for fringe benefits, also, increased by $1.2 million. Increases in program costs for health insurances were offset by the implementation of employee contributions this year.

In 2007, total State appropriations, including fringe benefits paid directly by the State decreased $34.9 million. The appropriation by the State was reduced by $46.9 million as a result of budgetary constraints at the State. The reduction to the University's base appropriation and salary funding amounted to $28.4 million. The remaining reduction resulted from the elimination of other programs funded in 2006, such as the one-time appropriation for the Rutgers Business School in 2006. This was offset by an increase of $12.0 million in fringe benefits costs covered by the State.

Contributions decreased $2.5 million in 2008. In 2007, the Rutgers University Foundation increased their fundraising activities resulting in several large bequests that year. While contributions were slightly lower this year, they are still significantly higher than prior years due to the Foundation's increased activities. Contributions increased $40.4 million in 2007.

Endowment and Investment Income decreased $2.6 million in 2008. This decrease resulted primarily from the decline in interest rates during 2008. Endowment and investment income increased by $5.1 million in 2007.

Unrealized and realized gains (losses) on securities decreased $88.1 million in 2008. This decrease was due to the decline in the market at June 30, 2008 resulting in a $95.7 million unrealized losses. This was offset by an increase of $13.6 million in realized gains during the year. Unrealized and realized gains on securities increased $48.6 million in 2007.

Other nonoperating revenues, net of nonoperating expenses increased marginally by $0.8 million in 2008. Other nonoperating revenues, net of nonoperating expenses decreased $12.0 million in 2007. This decrease primarily was the result of a one-time payment in the amount of $8.9 million received in 2006 from the settlement of a litigation for the stadium.

Other revenues and expenses consist of grants and gifts received by the University for capital projects, as well as additions to permanent endowments. In 2008, this category decreased $2.6 million. This decrease primarily resulted from a decrease in capital grants and gifts received this year. This category increased in 2007 modestly by $1.2 million.

Rutgers, The State University of New Jersey

STATEMENTS OF NET ASSETS

June 30, 2008 and 2007
(dollars in thousands)

	2008	2007
ASSETS:		
Current Assets		
Cash and Cash Equivalents	$73,946	$34,841
Short-Term Investments	413,757	424,794
Accounts Receivable, net	89,781	78,825
Student Notes Receivable, net	8,397	8,016
Contributions Receivable, net	20,310	17,761
Inventories	4,843	4,408
Prepaid Expenses and Deferred Charges	14,282	13,342
Construction Costs Reimbursable	906	7,252
Total Current Assets	626,222	589,239
Noncurrent Assets		
Cash and Cash Equivalents	149,585	77,694
Long-Term Investments	685,763	677,307
Accounts Receivable, net	24,986	20,692
Student Notes Receivable, net	28,962	29,309
Contributions Receivable, net	11,633	5,839
Bond/Commercial Paper Issuance Costs, net	13,230	10,688
Capital Assets, net	1,654,905	1,609,842
Total Noncurrent Assets	2,569,064	2,431,371
TOTAL ASSETS	3,195,286	3,020,610
LIABILITIES:		
Current Liabilities		
Accounts Payable and Accrued Expenses	109,134	98,152
Deferred Revenue	52,585	48,170
Payroll Withholdings	6,873	12,665
Other Payables	1,746	1,640
Annuities Payable	1,052	1,015
Short-Term Liabilities	132,969	33,069
Long-Term Liabilities	32,053	31,568
Total Current Liabilities	336,412	226,279
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	13,542	11,831
Annuities Payable	6,101	6,816
Long-Term Liabilities	528,795	556,290
Total Noncurrent Liabilities	548,438	574,937
TOTAL LIABILITIES	884,850	801,216
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	1,045,262	1,032,839
Restricted for		
Nonexpendable		
Instruction	163,438	161,735
Scholarships and Fellowships	178,833	159,813
Libraries	8,498	8,798
Other	8,579	8,978
Expendable		
Instruction	149,854	137,766
Research	64,441	60,081
Scholarships and Fellowships	70,673	78,574
Libraries	12,032	12,338
Loans	38,552	38,550
Capital Projects	38,756	35,393
Debt Service Reserve	9,542	9,542
Renewal and Replacement Reserve	7,393	7,393
Other	11,755	10,938
Unrestricted	502,828	456,656
TOTAL NET ASSETS	$2,310,436	$2,219,394

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2008 and 2007
(dollars in thousands)

	2008	2007
OPERATING REVENUES		
Student Tuition and Fees (net of scholarship allowances of $104,011 in 2008 and $99,174 in 2007)	$472,294	$423,738
Federal Appropriations	6,594	6,069
Federal Grants & Contracts	202,795	199,826
State & Municipal Grants & Contracts	118,843	107,005
Nongovernmental Grants & Contracts	59,939	55,269
Auxiliary Enterprises (net of scholarship allowances of $25,394 in 2008 and $24,954 in 2007)	207,395	190,107
Other Operating Revenues	56,451	51,423
Total Operating Revenues	1,124,311	1,033,437
OPERATING EXPENSES		
Educational and General		
Instruction	554,470	517,896
Sponsored Research	157,398	153,743
Other Separately Budgeted Research	70,424	66,210
Other Sponsored Programs	90,560	82,976
Extension and Public Service	34,371	31,853
Libraries	37,533	35,970
Student Services	61,498	62,172
Operations and Maintenance of Plant	150,042	133,699
General Administration and Institutional	100,011	93,567
Scholarships and Fellowships	40,804	34,559
Depreciation	94,796	92,611
Auxiliary Enterprises	197,911	179,528
Other Operating Expenses	780	2,122
Total Operating Expenses	1,590,598	1,486,906
Operating Loss	(466,287)	(453,469)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	328,895	309,370
State Paid Fringe Benefits	147,616	146,394
Contributions	47,929	50,449
Endowment and Investment Income (net of investment management fees of $2,867 in 2008 and $2,616 in 2007)	38,317	40,956
Unrealized and Realized Gains (Losses) on Securities	(8,945)	79,165
Interest on Capital Asset Related Debt	(25,892)	(25,940)
Loss on Disposal of Capital Assets	(1,171)	(806)
Other Nonoperating Revenues (Expenses)	640	(115)
Net Nonoperating Revenues	527,389	599,473
Income before Other Revenues and Expenses	61,102	146,004
Capital Appropriations	154	377
Capital Grants and Gifts	11,969	14,514
Additions to Permanent Endowments	17,817	17,673
Increase in Net Assets	91,042	178,568
Net Assets - Beginning of the Year	2,219,394	2,040,826
Net Assets - End of the Year	$2,310,436	$2,219,394

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007
(dollars in thousands)

	2008	2007
Cash Flows from Operating Activities		
Student Tuition and Fees	$528,531	$469,749
Research Grants and Contracts	394,475	367,476
Federal Appropriations	5,879	5,823
Payments to Employees and for Benefits	(821,590)	(764,383)
Payments to Suppliers	(438,797)	(400,395)
Payments for Utilities	(80,871)	(70,157)
Payments for Scholarships and Fellowships	(79,730)	(71,954)
Collection of Loans to Students and Employees	6,085	8,509
Auxiliary Enterprises Receipts:		
Housing	96,155	89,747
Dining	53,393	47,600
Athletics	12,839	12,250
Parking	6,468	6,085
Other	17,511	18,008
Other Receipts	69,697	59,435
Net Cash Used by Operating Activities	(229,955)	(222,207)
Cash Flows from Noncapital Financing Activities		
State Appropriations	327,805	312,730
Contributions for other than Capital Purposes	39,241	47,928
Contributions for Endowment Purposes	22,744	25,932
Net Cash Provided by Noncapital Financing Activities	389,790	386,590
Cash Flows from Financing Activities		
Proceeds from Capital Debt and Leases	107,305	34,532
Capital Appropriations	154	519
Capital Grants and Gifts Received	9,853	5,432
Purchases of Capital Assets and Construction	(129,798)	(115,692)
Principal Paid on Capital Debt and Leases	(28,876)	(27,574)
Interest Paid on Capital Debt and Leases	(26,666)	(27,194)
Debt Defeasance	(14,300)	(21,658)
Bond Issuance Costs	(256)	(202)
Other Receipts	2,241	1,591
Net Cash Used by Financing Activities	(80,343)	(150,246)
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	4,519,669	5,148,749
Investment Income	38,250	44,449
Purchase of Investments	(4,526,415)	(5,184,225)
Net Cash Provided by Investing Activities	31,504	8,973
Net Increase in Cash and Cash Equivalents	110,996	23,110
Cash and Cash Equivalents - Beginning of the year	112,535	89,425
Cash and Cash Equivalents - End of the year	$223,531	$112,535

(Continued)

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS (continued)
For the Years Ended June 30, 2008 and 2007
(dollars in thousands)

	2008	2007
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	($466,287)	($453,469)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
State Paid Fringe Benefits	147,616	146,394
Depreciation	94,796	92,611
Payment in Lieu of Taxes	700	700
Adjustment of Actuarial Liability for Annuities Payable	(678)	(522)
Changes in Assets and Liabilities:		
Receivables, net	(4,583)	(21,123)
Inventories	(435)	(32)
Prepaid Expenses	(1,759)	(3,683)
Accounts Payable and Accrued Expenses	1,789	4,784
Deferred Revenue	4,480	9,671
Payroll Withholdings	(5,792)	2,605
Other Payables	198	(143)
Net Cash Used by Operating Activities	($229,955)	($222,207)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

The financial statements of Rutgers, the State University of New Jersey (the University) have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University reports as a special purpose government engaged only in business type activities as defined in GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statement – and Management's Discussion and Analysis – Public Colleges and Universities.*

GASB Statement No. 34 requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the University as an economic unit.

The accounting policies of the University conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. The University's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity

The University's financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the Foundation). The Foundation was formed to aid the University in obtaining private funds and other resources to meet the needs and achieve the goals of the University. Although the Foundation is a legally separate, not-for-profit organization, it exists for the benefit of the University and is considered a component unit of the University. The balances and transactions of the Foundation were blended with those of the University for reporting purposes, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Copies of the Foundation's financial statements can be obtained by writing to the Foundation at Rutgers University Foundation, Winants Hall, 7 College Avenue, New Brunswick, NJ 08901.

Under GASB Statement No. 14, as amended by GASB Statement No. 39, the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The University reports as a business type activity, as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, and all highly liquid investments with an original maturity of three months or less except for those managed as a component of the University's investment portfolio. Cash and cash equivalents that are externally restricted to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net assets.

Investments

Investments are recorded at fair value in the statements of net assets. The year-to-year change in the fair value of investments is reported in the statements of revenues, expenses, and changes in net assets.

The fair value of investments is based on the last sale price on the last business day of the fiscal year as quoted by an industry standard pricing service. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued by this pricing service based on market evaluations using standard trade publications and other quote devices. Investments in non-marketable securities are reported in the financial statements based upon values provided by external investment managers which are reviewed and evaluated by the University's management for reasonableness. Investments with a maturity greater than one year and investments externally restricted for endowment purposes and to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net assets.

Continued

Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the University are not included in the University's cash and investments. The market value of such funds aggregated approximately $63.5 million at June 30, 2008 ($71.7 million in 2007). Income derived from such irrevocable trust funds held by others, aggregating approximately $2.7 million in 2008 and $2.5 million in 2007, is reported in the accompanying financial statements as nonoperating revenues.

Inventories

Inventories are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis.

Bond/Commercial Paper Issuance Costs

The University capitalizes costs incurred in connection with its bond/commercial paper issues and amortizes these costs over the life of the respective obligations.

Capital Assets

Capital assets consist of land, buildings, land improvements and infrastructure, equipment, construction in progress and art collections. Capital assets are recorded at cost at the date of acquisition, or fair market value on the date of gift if donated, and are shown net of accumulated depreciation. Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books totaling approximately 5.2 million (5.2 million in 2007) volumes have not been capitalized.

Deferred Revenue and Deferred Charges

Deferred revenue and deferred charges include summer session activity which will be recognized as revenue and expense in the following fiscal year.

Net Assets

Net assets is the difference between the University's assets and its liabilities. GASB Statement No. 34 requires that these resources be classified for accounting and reporting purposes into four categories as follows:

Invested in capital assets, net of related debt represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net assets – nonexpendable consist of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing income, which may either be expended or added to principal.

Restricted net assets – expendable includes all resources for which the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties as well as Perkins loans and U.S. government grants refundable.

Unrestricted net assets represent resources available to the University for educational and general operations and spendable endowment income. These resources are derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises and several academic programs, such as summer session and continuing education, are substantially self-supporting activities that provide services for students, faculty and staff.

Under the University's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Revenue Recognition

Revenues from student tuition and fees and auxiliary enterprises are presented net of scholarship allowances applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred.

Grants and contracts revenue is comprised mainly of funds received from grants from the federal, State of New Jersey and municipal and other nongovernmental sources and is recognized as the related expenses are incurred.

Continued

Revenue from State appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the University. The University is fiscally dependent upon these appropriations.

Contributions, including pledges other than endowment, are recognized as revenues in the period donated. Additions to permanent endowments are recognized upon receipt. Endowment and investment income is recognized in the period earned.

Classification of Revenue

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net assets are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, net of scholarship allowances, and (3) most federal, state and municipal and other nongovernmental grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State, endowment and investment income and contributions.

Scholarships and Fellowships

Scholarships, fellowships or stipends include payments made directly to students in the form of student aid. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and is deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

The University distributes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. During the year ended June 30, 2008, the University disbursed $169.2 million ($158.3 million in 2007) under the Federal Direct Student Loan Program. Direct student loans receivable are not included in the University's statements of net assets since they are repayable directly to the U.S. Department of Education.

Income Taxes

The University is exempt from income taxes on related income pursuant to federal and State tax laws as an instrumentality of the State of New Jersey.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The University's cash and cash equivalents balance at June 30, 2008 includes a cash book balance $6.5 million ($10.5 million in 2007). The actual amount of cash on deposit in the University's bank accounts at June 30, 2008 was $18.9 million ($25.7 million in 2007). Of this amount, $0.4 million ($0.4 million in 2007) was insured by the Federal Deposit Insurance Corporation at June 30, 2008. At June 30, 2008, $18.5 million ($25.3 million in 2007) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, and no cash was uninsured and uncollateralized at June 30, 2008 and 2007.

The Foundation's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by a pledging financial institution, or by its trust department or agent but not in the Foundation's name. As of June 30, 2008 and 2007, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling $0.1 million and $0.4 million, respectively. Cash and cash equivalents in excess of those balances are uncollateralized.

Continued

The University and Foundation's cash and cash equivalents are carried in the financial statements at fair value and consist of the following as of June 30, 2008 and 2007 (dollars in thousands):

	2008	2007
Money Market Funds	$161,736	$74,197
Repurchase Agreements	36,841	4,644
Cash and Deposits	24,954	33,694
Total Cash and Cash Equivalents	$223,531	$112,535

Investments

Effective July 1, 2004, the University and Foundation adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. This statement establishes and modifies disclosure requirements related to investment and deposit risks.

The Board of Governors and the Board of Trustees, through a Joint Investment Committee, have authority over the investment of the University's funds. Professional investment managers are engaged by the University to manage the investment of funds in accordance with the investment policies and objectives established by the Joint Investment Committee. In addition, under the terms of the University's bond indentures, bond proceeds and debt service funds may be invested and reinvested only in obligations which will by their terms mature on or before the date funds are needed for expenditure or withdrawal.

The primary financial objective of the investment management of the University's endowment is to preserve and enhance the endowment's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the endowment is to attain an average annual real total return of at least 5%, as measured over rolling five-year periods and current income adjusted for inflation. The University's annual spending policy is to spend an amount not to exceed 4.5% of a trailing 13-quarter average of the endowment's market values. Current earned income will be used for ongoing spending requirements. The endowment's assets are divided into an Equity Fund, a Fixed Income Fund and other investment classes. The endowment's investments are diversified by asset class. The Equity Fund, the Fixed Income Fund and other asset classes are placed with professional managers with different investment philosophies to ensure that no single security or class of securities will have a disproportionate impact on the endowment's aggregate results.

The University's investments are carried in the financial statements at fair value and consist of the following at June 30, 2008 and 2007 (dollars in thousands):

	2008	2007
Commercial Paper	$198,486	$308,469
U.S. Government Treasury Securities	221,951	145,162
U.S. Government Agency Securities	95,107	82,954
Commodities	43,061	38,657
U.S. Corporate Equities	271,844	247,869
Foreign Corporate Equities	117,822	138,988
Real Estate	105,720	91,206
Corporate Bonds	640	531
Other Investments	4,277	4,315
Total Investments	$1,058,908	$1,058,151

The Board of Overseers, through its Investment Committee, has authority over the investment of the Foundation's funds. Professional investment managers are engaged by the Foundation and have full discretion to buy, sell, invest and reinvest portions of the assets in accordance with the investment policies and objectives established by the Investment Committee.

The primary financial objective of the Foundation's investment management of assets for the General Endowment Fund is to earn the highest yield possible without unnecessary risk to principle. To achieve the goals of safety, liquidity and return, the assets in the General Endowment Fund are invested in laddered high quality short term fixed income securities and/or an institutional money market fund. The objective for the Planned Giving Portfolio is to maximize long-term total return through a combination of income and capital appreciation in a prudent manner. To achieve the goals of growth and income, the assets within the Planned Giving

Continued

Portfolio are divided into an Equity Portion (equities including convertibles and cash devoted to equities) and a Fixed Income Portion (bonds, notes, nonconvertible preferred stock and cash devoted to fixed income).

The Foundation's investments are carried in the financial statements at fair value, based on quoted market values, and consist of the following as of June 30, 2008 and 2007 (dollars in thousands):

	2008	2007
U.S. Government Treasury Securities	$5,348	$27,467
U.S. Government Agency Securities	19,623	2,429
Corporate Bonds	3,829	2,716
Mortgage-backed Securities	3,324	2,149
Common Stock	6,865	7,324
Real Estate	575	
Other Investments	1,048	1,865
Total Investments	$40,612	$43,950

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The operating funds of the University are managed against the expected cash requirements of these funds. The University projects its cash requirements and arranges investment maturities accordingly. Special attention is given to the interest rate environment in times of economic growth or downturns. The table below reflects the operation of this process. Endowment funds have a much longer outlook and are invested by professional managers against an index as provided in the University's investment guidelines. For the University, the following table summarizes the maturities as of June 30, 2008 and 2007 (dollars in thousands):

	2008				
		Investment Maturities (in years)			
Investment Type	Market Value	Less Than 1	1-5	6-10	More Than 10
Commercial Paper	$198,486	$198,486			
U.S. Government Treasury Securities	221,951	187,287	$33,682		$982
U.S. Government Agency Securities	95,107	28,594	64,324	$1,991	198
Corporate Bonds	640	9	372	259	
Total	516,184	$414,376	$98,378	$2,250	$1,180
Common Stock	389,666				
Other Investments	153,058				
Total	$1,058,908				

Continued

Investment Type	Market Value	2007 Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Commercial Paper	$308,469	$308,469			
U.S. Government Treasury Securities	145,162	115,955	$28,288		$919
U.S. Government Agency Securities	82,954		82,666	$2	286
Corporate Bonds	531		274	257	
Total	537,116	$424,424	$111,228	$259	$1,205
Common Stock	386,857				
Other Investments	134,178				
Total	$1,058,151				

The Foundation does not have a provision in the investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. While the general provisions of the investment strategy should be implemented with a long-term prospective, all holdings must be sufficiently liquid so as to allow liquidation of the entire portfolio on one month's notice. In addition, annuity pooled investments in the planned giving portion of the portfolio are governed by the New Jersey Prudent Investor Act. The required reserves for this pool are reviewed utilizing actuarial assumptions of the charitable gift annuity assets. For the Foundation, the following table summarizes the maturities as of June 30, 2008 and 2007 (dollars in thousands):

Investment Type	Market Value	2008 Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	$5,348		$4,081	$847	$420
U.S. Government Agency Securities	19,623		6,190	13,281	152
Corporate Bonds	3,829	$1,857	932	772	268
Mortgage-backed Securities	3,324	15	76	5	3,228
Total	$32,124	$1,872	$11,279	$14,905	$4,068

Investment Type	Market Value	2007 Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	$27,467	$99	$20,274	$349	$6,745
U.S. Government Agency Securities	2,429	936		335	1,158
Corporate Bonds	2,716	10	527	467	1,712
Mortgage-backed Securities	2,149		112		2,037
Total	$34,761	$1,045	$20,913	$1,151	$11,652

Continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's Investment Policy states that individual bonds shall be rated with an investment grade by at least two of the three rating agencies (Moody's, Fitch, and Standard & Poor's (S&P)). The average credit quality of the Core Fixed Income Fund shall be maintained at AA (by S&P or equivalent rating by Moody's or Fitch) or higher. The prospect of credit risk or risk of permanent loss shall be avoided in the Core Fixed Income Fund. Issues of state or municipal agencies shall not be purchased except in unusual circumstances. A fixed income manager may invest in foreign securities up to a limit of 20% of the portfolio. At June 30, 2008 and 2007, the University's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2008	2007
U.S. Government Treasury and Agency Securities	AAA	$317,058	$228,116
Corporate Bonds	AA+	75	72
Corporate Bonds	AA	225	303
Corporate Bonds	A+	85	
Corporate Bonds	A	109	9
Corporate Bonds	A-	50	49
Corporate Bonds	BBB+	96	98
Commercial Paper	A-1+		227,177
Commercial Paper	A-1		81,292
Total		$317,698	$537,116

The Foundation's Investment Policy states that individual bonds shall be rated an investment grade by at least two rating agencies (Moody's and S&P). The average credit quality of the Fixed Income Securities must be maintained at a class BBB/Baa or higher as rated by both standard services (Moody's and S&P). Up to 10% of the investment manager's portfolio may be invested in securities rated BBB/Baa or higher as rated by both standard services (Moody's and S&P). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be A/A or better.

At June 30, 2008 and 2007, the Foundation's investment quality ratings, at fair value, as rated by S&P were as follows (dollars in thousands):

Investment Type	Quality Rating	2008	2007
U.S. Government Treasury and Agency Securities	AAA	$24,971	$29,896
Mortgage-backed Securities	AAA	3,324	2,149
Corporate Bonds	AAA	31	30
Corporate Bonds	AA	62	1,739
Corporate Bonds	A	1,573	657
Corporate Bonds	A+	1,368	
Corporate Bonds	A-	199	
Corporate Bonds	AA-	267	
Corporate Bonds	BBB+	259	290
Corporate Bonds	BBB	70	
Total		$32,124	$34,761

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The University's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in the University's name. Money market and mutual funds are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. At June 30, 2008 and 2007, the University had $460.0 million and $389.7 million, respectively, of investments that were uninsured or unregistered but not in the University's name.

As of June 30, 2008 and 2007, the Foundation's investments were either insured, registered, or held by the Foundation's agent in the Foundation's name, except for money market and mutual funds, which are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The University and the Foundation limit the concentration of credit risk by placing a limit on the amount the investment managers may invest in any one issuer. No single transaction may exceed 5% of the portfolio nor shall a single equity security exceed 10% of the market value of assets under management. Additionally, no single industry shall represent more than 25% of the market value of the Equity Fund.

Investments - Endowment Funds

The majority of endowment funds assets are combined into two separate investment pools. Each individual fund subscribes to or disposes of units in the pools on the basis of the per-unit market value at the beginning of the three-month period within which the transaction takes place. At June 30, 2008, the pooled cash, receivables and investments had a total market value of $509.4 million ($501.5 million in 2007). In addition, the aggregate market value of endowment funds, cash, receivables and investments separately invested was $79.0 million at June 30, 2008 ($85.6 million in 2007). The investment appreciation was $66.1 million at June 30, 2008 (appreciation of $97.4 million in 2007). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net assets.

The University employs a spending policy which provides for annual spending at a stated rate determined by the Joint Investment Committee of the Board of Governors and the Board of Trustees. Income earned above the stated rate is reinvested and added to the endowment principle, while any shortfall is covered by capital appreciation.

Alternative Investments

As part of its investment strategy, the University has committed to invest a total of $116.6 million to 19 non-marketable alternative asset partnerships at June 30, 2008 ($95.0 million to 16 non-marketable alternative asset partnerships in 2007). As of June 30, 2008, the University has $65.5 million of paid-in capital to these partnerships ($32.1 million in 2007) and $51.1 million in unfunded commitments ($62.9 million in 2007).

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets.

NOTE 3 – ACCOUNTS RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts and are comprised of the following at June 30, 2008 and 2007 (dollars in thousands):

	Accounts Receivable	Allowance	Net 2008	Net 2007
Government Grants Receivable and Other Sponsored Programs	$57,355	$420	$56,935	$51,011
Student Accounts Receivable	6,224	2,323	3,901	3,595
Other	54,705	774	53,931	44,911
Total	$118,284	$3,517	$114,767	$99,517

Continued

Students' notes receivable in the statements of net assets are also shown net of the allowance for doubtful notes which amounted to $3.7 million at June 30, 2008 ($3.6 million in 2007).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2008 and 2007, considering type, age, collection history and other appropriate factors.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The anticipated receipt of contributions receivable is as follows at June 30, 2008 and 2007 (dollars in thousands):

Year Ending June 30:	**2008**	**2007**
Within one year	$20,841	$18,086
Two to five years	12,153	8,146
	32,994	26,232
Less allowance for uncollectible contributions	(1,051)	(2,632)
Total Contributions Receivable	$31,943	$23,600

Contributions receivable related to permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33*, Accounting and Financial Reporting for Nonexchange Transactions.* These contributions receivable, which approximated $26.8 million at June 30, 2008 ($26.9 million in 2007) have not been included in the accompanying statements of net assets.

NOTE 5 – CAPITAL ASSETS

The detail of Capital Assets activity for the years ended June 30, 2008 and 2007 is as follows (dollars in thousands):

	Balance 2007	**Additions**	**Retirements/ Capitalization**	**Balance 2008**
Capital Assets Not Being Depreciated:				
Land	$52,562	$865		$53,427
Capitalized Collections	49,245	7,871		57,116
Construction in Progress	51,495	102,282	$67,209	86,568
Total	153,302	111,018	67,209	197,111
Capital Assets Being Depreciated:				
Land Improvements	215,895	7,122	1,499	221,518
Buildings	1,856,135	70,921		1,927,056
Equipment	412,668	19,178	27,730	404,116
Total	2,484,698	97,221	29,229	2,552,690
Less Accumulated Depreciation:				
Land Improvements	122,085	17,613	899	138,799
Buildings	609,323	47,099		656,422
Equipment	296,750	30,084	27,159	299,675
Total	1,028,158	94,796	28,058	1,094,896
Net Capital Assets Being Depreciated	1,456,540	2,425	1,171	1,457,794
Total Capital Assets, net	$1,609,842	$113,443	$68,380	$1,654,905

Continued

During 2008, the University has net capitalized interest expense of $690 thousand (capitalized interest expense of $1.4 million and $748 thousand of interest income) in construction in progress in the accompanying statements of net assets.

	Balance 2006	Additions	Retirements/ Capitalization	Balance 2007
Capital Assets Not Being Depreciated:				
Land	$51,859	$705	$2	$52,562
Capitalized Collections	47,327	1,918		49,245
Construction in Progress	41,379	59,366	49,250	51,495
Total	140,565	61,989	49,252	153,302
Capital Assets Being Depreciated:				
Land Improvements	210,787	5,108		215,895
Buildings	1,787,201	68,934		1,856,135
Equipment	424,890	23,754	35,976	412,668
Total	2,422,878	97,796	35,976	2,484,698
Less Accumulated Depreciation:				
Land Improvements	104,643	17,442		122,085
Buildings	565,932	43,391		609,323
Equipment	300,142	31,778	35,170	296,750
Total	970,717	92,611	35,170	1,028,158
Net Capital Assets Being Depreciated	1,452,161	5,185	806	1,456,540
Total Capital Assets, net	$1,592,726	$67,174	$50,058	$1,609,842

During 2007, the University has capitalized interest expense of $1,211 thousand in construction in progress in the accompanying statements of net assets.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2008 and 2007 (dollars in thousands):

	2008	2007
Compensated Absences	$43,470	$42,228
Vendors	34,325	28,363
Accrued Salaries and Benefits	17,148	14,628
Workers Compensation	11,560	10,722
Retainage	5,529	3,705
Interest Payable	3,757	3,431
Other Accrued Expenses	6,887	6,906
Total Accounts Payable and Accrued Expenses	$122,676	$109,983

Continued

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the years ended June 30, 2008 and 2007 is as follows (dollars in thousands):

	Balance 2007	Additions	Reductions	Balance 2008	Current Portion
Accounts Payable and Accrued Expenses	$109,983	$12,693		$122,676	$109,134
Annuities Payable	7,831		$678	7,153	1,052
Long-Term Liabilities	587,858	18,129	45,139	560,848	32,053
Total Noncurrent Liabilities	$705,672	$30,822	$45,817	$690,677	$142,239

	Balance 2006	Additions	Reductions	Balance 2007	Current Portion
Accounts Payable and Accrued Expenses	$109,877	$5,637	$5,531	$109,983	$98,152
Annuities Payable	7,320	511		7,831	1,015
Long-Term Liabilities	616,154	24,466	52,762	587,858	31,568
Total Noncurrent Liabilities	$733,351	$30,614	$58,293	$705,672	$130,735

NOTE 8 - SHORT-TERM LIABILITIES

Commercial Paper Program

On February 28, 2007, the University issued commercial paper to provide interim or short-term financing of various capital projects, equipment, refundings, and to refinance all outstanding general obligation bond anticipation notes of the University. The commercial paper will be issued either as Tax-Exempt Commercial Paper or as Taxable Commercial Paper.

The commercial paper constitute direct general obligations of the University for the payment of which, as to both principle and interest, the full faith and credit of the University are pledged. Principle of the commercial paper, to the extent not paid from proceeds of general obligation bonds and proceeds of other commercial paper, and interest on the commercial paper is payable from other available University funds. The University has entered into a Standby Commercial Paper Purchase Agreement (the Standby Commercial Paper Purchase Agreement) with Wachovia Bank, National Association (the Liquidity Provider) under which the Liquidity Provider is obligated to purchase newly issued commercial paper to pay the principle of other commercial paper, subject to suspension or termination upon the occurrence of certain events. The Standby Commercial Paper Purchase Agreement will terminate at the close of business on February 28, 2012, unless terminated prior to such date in accordance with its terms. Morgan Stanley & Co. Incorporated will be the exclusive dealer in connection with the offering and issuance of the Series A Tax-Exempt Commercial Paper, the Series C Taxable Commercial Paper and the Series D Extendable Commercial Paper.

On March 12, 2007, the Series B General Obligation Commercial Paper was issued to defease the University's outstanding General Obligation Bonds, Series 1997A, dated June 1, 1997. The proceeds of the Series B General Obligation Commercial Paper were used: (i) to deposit funds into Series 1997A Debt Service Fund held by the Trustee sufficient to pay the principle, interest and redemption on the Series 1997A Bonds and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the Series B General Obligation Commercial Paper. The University completed the advance refunding to reduce, assuming principle payments are made, its total debt service payments over the next 20 years by $5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of $1.7 million. The difference between the reacquisition price and the net carrying amount of the old debt, $0.4 million, is being deferred and will be amortized as interest expense through the year 2027 using the effective interest method.

On March 6, 2008, the tax-exempt Series A General Obligation Commercial Paper was issued to defease the outstanding Revenue Refunding Bonds (Rutgers, The State University – Civic Square Project), 2005 Series (the 2005 Series Bonds), dated April 4, 2005, which 2005 Series Bonds were issued by the New Jersey Economic Development Authority (the Authority) to refinance a redevelopment project located in the City of New Brunswick, Middlesex County, New Jersey (the Project). The 2005 Series Bonds were paid in full and discharged from the proceeds of the Series A General Obligation Commercial Paper in the principle amount of

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$14.3 million in accordance with and pursuant to the terms of the Revenue Bond Resolution (Rutgers, The State University – Civic Square Project) adopted by the Authority on May 3, 1994, as supplemented by the First Supplemental Revenue Refunding Resolution (Rutgers, the State University – Civic Square Project) adopted by the Authority on March 7, 2005.

On May 20, 2008, the University issued tax-exempt Series A General Obligation Commercial paper in the par amount of $68.7 million and taxable Series C General Obligation Commercial Paper in the par amount of $17.1 million to provide interim financing of the 2008 Projects pursuant to the Commercial Paper Resolution of the University, adopted pursuant to a resolution of the Board of Governors of the University on June 15, 2006, with the advice and consent of the Board of Trustees of the University on June 15, 2006.

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2008 and 2007 is as follows (dollars in thousands):

	Balance 2007	Additions	Retirements	Balance 2008	Current Portion
General Obligation Bonds Payable	$385,480	$46	$20,721	$364,805	$21,544
Revenue Bonds Payable	26,455	9	1,970	24,494	2,046
Lease Obligations	151,705	1,286	22,335	130,656	8,345
Notes Payable	2,063		113	1,950	118
Loan Payable	22,155	16,788		38,943	
Total Long-Term Liabilities	$587,858	$18,129	$45,139	$560,848	$32,053

	Balance 2006	Additions	Retirements	Balance 2007	Current Portion
General Obligation Bonds Payable	$425,009	$302	$39,831	$385,480	$20,674
Revenue Bonds Payable	28,921	9	2,475	26,455	1,961
Lease Obligations	160,052	153	8,500	151,705	8,820
Notes Payable	2,172		109	2,063	113
Loan Payable		22,155		22,155	
Total Long-Term Liabilities	$616,154	$22,619	$50,915	$587,858	$31,568

OTHER OBLIGATIONS OF THE UNIVERSITY

Notes Payable

Notes payable at June 30, 2008 and 2007 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.5%, final installment due January 1, 2021.

The University has an unsecured $20.0 million line of credit with a bank to be used for interim financing requirements for construction projects. The $0.1 million letter of credit, which is collateral for a lease obligation, was cancelled as of February 26, 2008. No funds have been drawn on the letter of credit at June 30, 2008 or 2007.

Rutgers Community Park

In 1999, the University and the City of Camden entered into a joint venture for the acquisition, development and construction of an outdoor recreational complex designated the Rutgers Community Park which was made available to University students and the public. On June 26, 2002, the University agreed to assume the obligation for debt service payable on an aggregate of $1.0 million in loans that the City of Camden received from the Green Acres Program of the State of New Jersey in connection with the Rutgers Community Park, pursuant to an Amended and Restated Interlocal Services Agreement between the City of Camden and the University. The assumption of the debt service payable on the Green Acres Program of the State of New Jersey loan is a general obligation of the University secured by the full faith and credit of the University. At June 30, 2008, the outstanding amount due on the loans was $0.7 million ($0.7 million in 2007).

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Guaranty of LEAP School Bond Financing

The Delaware River Port Authority (the Authority) issued $8.5 million of Charter School Project Bonds, Series 2003 (LEAP Academy University Charter School, Inc.) on October 2, 2003 pursuant to the Compact, the New Jersey Act, the Pennsylvania Act and an Indenture of Trust dated as of September 1, 2003, by and between the Authority and Commerce Bank, National Association, as trustee (the Guaranty), for the purpose of financing the costs of the design, development, construction and equipping of the LEAP Academy University Charter School (the LEAP School) in Camden, New Jersey. The LEAP School will be owned and managed by the LEAP Academy University Charter School, Inc., a New Jersey not-for-profit corporation, and will serve approximately 216 students in grades 9-12. The LEAP School site is adjacent to the Camden Campus. The University's obligations under the Guaranty are a general obligation of the University secured by the full faith and credit of the University.

College Hall Student Housing Project

The University entered into a Limited Minimum Revenue Guaranty, dated January 22, 2004, pursuant to which the University agreed to pay the debt service payable for a two-year period on, and thereafter to replenish the debt service reserve account established in connection with, the Middlesex County Improvement Authority's (the MCIA) $4.2 million aggregate principal amount of Revenue Bonds (George Street Student Housing Project), 2004 Series B. The 2004 Series B Bonds mature on August 15, 2011 and were issued, together with the MCIA's $49.9 million Revenue Bonds (George Street Student Housing Project), 2004 Series A, to finance the cost of the planning, design, development, supervision, construction, furnishing, equipping and opening of a student housing facility for use primarily by the University's students. The University's obligations under the Limited Revenue Guaranty are a general obligation of the University secured by the full faith and credit of the University.

Loans Payable

On May 30, 2007, One Washington Park Holdings (QALICB) entered into two loan and security agreements with New Jersey Community Capital Community Development Entity (NJCC CDE) I LLC and NJCC CDE II LLC in the amounts of $36.3 million and $2.6 million, respectively, to finance a portion of the acquisition and renovation of the property located at One Washington Park in Newark, NJ (See **NOTE 16)**. The loans bear interest at a rate of 2.33% per annum and 1.45% per annum, respectively, and are payable every December 1. The principal amounts are due to NJCC CDE I LLC and NJCC CDE II LLC on December 1, 2014.

The first advance on the NJCC CDE I and II loans were made on May 30, 2007 totaling to $31.7 million. The University recognized 69.84% or $22.1 million of this loan in fiscal year 2007 representing Parkside RUN Investments, LLC's interest with One Washington Park Holdings, LLC as of June 30, 2007. On July 31, 2007, NJCC CDE I made the second advance on the loan for $7.2 million. The University then recognized full responsibility on the loan to represent Parkside RUN Investments, LLC's majority interest with One Washington Park Holdings, LLC as of June 30, 2008. Total loan additions of $16.8 million for fiscal year 2008 represent the second advance of $7.2 million and the remaining 30.16% interest on the $31.7 million, or $9.6 million.

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Bonds Payable – General Obligation and Revenue

A summary of bonds issued and outstanding at June 30, 2008 and 2007 is as follows (dollars in thousands):

	Date of Series	Original Amount	Outstanding June 30, 2008	Outstanding June 30, 2007
Revenue Refunding Bonds:				
Series U, 4.89% effective, due serially to May 1, 2021	Dec. 1, 1997	$40,015	$23,580	$25,440
Total Revenue Refunding Bonds		40,015	23,580	25,440
Revenue Bonds:				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	1,200	370	410
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350	660	730
Total Revenue Bonds		3,550	1,030	1,140
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2013 and 2018	Feb. 1, 1992	94,370	22,850	26,605
2002 Series A, 3.96% effective, due serially to May 1, 2018	Feb. 1, 2002	110,000	72,800	76,300
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	72,910	80,500
Total General Obligation Refunding Bonds		315,690	168,560	183,405
General Obligation Bonds:				
1998 Series A, 4.89% effective, due serially to May 1, 2018 and term bonds due May 1, 2020, 2023 and 2029	Nov. 1, 1998	50,000	41,150	42,295
2002 Series B, 4.60% effective, due serially to May 1, 2023 and term bonds due May 1, 2027, 2032 and 2034	Nov. 1, 2002	50,000	45,460	46,415
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	18,175	19,570
2004 Series E, 4.69% effective, due serially to May 1, 2029 and term bonds due May 1, 2031 and 2034	July 1, 2004	86,725	84,450	86,190
Total General Obligation Bonds		211,530	189,235	194,470
Total Bonds		$570,785	$382,405	$404,455

The General Obligation Bonds Payable includes premium on bonds, net of bond discounts, of $7.0 million at June 30, 2008 ($7.6 million in 2007, premium on bonds, net of bond discounts) related to Series 1992 A, Series 1998 A, Series 2002 B, Series 2003 C, Series 2003 D and Series 2004 E.

The Revenue Refunding Bonds Payable are net of $116 thousand at June 30, 2008 ($125 thousand in 2007) of unamortized bond discounts related to Series U.

Revenue and Revenue Refunding Bonds

The Revenue Refunding Bonds, Series U, and the Revenue Bonds, Series E and F, were issued under an open-ended Indenture of Trust dated May 1, 1967 to finance the construction of auxiliary enterprise facilities and to consolidate previously outstanding bond indebtedness. Under the terms of the indenture, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey. All revenues from auxiliary enterprise facilities constructed from the proceeds of the bonds, together with revenues from certain other such facilities, are pledged to secure the indebtedness and must be applied to (1) annual interest and amortization payments, (2) debt service reserve deficiencies, if any, (3) operating and maintenance expenses and (4) the funding of repair and replacement reserves. The excess of funds, after satisfying these requirements, is available to the University. The University has covenanted that so long as the bonds are outstanding it will not incur any other indebtedness secured by a pledge of the facility revenues, nor sell, mortgage or otherwise dispose of such facilities.

Continued

General Obligation and General Obligation Refunding Bonds

The General Obligation Refunding Bonds, 1992 Series A, and General Obligation Bonds, 1998 Series A, were issued under an open-ended Indenture of Trust, dated May 1, 1987, as supplemented, and the General Obligation Refunding Bonds, 2002 Series A, were issued under an Indenture of Trust, dated February 1, 2002. These bonds were issued to finance a portion of the cost of the renovation, construction and equipping of certain academic, research support and other facilities, as well as infrastructure development and land acquisitions of the University. Under the terms of the indentures, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey.

The General Obligation Bonds, 2002 Series B, were issued in the amount of $50.0 million and dated November 1, 2002. The 2002 Series B Bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, as supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2002, each between the University and First Union National Bank (now known as Wachovia Bank, National Association), as trustee and a Second Supplemental Indenture of Trust, dated as of November 1, 2002, between the University and the Trustee. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. The proceeds of the 2002 Series B Bonds, together with certain other monies available to the University, are being used to finance, in part, the costs of the construction of new buildings for the Department of Biomedical Engineering and the Department of Human Genetics on the Busch Campus; the renovation of Olson Hall on the Newark Campus to upgrade and expand laboratory space, conference room space, classroom space and faculty offices for the Biological Sciences and Chemistry Departments; implementation of the Housing Fire Safety Program mandating installation of automatic fire suspension systems in all student residences and certain environmental remediation, health and safety and infrastructure support in accordance with State regulations; and the financing of certain deferred maintenance and other capital improvements in accordance with the State Higher Education Capital Improvement Fund Act of 1999.

The General Obligation Refunding Bonds, 2003 Series C, were issued in the amount of $111.3 million and dated July 15, 2003. The bonds were issued under the terms of an Indenture of Trust, dated February 1, 2002, as supplemented, and a Third Supplemental Indenture of Trust, dated as of July 1, 2003. The 2003 Series C Bonds were issued to refund in whole the University's outstanding (i) Revenue Refunding Bonds, Series S, (ii) Revenue Refunding Bonds, Series T, (iii) General Obligation Refunding Bonds, 1993 Series 1, (iv) General Obligation Refunding Bonds, 1993 Series A, and (v) General Obligation Bonds, 1993 Series B. The proceeds of the 2003 Series C Bonds, along with certain other moneys provided, were used to (i) redeem the above mentioned bonds prior to maturity, in whole on July 31, 2003, at their appropriate respective principle amounts plus the applicable redemption premium, if any and interest, and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the 2003 Series C Bonds. The University completed the advance refunding to reduce its total debt service payments over the next 16 years by $33.8 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of $12.0 million. The difference between the reacquisition price and the net carrying amount of the old debt, $4.4 million, is being deferred and amortized as interest expense through the year 2019 using the effective interest method. In 2008, $0.3 million ($0.3 milion in 2007) has been expensed leaving $3.0 million as deferred charges.

The General Obligation Bonds, 2003 Series D, were issued in the amount of $24.8 million and dated December 1, 2003. The Series 2003 D Bonds are secured under the provisions of the Indenture of Trust, dated as of February 1, 2002, as supplemented between the University and First Union National Bank (now known as Wachovia Bank, National Association), as Trustee and a Fourth Supplemental Indenture of Trust, dated as of December 1, 2003, between the University and the Trustee. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. The proceeds of the 2003 Series D Bonds are being used to finance (i) the costs of construction of certain deferred capital maintenance projects on the New Brunswick Campus, the Camden Campus and the Newark Campus, each project with a minimum economic life of ten years, and (ii) certain administrative, legal, financing and incidental expenses relating to the issuance of these Bonds.

The General Obligation Bonds, 2004 Series E, were issued in the amount of $86.7 million on July 1, 2004. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002, as supplemented, between the University and the First Union National Bank (now known as Wachovia Bank, National Association), as Trustee, and a Fifth Supplemental Indenture of Trust, dated July 1, 2004, between the University and the Trustee. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. The 2004 Series E Bonds are authorized to be issued pursuant to the terms of the Fifth Supplemental Indenture, supplemental to and amendatory of the Master Indenture. The 2004 Series E Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated, and the Indenture. The 2004 Series E Bonds were issued to fund capital projects for sites and buildings located at the New Brunswick, Newark and Camden campuses of the University, which include: (i) the construction of a student-housing facility with ancillary student-related and retail space on the Newark Campus; (ii) the expansion to and renovation of the Camden Law School; (iii) the complete interior and exterior reconstruction of the Administrative Services Building II located on the New Brunswick Campus; (iv) the fit-out and equipping of the Public Safety Building on the New Brunswick Campus; and (v) the construction of a new College of Nursing Building for academic and administrative offices and teaching laboratories.

All bonds bear interest at fixed-rates with the exception of 2002 Series A, which bears interest at a variable-rate. With the intention of lowering its effective interest rate related to 2002 Series A, the University entered into a swap agreement with JP Morgan Chase (see **NOTE 10** for additional information about derivatives). The interest rate swap exposes the University to basis risk should the relationship between the floating rate and the BMA converge, changing the synthetic rate of the bonds. The following is the synthetic rate, related to the 2002 Series A bond, at the end of this fiscal year:

	Terms	2008	2007
Interest rate swap			
Fixed payment to counterparty	Fixed	3.96%	3.96%
Variable payment from counterparty	BMA	-1.59%	-3.70%
Net interest rate swap payments		2.37%	0.26%
Variable rate bond coupon payments		1.35%	3.61%
Synthetic interest rate		3.72%	3.87%

Using rates as of the end of the fiscal year, debt service payments to maturity, assuming current interest rates remain the same for their term, are as follows (dollars in thousands):

	Fixed-Rate Bonds		Variable-Rate Bond		Interest Rate	
Year	Principal	Interest	Principal	Interest	Swap, Net	Total
2009	$19,305	$14,852	$3,700	$983	$1,725	$40,565
2010	20,300	13,881	3,800	933	1,638	40,552
2011	21,300	12,895	3,900	882	1,548	40,525
2012	20,630	11,854	4,100	829	1,455	38,868
2013	21,690	10,825	4,200	774	1,358	38,847
2014-2018	72,760	41,410	53,100	2,202	3,865	173,337
2019-2023	43,665	27,581				71,246
2024-2028	41,880	18,047				59,927
2029-2033	39,615	7,790				47,405
2034	8,460	416				8,876
Total	$309,605	$159,551	$72,800	$6,603	$11,589	$560,148

As rates vary, variable-rate bond interest payments and net swap payments will vary.

CAPITALIZED LEASE OBLIGATIONS

Facilities Authority

Dormitories — Pursuant to the terms of a lease and agreement dated September 1, 1971 between the University and the New Jersey Educational Facilities Authority (the Facilities Authority), the University transferred to the Facilities Authority title to certain land, upon which dormitories have been constructed. In 1974, the Facilities Authority issued bonds in the aggregate amount of $6.7 million at an effective interest cost of 5.95% per annum, for the purpose of providing long-term financing for the aforementioned facilities. At June 30, 2008, the University has paid its obligation in full. The bonds mature on July 1, 2008 and the title to the land and facilities will revert to the University.

Higher Education Capital Improvement Fund (HECIP) — Under the provisions of the State of New Jersey Higher Education Capital Improvement Fund Act (the HECIP Act) of 1999 (P.L. 1999, c. 217), the University has been allocated $169.0 million to help finance certain of its deferred maintenance and other capital needs. The funds are provided through bonds issued by the Facilities Authority. The University is obligated to pay one-third of the debt service on the bonds. On December 20, 2000, the Facilities Authority issued bonds, the University's portion of which amounted to $75.0 million. The bonds bear an effective interest rate of 5.06% per annum and mature on September 1, 2020. Additional bonds, Series 2002 A, were issued by the Facilities Authority on November 21, 2002. The University's portion and remaining balance of the $169.0 million amounted to $94.0 million. The bonds bear an effective interest rate of 3.47% per annum and mature on September 1, 2022. In accordance with the act, the University is required to make annual lease payments to retire 33.3% of the bonds, representing the University's portion, including interest. The State of New Jersey is obligated to pay the remaining 66.7% of the annual debt service. At June 30, 2008, the University had a capital lease obligation of $48.5 million ($50.5 million in 2007).

Equipment Leasing Fund (ELF) - Under the terms of the Higher Education Equipment Leasing Fund Act of 1993 (ELF), the State issued bonds to finance additional equipment for laboratory and instructional facilities at state institutions of higher education. The University received $22.3 million from this bond issue. The bonds were issued on October 11, 2001 and bear interest at a rate of 3.089%. In accordance with this act, the University is required to make annual lease payments to retire 25% of the University's portion of the bonds, including interest. The State of New Jersey is obligated to pay the remaining 75% of the annual debt service. Title to all equipment purchased under this lease agreement will be transferred to the University at the conclusion of the lease. At June 30, 2008, the University had a capital lease obligation of $0.9 million for equipment purchased under the terms of this agreement ($1.8 million in 2007).

Dormitory Safety Trust Fund (DSTF) - Under the provisions of the Dormitory Safety Trust Fund Act (the DSTF Act) (P.L. 2000, c.56), the University received a $29.0 million interest free loan to finance the installation of fire suppression systems in buildings used as student dormitories. The New Jersey Educational Facilities Authority issued two series of bonds on August 14, 2001 to finance these loans. Series 2001A (Tax Exempt) bears an effective interest rate of 4.8% per annum, and Series 2001B (Federally Taxable) bears an effective interest rate of 6.1% per annum. Both series mature on March 1, 2016. At June 30, 2008, the University had a capital lease obligation of $16.6 million ($18.6 million in 2007).

Housing Authority

In connection with a redevelopment project undertaken by the Housing and Urban Development Authority of the City of New Brunswick (the Housing Authority), a series of agreements were entered into by the University, the Housing Authority and Robert Wood Johnson University Hospital, Inc., the outcome of which was the construction of a student apartment complex, parking deck, health club facility and multi-unit retail center. Pursuant to the terms of the capital lease and agreement dated July 1, 1992 between the University and the Housing Authority, the Housing Authority issued bonds in the aggregate amount of $55.3 million on July 23, 1992, at an effective interest rate of 6.23% per annum, for the purpose of providing long-term financing for the project. On December 1, 1998, these bonds were refinanced in the aggregate amount of $54.5 million, at an effective interest rate of 4.83% per annum. Such bonds mature serially through 2024. In accordance with the agreement, the University is required to pay an annual rental to the Housing Authority over the life of the agreement in amounts necessary to retire the University's portion of the bonds, including interest, to provide for sinking fund and reserve account requirements and to reimburse the Housing Authority for its administrative costs. Upon retirement of the bonds, title to the student apartment complex, parking deck, health club facility and the related common space will be transferred to the University. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capital lease obligation. At June 30, 2008, this liability was $37.0 million ($38.6 million in 2007). As discussed more fully below, a portion of this capital lease obligation is being funded under a sublease agreement.

Hospital Sublease

In conjunction with the Housing Authority capital lease and agreement, the University simultaneously entered into a sublease and agreement with the Robert Wood Johnson University Hospital, Inc. (the Hospital), dated July 1, 1992, whereby the Hospital agreed to lease a portion of the parking facility from the University. The sublease provides for an initial term of two years which commenced July 1992, renewable in six consecutive five year terms. In accordance with the sublease, the Hospital is required to pay an annual rental to the University over the life of the agreement, subject to termination payments to the University should the options to renew not be exercised. The payments received under this sublease are being used by the University to cover a proportional amount of the lease payments due to the Housing Authority. Upon retirement of the bonds, title to the Hospital's portion of the parking deck will be transferred to the Hospital. At June 30, 2008, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to $6.6 million ($6.9 million in 2007). Payments required under the lease and agreement between the University and the Housing Authority are in no way conditional upon the receipt of payments from the Hospital under the sublease and agreement.

Certificates of Participation, Series 2004

Pursuant to an Agent Agreement, dated April 1, 2004, between the University, as Lessee, Lower George Street University Redevelopment Associates, LLC, a New Jersey limited liability company, as Lessor, and Wachovia Bank, National Association, as Agent, Certificates of Participation were issued in the amount of $30.6 million on April 15, 2004. The Certificates of Participation represent undivided proportionate interests in the fixed rent payable by the University pursuant to the Master Lease Agreement, dated April 1, 2004, between the Lessee and Lower George Street University Redevelopment Associates, LLC. The University is obligated under the Lease to make payments of fixed rent that comprise amounts designated as interest and as principle and that are payable to the owners of the 2004 Certificates. The 2004 Certificates are being issued to finance the acquisition of the land, the preparation of the land for construction, including demolition and clearing of existing improvements, and the construction of improvements and costs of acquisition and installation of equipment. This area will primarily serve as the University's Division of Public Safety headquarters, provide additional office space for the University and provide a parking garage, all to support the University's educational functions. In addition, the 2004 Certificates are to provide for capitalized interest on the 2004 Certificates from the dates of delivery to July 1, 2005 and to pay the costs of issuance associated with the authorization, sale, execution and delivery of the 2004 Certificates. At June 30, 2008, the University had a capital lease obligation of $29.3 million ($29.8 million in 2007).

Continued

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2008 are as follows (dollars in thousands):

	Facilities Authority							
Year	HECIP	ELF	DSTF (2001A)	DSTF (2001B)	Housing Authority	Hospital Sublease	Certificates of Participation	Total
2009	$4,455	$939	$2,040	$33	$3,664	($652)	$1,862	$12,341
2010	4,455		2,040	33	3,665	(653)	1,861	11,401
2011	4,455		2,040	32	3,666	(653)	1,863	11,403
2012	4,455		2,039	32	3,665	(652)	1,858	11,397
2013	4,457		2,040	32	3,660	(652)	1,860	11,397
2014-2018	22,289		6,119	98	18,328	(3,262)	9,303	52,875
2019-2023	25,482				18,318	(3,263)	9,274	49,811
2024-2028							9,258	9,258
2029-2033							9,209	9,209
2034-2038							9,169	9,169
Total Lease Payments	70,048	939	16,318	260	54,966	(9,787)	55,517	188,261
Less Amount Representing Interest	21,530	23			18,000	(3,222)	26,207	62,538
Present Value of Lease Payments	$48,518	$916	$16,318	$260	$36,966	($6,565)	$29,310	$125,723

Miscellaneous Equipment Leases

The University has entered into certain lease-purchase agreements for equipment which are principally for a duration of one to five years depending on the application and financial advantage to the University. Such agreements are essential to the normal operation of the University, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2008, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately $4.1 million ($3.7 million in 2007). The annual rentals for these capitalized lease obligations are provided for in the University's operating budget and in the aggregate are not considered material.

NOTE 10 – DERIVATIVE FINANCIAL INSTRUMENTS

The University is party to derivative financial instruments (interest rate swaps) that are not reported at fair value on the Statements of Net Assets.

Objective of the swaps:
In order to protect against the potential of rising interest rates, the University has entered into four separate pay-fixed, receive-variable interest rate swaps.

Terms, fair values, and credit risk:
The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2008 are listed below:

Associated Debt	Associated Outstanding Debt	Notional Amount	Effective Date	Fixed-rate Paid	Variable-rate Received	Fair Value	Swap Termination Date	Counterparty/ Credit Rating
General Obligation Bond (GOB) 2002 Series A	$72,800	$72,800	2/4/2002	3.960%	BMA Municipal Swap Index	($3,524)	5/1/2018	JP Morgan & Co./AA-
General Obligation Commercial Paper (GOCP) Series A, C	100,085	100,000	5/1/2008	4.080%	BMA Municipal Swap Index	(2,852)	11/1/2038	Merrill Lynch/A
General Obligation Commercial Paper (GOCP) Series B	19,569	21,775	5/1/2007	3.824%	BMA Municipal Swap Index	(517)	5/1/2027	Bank of New York/AA-
General Obligation Commercial Paper (GOCP) Series C	13,500	13,500	5/1/2007	5.127%	100% USD-LIBOR-BBA	(670)	11/1/2017	UBS AG/AA-
Total	$205,954	$208,075				($7,563)		

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2007 as listed below:

Associated Debt	Associated Outstanding Debt	Notional Amount	Effective Date	Fixed-rate Paid	Variable-rate Received	Fair Value	Swap Termination Date	Counterparty/ Credit Rating
GOB 2002 Series A	$76,300	$76,300	2/4/2002	3.960%	BMA Municipal Swap Index	($606)	5/1/2018	JP Morgan & Co./AA-
		100,000	5/1/2008	4.080%	BMA Municipal Swap Index	3,463	11/1/2038	Merrill Lynch/A+
GOCP Series B	19,569	22,415	5/1/2007	3.824%	BMA Municipal Swap Index	399	5/1/2027	Bank of New York/A+
GOCP Series C	13,500	13,500	5/1/2007	5.127%	100% USD-LIBOR-BBA	432	11/1/2017	UBS AG/AA+
Total	$109,369	$212,215				$3,688		

Fair Value:
As of June 30, 2008, the swaps had a total negative fair value of $7.6 million (positive fair value of $3.7 million in 2007). The fair value was provided by the counterparties and derived from proprietary models based on estimates about relevant future market conditions.

Continued

Credit Risk:
As of June 30, 2008, the University was not exposed to credit risk because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the University would be exposed to credit risk in the amount of the derivative's fair value. At June 30, 2007, the University was exposed to credit risk because all of the swaps, except GOB 2002 Series A, had positive fair values.

Basis Risk:
The pay-fixed receive-variable swaps expose the University to basis risk should the rates resulting from the BMA Municipal Swap Index for the GOB 2002 Series A, GOCP Series A and B swaps, 100% of USD-LIBOR-BBA for GOCP Series C swap not equal the rate the University pays.

Rollover Risk:
The University is exposed to rollover risk on swaps if the counterparty exercises its termination option, the University will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Termination Risk:
The University or any of the involved counterparties may terminate any of the swaps if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate debt issue would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

NOTE 11 - COMMITMENTS

At June 30, 2008, the estimated cost of capital projects under construction, in the design stage with approved sources of funding, and in the design stage pending determination of sources of funding, aggregated approximately $476.6 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	Total Project Funding		
	Received at June 30, 2008	Additional Funding Required at June 30, 2008	Estimated Total Cost
Borrowing	$97,630	$241,639	$339,269
State Bond Issues and Capital Appropriations	22,815		22,815
Gifts and Other Sources	40,759	73,724	114,483
Total	$161,204	$315,363	$476,567

The University leases certain space used in general operations. Rental expense was approximately $3.3 million in 2008 ($3.3 million in 2007). The leases are non cancelable and have been classified as operating leases which are expected to expire through 2033. Minimum annual rental commitments approximate the following (dollars in thousands):

Year	Amount
2009	$2,757
2010	2,171
2011	2,053
2012	1,632
2013	1,232
2014-2018	1,991
2019-2023	451
2024-2028	564
2029-2033	5
Total	$12,856

Continued

NOTE 12 - EMPLOYEE BENEFITS

Retirement Plans

The University has primarily two retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, a defined benefit plan, and the Alternate Benefit Program, a defined contribution plan. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University for these plans. Pension expense paid directly by the State of New Jersey for 2008 aggregated $47.8 million ($44.7 in 2007) of which $10.1 million ($9.4 in 2007) has been reimbursed to the State from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University has no direct pension obligation associated with the State plans, and no liability for such costs has been reflected in the accompanying financial statements. Summary information regarding these plans is provided below.

Public Employees Retirement System (PERS)

Plan Description — PERS is a multiple-employer, public cost-sharing retirement system which is administered by the State of New Jersey. The payroll for employees covered by PERS for the year ended June 30, 2008 was $165.1 million ($159.3 million in 2007).

University employees of a certain classification are required as a condition of employment to be members of PERS. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of membership service or the three highest fiscal years, whichever provides the largest benefit. Pension benefits fully vest on reaching ten years of credited service. Members are eligible for retirement at age 60 with no minimum years of service required. Members who have 25 years or more of credited service may also select early retirement without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Contributions — Covered University employees were required by PERS to contribute 5.5% of their annual compensation during fiscal year 2008 and 5.0% in 2007. The State contributes the remaining amounts necessary to pay benefits when due. The State contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State's annual contribution approximates the actuarially determined pension cost for the year.

Employees can also make voluntary contributions to two optional State of New Jersey tax-deferred investment plans, the Supplemental Annuity Collective Trust (SACT) and the Additional Contributions Tax Sheltered (ACTS) programs. Both plans are subject to limits within the Internal Revenue Code.

Financial statements for the PERS are included in the State of New Jersey's Comprehensive Annual Financial Report, which may be obtained by writing to the State of New Jersey, Department of the Treasury, Office of Management and Budget, PO Box 221, Trenton, NJ 08625-0221.

Alternate Benefit Program (ABP)

Plan Description — ABP is a multiple-employer, State retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2008 was $476.3 million ($445.3 million in 2007).

Faculty, professional and administrative staff, and certain other salaried employees are eligible to participate in ABP. Employer (State) contributions vest on reaching one year of credited service. The program also provides long-term disability and life insurance benefits. Benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in ABP.

Contributions — The employee mandatory contribution rate for ABP is 5.0% of base salary and is matched by the State at 8.0% of base salary. Contributions can be invested with up to six investment carriers available under the plan for fiscal year 2008. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code.

Other Retirement Plans

The University has a small number of employees enrolled in the State of New Jersey Police and Firemen's Retirement System (PFRS) and two Federal retirement plans, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). All three of the plans are defined benefit plans and cover the University's police (PFRS) and selected positions related to the University's Cook College/New Jersey Agricultural Experiment Station (CSRS or FERS). The University also has a small number of Foundation employees enrolled in a contributory retirement plan under arrangements with Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), which provides for the purchase of annuities for the covered employees. Participation in all of these plans is limited, and the associated amounts are not significant.

Continued

Deferred Compensation Plan

University employees with membership in PERS, ABP or PFRS are eligible to participate in the State of New Jersey's Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to tax defer and invest a portion of their base salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by Prudential Financial. The plan does not include any matching employer (State) contributions. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights, are held in trust by the State for the exclusive benefit of the participating employees and their beneficiaries.

Post-Retirement Health Care Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for the University's retired employees, in accordance with State statutes. Full health coverage is provided to eligible employees retiring with 25 years of service credited on or before June 30, 1997 in one of the State of New Jersey's mandatory pension plans. Employees retiring with 25 years of service credited after June 30, 1997 may share in the cost of the health care provided under the State Plan according to the terms specified in the appropriate bargaining unit agreement in effect at the time the employee reaches 25 years of credited service. The rules governing the contribution rate are the same as that for active employees. Since the costs of these programs are the responsibility of the State and the retired employees, the amounts are not available to the University and no expenses or liabilities for these benefits are reflected in the University's financial statements.

Additional detailed information about these programs is provided in the State of New Jersey's Comprehensive Annual Financial Report.

Postemployment Benefits Other Than Pension

The State of New Jersey is implementing Government Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for the fiscal year ending June 30, 2008. The State of New Jersey is legally responsible for contributions to the other postemployment benefits plan that covers the employees of the University. The employees of the University are employees of the State of New Jersey according to State statute, therefore, the other postemployment benefit plans liability will be reported by the State of New Jersey.

NOTE 13 - COMPENSATED ABSENCES

The University accounts for compensated absences as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences (i.e. unused vacation, sick leave) attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The University recorded a liability for accumulated vacation time in the amount of $35.4 million at June 30, 2008 ($34.0 million in 2007). The liability is calculated based upon employees' accrued vacation time as of the statements of net assets date and is recorded in accounts payable and accrued expenses in the accompanying statements of net assets.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The pay out to retirees for unused accumulated sick time is calculated at the lesser of ½ the value of earned time or $15,000. Employees separating from the University service prior to retirement are not entitled to payments for accumulated sick leave balances. The University recorded a liability for accumulated sick leave balances in the amount of $8.1 million at June 30, 2008 ($8.2 million in 2007) which is included in accounts payable and accrued expenses in the accompanying statements of net assets.

NOTE 14 - RISK MANAGEMENT

The University, jointly with 15 other higher education institutions, has established Genesis Ltd. a Class 2 reinsurer under the Insurance Act of 1978 of Bermuda. Genesis, a Captive Reinsurance Company, reinsures general liability, professional liability, and automobile liability risks of its shareholders. The University has approximately a 14.5% equity ownership of Genesis and receives a pro-rata share of the income generated. The University's annual premium payments to the company for insurance coverage are

Continued

based on actuarial studies and are charged to expenses. The insurance policies have deductibles that vary by policy, the most significant of which provides for the payment of general liability claims.

In 2004, the University and its 15 partners formed a Vermont Reciprocal Risk Retention Group, Pinnacle Consortium of Higher Education, to further enhance and support the insurance programs and provide fronting services for Genesis. The primary purpose of this second alternate risk funding company is to reduce costs, reduce collateral requirements for Genesis and provide the flexibility to conduct business in the U.S.

The University is self-insured for workers compensation and retains various deductibles for general liability, automobile liability, and all risk property insurance. The total liability at June 30, 2008 for these items is $11.6 million ($10.7 million in 2007). The reserve balance recorded at June 30, 2008 is $13.9 million ($13.2 million in 2007). No discount rate is used. The self insurance reserve represents the estimated ultimate cost of settling claims and related expenses resulting from events that have occurred. The reserves includes the amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported (IBNR).

The University has accrued expenses for deductibles and incurred but not reported liabilities in the statements of net assets. The accrued expenses are based on estimates by management and third party claims administrators and generally represent the present value of the unpaid claims including the estimates for claims incurred but not reported.

NOTE 15 - CONTINGENCIES

The University is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the University's financial statements.

The University receives funds from federal, state and private agencies under grants and contracts for research, training and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is the University's belief that any disallowances or adjustments would not have a significant effect on the University's financial statements.

NOTE 16 – ONE WASHINGTON PARK

In September 2006, the University's Board of Governors authorized the negotiation and execution of a contract of purchase and sale and arrangement for construction financing for the Rutgers Newark Business School's relocation to One Washington Park, Newark, New Jersey, where space will be consolidated for faculty offices and classrooms. The building will be converted into a condominium in which 11 floors of the building along with a proposed 15,000 square foot addition to be located at grade level will be reconstituted as the Rutgers Business School space.
The overall project budget includes the following: (i) the acquisition of the Rutgers Business School Space, (ii) the construction costs needed to build out the interior and exterior of such space, (iii) the construction costs needed to improve and repair certain common elements and common building systems in the building, (iv) the fee required under the Architect's Contract, and (v) other non-construction related costs. The overall project cost is expected to be $83.0 million. Funding for this project will be coming from several sources, particularly, in fiscal year 2006, the State of New Jersey made a special appropriation to Rutgers University in the amount of $18.0 million earmarked specifically for the Business School. The University is also participating in the New Markets Tax Credit (NMTC) program administered by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI) and will enter into a transaction with City National Bank of New Jersey, PNC Bank, National Community Investment Fund, and New Jersey Community Capital, also known as a Community Development Entity (CDE).

The transactions that involved the University during fiscal year 2008 related to the NMTC program are as follows: At the post-closing on July 31, 2007, the University loaned to One Washington Capital, LLC (Rutgers leverage lender) $4.3 million and invested $3.3 million in Parkside RUN Investments, LLC. (Rutgers affiliate and Managing Member of One Washington Park Holdings, LLC). Parkside RUN Investments, LLC then forwarded the $3.3 million as an investment to One Washington Park Holdings, LLC, a qualified active low-income community business (QALICB).

A post fiscal year-end transaction occurred on October 14, 2008. The University purchased the property designated as Unit No. B-1B of One Washington Park Condominium for $22.0 million from the QALICB.

Continued

NOTE 17 – SUBSEQUENT EVENT

On November 26, 2008, the "Original Transaction", involving the interest rate swap associated with General Obligation Commercial Paper Series A and C, entered into between Merrill Lynch Capital Services, Inc. and the University on January 16, 2007 was amended. The original effective date was May 1, 2008, and the amended effective date is December 1, 2008 with the termination date remaining as November 1, 2038. The floating rate option was amended from the BMA Municipal Swap Index to the USD-LIBOR-BBA.

Rutgers, The State University of New Jersey
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Bruce C. Fehn, C.P.A.
Senior Vice President for Finance and Administration

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Vice President for University Budgeting

Stephen J. DiPaolo, C.P.A.
University Controller

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND SEVENTH SUPPLEMENTAL INDENTURE

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SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND SEVENTH SUPPLEMENTAL INDENTURE

The statements made herein concerning the Master Indenture and the Seventh Supplemental Indenture are summaries and do not purport to be complete. Such statements use certain terms defined in the Master Indenture and the Seventh Supplemental Indenture and are qualified in their entirety by reference to the detailed provisions of the Master Indenture and the Seventh Supplemental Indenture. References in this summary to the Indenture will be deemed to be references to the Master Indenture.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Indenture and Seventh Supplemental Indenture and used hereinafter:

Account: shall mean a special trust account established under the Indenture.

Act: shall mean Rutgers, The State University Law, Chapter 65 of Title 18A of the New Jersey Statutes Annotated, as amended and supplemented.

Additional Bonds: shall mean one or more Series of Bonds issued under and secured by the Indenture for the purpose of providing funds for each Additional Project.

Additional Project: shall mean one or more Facilities of the University all or part of the cost of which has been or is being financed by Additional Bonds pursuant to the Indenture or refinanced by Refunding Bonds pursuant to the Indenture.

Aggregate Debt Service Requirements: for any Fiscal Year shall mean, as of any date of calculation, the sum of the Debt Service Requirements for such Fiscal Year with respect to all Bonds authenticated and delivered under the Indenture.

Annual Debt Service: shall mean the aggregate of Principal Installments and Interest Requirements as the same become due and payable on all Outstanding Bonds of the University.

Annual Financial Information: shall mean

(a) (i) the Audited Financial Statements of the University for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2007), and Unaudited Financial Statements for such Fiscal Year if such Audited Financial Statements are unavailable, pursuant to the Indenture;

(ii) an update of the tabular information presented in the Official Statement with respect to the Bonds dated April 29, 2009 under "APPENDIX A - INFORMATION CONCERNING THE UNIVERSITY"; and

(iii) the information regarding amendments to the Indenture required pursuant to the Indenture.

Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (ii) above constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information; and

(b) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of such financial and operating data listed in (a) above.

Any or all of the items listed above may be included by specific reference to other documents which have been submitted to each NRMSIR and the SID, if any, or filed with the SEC. If such document is an Official Statement, it must be available from the MSRB.

In the event that any of the financial information or operating data constituting Annual Financial Information that no longer can be generated because the operations to which such information or data relate have been materially changed or discontinued, or such information is deemed to be no longer meaningful, a statement to that effect shall be provided in lieu of such information.

Arbitrage Certificate: shall mean the Arbitrage and Use of Proceeds Certificate dated the date of issuance of each Series of Bonds and the General Obligation Bonds, 2009 Series G and executed by the Senior Vice President for Finance and Administration of Rutgers, The State University setting forth the expectations, certifications and representations concerning the use of the proceeds of such Bonds and other matters relating to compliance with the Code and consistent with the covenant of the University pursuant to the Indenture.

Audited Financial Statements: shall mean, with respect to the University, the annual financial statements, if any, of the University, audited by such auditor selected by the University. Audited Financial Statements shall be prepared in accordance with accounting principles generally accepted in the United States of America; *provided, however,* that the University may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall include a reference to the specific federal or State law or regulation describing such accounting basis and shall be provided by the University to the Trustee, who shall promptly deliver such notice to (i) either the MSRB or each NRMSIR, and (ii) the SID.

Authorized Newspaper: shall mean two newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, respectively, in the City of Trenton, New Jersey, and in the Borough of Manhattan, City and State of New York.

Authorized Officer of the University: shall mean the President, the Senior Vice President for Finance and Administration, the Secretary, an Assistant Secretary, Senior Vice President for Finance and Administration, the Treasurer, Associate Treasurer or the Chief Financial Officer of the University or any person duly authorized under the Indenture by the University to perform specific acts or duties under the Indenture.

Bond or *Bonds:* shall mean any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Indenture.

Bond Facility: shall mean an insurance policy, surety bond or agreement, standby bond purchase agreement, line of credit, letter of credit or other credit enhancement or liquidity facility entered into for the same or similar purposes, with respect to the Bonds.

Bondholder or *Holder of Bonds:* shall mean the registered owner of any Bond or Bonds.

Bond Proceeds Fund: shall mean that fund established pursuant to the Indenture.

Bonds Tendered or Deemed Tendered for Purchase: means with respect to the 2009 Series G Bonds or any portion thereof in an Authorized Denomination, 2009 Series G Bonds tendered, or deemed to have been tendered, to the Trustee for purchase on an Optional Tender Date or on a Mandatory Tender Date, as provided in the Seventh Supplemental Indenture.

Bond Year: shall have the meaning set forth in each respective Arbitrage Certificate for such Series of Bonds.

Business Day: shall mean any day which shall not be (i) a Saturday or Sunday, (ii) legal holiday or a day on which banking institutions located in the State or any of the cities in which the principal office of the Trustee, any Paying Agent, any remarketing agent or any provider of a Bond Facility for such Series of Bonds is located, are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

Calendar Year: shall mean a twelve-month period commencing January 1 and ending December 31 of any year.

Certificate of Determination: means the applicable Certificate of Determination for a Series of Bonds, to be delivered on or prior to the date of delivery of the Bonds of such Series. The Senior Vice President for Finance and Administration or any authorized representative of the Senior Vice President for Finance and Administration, the Treasurer or the Chief Financial Officer is authorized by the Seventh Supplemental Indenture to execute any such Certificate of Determination for the purpose of determining certain matters with respect to the 2009 Series G Bonds, subject to and in compliance with all applicable requirements of the Indenture and the Seventh Supplemental Indenture.

Code: shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Construction Account: shall mean that account established pursuant to the Indenture.

Conversion Date: means the date that any 2009 Series G Bonds are converted to bear interest at a Fixed Rate as provided in the Seventh Supplemental Indenture.

Costs of Construction: with respect to any Facility, shall mean the cost of construction, the cost of acquisition by the University of real or personal property or interests therein, the cost of demolishing or removing any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, or premiums on insurance during construction, administrative expenses, legal fees, the cost of all machinery and equipment, financing expenses, fees and expenses of the Trustee and Paying Agents, the cost of plans, specifications, surveys, estimates of cost and revenues, and any other expenses necessary or incidental to determining the feasibility or practicability of constructing such Facility, amounts, if any, required by the Indenture to be paid into the Debt Service Fund and the Debt Service

Reserve Fund, if applicable, upon the issuance of any Series, and payments when due (whether at the maturity of principal or due date of interest or upon redemption) on any Indebtedness of the University (other than Bonds), incurred for such Facility, all to the extent applicable to the construction of such Facility and payable by the University, and such other expenses payable by the University not specified in the Indenture as may be necessary or incident to the financing or the construction of such Facility or the acquisition of land therefor and the placing of such Facility in operation.

Costs of Issuance: shall mean all costs related to the proceedings under which Bonds are issued under the Indenture including but not limited to salaries, administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility, a Swap Facility, a Swap Provider, including a Termination Payment, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and Paying Agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the University to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with the Indenture.

Costs of Issuance Account: shall mean such account established by the Indenture.

Counsel's Opinion: shall mean an opinion signed by an attorney or firm of attorneys selected by the University (who may be counsel to the University); *provided, however,* that for the purposes of the provisions of the Indenture relating to the authorization and issuance of Bonds and the redemption of Bonds, such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to the University) selected by the University.

Daily Rate: means the rate of interest borne by 2009 Series G Bonds during any Daily Rate Period and shall be determined by the Remarketing Agent on each Rate Determination Date for a Daily Rate Bond.

Daily Rate Bond: means any 2009 Series G Bond issued under the Seventh Supplemental Indenture which pays interest at a Daily Rate.

Daily Rate Period: means the period during which Daily Rate Bonds bear interest at a particular Daily Rate.

Debt Service Fund: shall mean that fund established pursuant to the Indenture.

Debt Service Fund Requirements: for any Fiscal Year shall mean, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the aggregate of (i) Interest Requirements, except to the extent that such interest shall have been provided for out of Bond proceeds, and (ii) Principal Installments becoming due on all Outstanding Bonds.

Debt Service Requirements: for any Fiscal Year shall mean, as of any date of calculation and with respect to any Series of Bonds, the sum of interest accruing thereon during such Year, except to the extent that such interest shall have been provided for out of the proceeds of such Series of Bonds, and that portion of each Principal Installment for such Series of Bonds coming due on such Bonds during such Year *provided, however,* that for purposes of calculating the Debt Service Reserve Requirement on Variable Rate Indebtedness, the interest rate on such Variable Rate Indebtedness shall be deemed to be the Maximum Rate.

Debt Service Reserve Fund: shall mean that fund established pursuant to the Indenture.

Debt Service Reserve Requirement: shall mean, to the extent required pursuant to the terms of a Supplemental Indenture authorizing such Series of Bonds, as of any date of calculation, an amount not to exceed the lesser of (i) the maximum Debt Service Requirements due on such Series of Bonds for the then current or any future Fiscal Year, (ii) 125% of average annual debt service on such Series of Bonds, or (iii) 10% of the Bond Proceeds (face amount of such Series of Bonds plus accrued interest and premium less original issue discount).

Depositary: shall mean a bank or trust company, which is a member of the Federal Deposit Insurance Corporation, selected by the University as a depositary of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

DTC: means The Depository Trust Company, New York, New York.

Earnings Fund: shall mean that fund established pursuant to the Indenture.

Facility or *Facilities:* shall mean any Additional Project including any structure designed for use as a dormitory or other housing facility, dining facility, student union, academic building, administrative facility, library, classroom building, research facility, faculty office facility, athletic facility, health care facility, laboratory, maintenance, storage or utility facility or other building or structure essential, necessary or useful to the University, or any multi-purpose structure designed to combine two or more of the functions performed by the types of structures enumerated above, and shall include all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, rights-of-way, utilities, easements, machinery and equipment, and all other appurtenances and facilities either on, above or under the ground which are used or usable in connection with any of the aforementioned structures, and shall also include landscaping, site preparation, furniture, machinery, equipment and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended, but does not include items that are customarily, under applicable accounting principles, considered as a current operating charge, unless the category and maximum amount thereof is specifically included by a determination of the University in the financing transaction proceedings and by percentage or otherwise as may be limited pursuant to such proceedings in order to preserve the excludability of the interest on the securities issued therefor from federal taxation under the applicable provisions of the Code, or any subsequent corresponding internal revenue code of the United States as from time to time amended.

Fiduciary or *Fiduciaries:* shall mean the Trustee, the Paying Agents, the Registrar, or any or all of them, as may be appropriate.

Fifth Supplemental Indenture: shall mean the Fifth Supplemental Indenture of Trust, dated as of July 1, 2004, between the University and the Trustee, authorizing the issuance of the 2004 Series E Bonds.

First Supplemental Indenture: shall mean the First Supplemental Indenture of Trust, dated as of February 1, 2002, between the University and the Trustee authorizing the issuance of the 2002 Series A Bonds.

Fiscal Year: shall mean a twelve-month period commencing July 1 and ending June 30 of the next calendar year or such other period of twelve (12) consecutive months as may be adopted by the Board of Trustees.

Fixed Rate: means the fixed rate or rates of interest to maturity borne by any 2009 Series G Bonds after the Conversion Date determined as provided in the Seventh Supplemental Indenture.

Fixed Rate Bonds: means any 2009 Series G Bonds issued under the Seventh Supplemental Indenture which bear interest at a Fixed Rate after the Conversion Date.

Fixed Rate Period: means the period during which the 2009 Series G Bonds bear interest at a Fixed Rate.

Flexible Period: means, for any 2009 Series G Bond, each interest period during which a particular Flexible Rate is in effect. Each Flexible Period shall commence on the first day of conversion to the Flexible Rate Period or on the day immediately succeeding the last day of the preceding Flexible Period, shall end on a day preceding a Business Day, shall be not less than one (1) nor more than two hundred seventy (270) days in length, and shall end on a day which is at least five (5) Business Days prior to the Liquidity Facility Termination Date.

Flexible Rate: means the rate of interest borne by any 2009 Series G Bonds during any Flexible Period which shall be determined by the Remarketing Agent on each Rate Determination Date for a Flexible Rate Bond as provided in the Seventh Supplemental Indenture.

Flexible Rate Bonds: means any 2009 Series G Bonds issued under the Seventh Supplemental Indenture which bear interest at a Flexible Rate.

Flexible Rate Period: means the period during which Flexible Rate Bonds bear interest at Flexible Rates.

Fourth Supplemental Indenture: shall mean the Fourth Supplemental Indenture of Trust, dated as of December 1, 2003, between the University and the Trustee, authorizing the issuance of the 2003 Series D Bonds.

Fund: shall mean a special trust fund established under the Indenture.

Indebtedness: shall mean all obligations incurred or assumed by the University for payments of principal and interest with respect to borrowed money including, without limitation, all outstanding Indebtedness of the University under the Indenture, the 1967 Indenture, the 1986 Indenture or the 1987 Indenture.

Information Services: shall mean Financial Information, Inc. "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services, "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service, Inc. "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard &

Poor's Corporation "Called Bond Record," 25 Broadway, New York, New York 10004; and Fitch, One State Street Plaza, New York, New York 10004, Attention: Municipal Bond Department; any NRMSIR, or, in accordance with the then current applicable guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or any other such services as the State may designate in writing to the Trustee.

Initial Liquidity Facility: means the Initial Liquidity Facility Agreement issued by the Initial Liquidity Facility Provider, together with any and all supplements thereto, which shall constitute a Bond Facility pursuant to the terms of the Indenture.

Initial Liquidity Facility Agreement: means the Standby Bond Purchase Agreement among the Initial Liquidity Facility Provider, the University, and the Trustee, dated as of May 6, 2009, as the same may from time to time be amended or supplemented.

Initial Liquidity Facility Provider: means U.S. Bank National Association, a national banking association, as issuer of the Initial Liquidity Facility.

Interest Payment Date: means for the 2009 Series G Bonds bearing interest at a Term Rate or a Fixed Rate, May 1 and November 1 of each year, and for the 2009 Series G Bonds bearing interest at a Daily Rate or a Weekly Rate, the first Business Day of each month commencing June 1, 2009, and for 2009 Series G Bonds that are subject to a Flexible Period bearing interest at a Flexible Rate, the first Business Day following the end of the applicable Flexible Period for 2009 Series G Bonds subject to such Flexible Period.

Interest Rate Mode: means the Daily Rate, Weekly Rate, Flexible Rate, Term Rate or Fixed Rate.

Interest Requirement: shall mean, as of the date of computation with respect to a Calendar Year, an amount equivalent to the aggregate maximum amount coming due during such Calendar Year on any Interest Payment Date, of (i) interest which may be payable on Outstanding Bonds and (ii) Swap Payments, provided that interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate, and further provided that if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the University under such Swap; if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Bond or Note that is not a Variable Interest Rate Bond or Note which calls for a Variable Interest Rate Swap Payment by the University then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as a Variable Interest Rate Bond or Note bearing interest for such period at the Variable Interest Rate payable by the University under such Swap.

Investment Securities: shall mean and include any securities, if and to the extent the same are at the time legal for investment of the University's funds in accordance with the Act.

Liquidity Facility: means (i) the Initial Liquidity Facility; and (ii) any Substitute Liquidity Facility supporting the 2009 Series G Bonds in accordance with the Indenture, in either case under the terms of which funds will be made available to the Trustee in an amount equal to (i) an amount sufficient to pay the portion of the Purchase Price of Outstanding 2009 Series G

Bonds Tendered or Deemed Tendered for Purchase which are not remarketed, corresponding to the principal amount of such 2009 Series G Bonds; plus (ii) an amount equal to thirty-four (34) days accrued interest on the Outstanding 2009 Series G Bonds (at the Maximum Rate) to pay the portion of the Purchase Price of Outstanding 2009 Series G Bonds Tendered or Deemed Tendered for Purchase which are not remarketed, corresponding to accrued interest on such 2009 Series G Bonds.

Liquidity Facility Account: means the account so designated, created and established in the Purchase Fund pursuant to the Seventh Supplemental Indenture.

Liquidity Facility Agreement: means (i) the Initial Liquidity Facility Agreement; and (ii) any other agreement among the University, the Trustee and a Liquidity Facility Provider pursuant to which a Liquidity Facility is issued, together with any and all supplements to any such agreement.

Liquidity Facility Documents: means the Liquidity Facility and the Liquidity Facility Agreement and any and all other documents, pledge agreements or custodian agreements which the University or any other party or parties or their representatives have executed and delivered or may execute and deliver to evidence or secure the Liquidity Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

Liquidity Facility Provider: means (i) the Initial Liquidity Facility Provider; and (ii) the issuer of any Substitute Liquidity Facility.

Liquidity Facility Provider Bonds or Bank Bonds: means any 2009 Series G Bonds purchased with moneys advanced under the Liquidity Facility and registered in the name of the Liquidity Facility Provider or its nominee pursuant to the Seventh Supplemental Indenture or otherwise owned by or pledged to the Liquidity Facility Provider.

Liquidity Facility Provider Payment Obligations: means, with respect to a Liquidity Facility Provider, any loans, advances, debts, fees, liabilities, obligations, contingent obligations, expenses, indemnities, covenants and duties owing by the University to the Liquidity Facility Provider under the Liquidity Facility Documents, including, but not limited to, amounts due under the Liquidity Facility Agreement or with respect to the Liquidity Facility Provider Bonds. The amount of the Liquidity Facility Provider Payment Obligations shall be established or calculated by the Liquidity Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Liquidity Facility Provider Payment Obligations and the principal portion of such Liquidity Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

Liquidity Facility Provider Rate: means the rate of interest applicable to the Liquidity Facility Provider Bonds as may be established pursuant to the Liquidity Facility Documents, but not to exceed the applicable Maximum Rate.

Liquidity Facility Substitution Date: means the effective date on which a Substitute Liquidity Facility is to be substituted for an existing Liquidity Facility, which shall be no later than the Liquidity Facility Termination Date for the Liquidity Facility then being terminated and replaced with the Substitute Liquidity Facility.

Liquidity Facility Substitution Mandatory Tender Date: means the related Liquidity Facility Substitution Date unless a Rating Confirmation Notice is delivered in connection with the delivery of the Substitute Liquidity Facility.

Liquidity Facility Termination Date: means the stated expiration date or termination date (whether terminated by the University, the Liquidity Facility Provider, or otherwise) of the Liquidity Facility then in effect.

Liquidity Facility Termination Mandatory Tender Date: means the date that is (i) five (5) Business Days prior to the stated expiration date of any Liquidity Facility then in effect if no Substitute Liquidity Facility has prior thereto been delivered to the Trustee or if the requirements for delivery of a Substitute Liquidity Facility have not been satisfied, or (ii) three (3) Business Days prior to the termination date specified in a notice of termination (pursuant to the Initial Liquidity Facility Agreement) provided to the Trustee by any Liquidity Facility Provider of any Liquidity Facility then in effect.

Mandatory Tender Date: means (i) the Liquidity Facility Substitution Mandatory Tender Date; (ii) the Liquidity Facility Termination Mandatory Tender Date; (iii) for each 2009 Series G Bond bearing interest at a Flexible Rate the Business Day following the last day of each Flexible Period for such 2009 Series G Bond; (iv) the Business Day following the last day of each Term Period for a Term Rate Bond; (v) the effective date of each change in Interest Rate Mode (other than from a Daily Rate to a Weekly Rate or from a Weekly Rate to a Daily Rate); and (vi) the Conversion Date.

Mandatory Tender Notice: means a notice of a Mandatory Tender Date given by the Trustee in accordance with the Seventh Supplemental Indenture.

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Material Event: shall mean any of the following events, if material, with respect to any Bonds under the Indenture:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of any Bonds;

(vii) modifications to rights of Bondholders;

(viii) unscheduled calls;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds; and

(xi) Rating changes.

Material Event Notice: shall mean notice of a Material Event required to be provided pursuant to the Indenture.

Maximum Rate: means, (i) with respect to the 2009 Series G Bonds, twelve percent (12%) per annum and (ii) with respect to Liquidity Facility Provider Bonds, eighteen percent (18%) per annum.

Moody's: shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the University, by notice to the other Notice Parties.

MSRB: shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor entity.

Nationally Recognized Bond Counsel: shall mean Hawkins Delafield & Wood LLP or any counsel acceptable to the University and experienced in matters relating to the federal tax exemption of interest on bonds issued by states and their political subdivisions.

1987 Indenture: shall mean that certain Indenture of Trust, dated as of May 1, 1987, as amended and supplemented from time to time, between the University and U.S. Bank National

Association (successor to First Union National Bank and First Fidelity Bank, National Association, New Jersey), as Trustee.

1967 Indenture: shall mean that certain Indenture of Trust, dated as of May 1, 1967, as amended and supplemented from time to time, between the University and U.S Bank National Association successor to Wachovia Bank, National Association and First Union National and Fidelity Union Trust Company), as Trustee.

Nominee: means Cede & Co., nominee of DTC.

Notes: shall mean any obligations or other evidences of indebtedness or borrowing of the University, other than Bonds, issued for the purposes of the Act to provide funds for deposit in the Construction Fund and issued in anticipation of Bonds.

Notice Parties: means the University, the Trustee, the Remarketing Agent and the Liquidity Facility Provider.

NRMSIR: shall mean, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of the Indenture are: Bloomberg Municipal Repository (Skillman, NJ), DPC Data Inc. (Fort Lee, NJ), FT Interactive Data (New York, NY) and Standard and Poor's J.J. Kenny Repository (New York, NY).

Official Statement: shall mean the "final official statement," as defined in paragraph (f)(3) of the Rule, relating to any Series of Bonds.

Operating Cost: shall mean, as of any particular date, the University's operating expenses and all other expenses of carrying out and administering its powers, duties and functions under the Act and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, insurance premiums, legal, accounting, management, consulting and banking services and expenses, the fees and expenses of the Trustee, the Depositary and the Paying Agent including Costs of Issuance other than Costs of Issuance paid from proceeds of Bonds, payments to pension, retirement, health and hospitalization funds. Operating Costs may also include administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility, a Swap Facility or a Swap Provider, (including any Termination Payments but not including Reimbursement Obligations, Swap Payments or other termination payments).

Optional Tender Date: means, with respect to any 2009 Series G Bond, a date on which such 2009 Series G Bond, or a portion thereof in an Authorized Denomination, is required to be purchased upon the demand of the holder thereof in accordance with the Seventh Supplemental Indenture.

Optional Tender Notice: means a notice of an Optional Tender Date given by a Bondholder in accordance with the Seventh Supplemental Indenture.

Outstanding: when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(iv) Bonds deemed to have been paid as provided in the Indenture.

Paying Agent: shall mean any bank or trust company designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Indenture.

Principal: shall mean the principal amount of the Bonds of a Series as due on a certain future date.

Principal Installment: for any Calendar Year, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding,

(i) the principal amount of Bonds of said Series which mature in such Year, reduced by the aggregate principal amount of such Bonds which would be retired before such year by reason of the payment when due of, and application in accordance with the Indenture of, Sinking Fund Installments payable before such year for the retirement of such Bonds, plus

(ii) the unsatisfied balance (determined as provided in the Indenture) of the Sinking Fund Installments, if any, due during such Year for the Bonds of such Series.

Principal Installment Date: shall mean each date on which Principal and Sinking Fund Installments, if any, are payable on the Bonds as provided in or pursuant to the Indenture (or, if such date is not a Business Day, the immediately succeeding Business Day).

Purchase Fund: means the fund so designated, created and established pursuant to the Seventh Supplemental Indenture.

Purchase Price: means, with respect to the 2009 Series G Bonds properly tendered for purchase pursuant to the Seventh Supplemental Indenture, the principal thereof, plus accrued interest then due.

Qualified Financial Institution: means a financial institution that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a Federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, directly or by virtue of a guarantee of a corporate parent thereof, have been assigned a long term credit rating by Moody's and Standard & Poor's which is not lower than the two highest ratings (with respect to a foreign bank, the highest rating category) then assigned (i.e., at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or " " or a numerical notation.

Rate Determination Date: means with respect to (a) the Daily Rate Bonds, the day such Daily Rate Bonds are issued and delivered and on each Business Day thereafter, and on the Business Day the 2009 Series G Bonds are converted to Daily Rate Bonds and on each Business Day thereafter, (b) the Weekly Rate Bonds, the day not later than the last Business Day prior to the day the 2009 Series G Bonds begin to bear interest at a Weekly Rate and thereafter each Wednesday, or if such Wednesday is not a Business Day, the Rate Determination Date shall be the Business Day next preceding such Wednesday, (c) the Flexible Rate Bonds, the day not later than the first Business Day of each Flexible Rate Period, (d) the Term Rate Bonds, the day not more than thirty-five (35) days preceding, nor later than the last Business Day prior to, each Term Rate Period, and (e) the Fixed Rate Bonds, the day not more than thirty-five (35) days preceding nor later than the last Business Day prior to the Conversion Date pursuant to the Seventh Supplemental Indenture.

Rating Agency: shall mean Standard & Poor's or Moody's and such other nationally recognized securities rating agency as shall then have a rating assigned to the 2009 Series G Bonds.

Rating Confirmation Notice: shall mean notice from a Rating Agency to the effect that the rating assigned to the 2009 Series G Bonds has not been withdrawn or reduced due to the delivery of a Substitute Liquidity Facility.

Rebate Amount: shall have the meaning set forth in the respective Arbitrage Certificate.

Rebate Fund: shall mean that fund established pursuant to the Indenture.

Record Date: shall mean, with respect to the 2009 Series G Bonds bearing interest at a Term Rate or a Fixed Rate, the fifteenth day of each April and October, and, with respect to the 2009 Series G Bonds bearing interest at a Daily Rate, Weekly Rate, or Flexible Rate, the Business Day before each Interest Payment Date, and, to the extent interest is to be paid with respect to any 2009 Series G Bonds on other than the regularly scheduled date therefor, the "Special Record Date" provisions of the Municipal Securities Rulemaking Board or the successor thereto shall apply.

Redemption Fund: shall mean that fund established pursuant to the Indenture.

Redemption Price: shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunding Bonds: shall mean all Bonds whether issued in one or more Series, authenticated and delivered on original issuance pursuant to the Indenture and thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

Registrar: shall mean the Trustee serving in such capacity as provided in the Indenture.

Reimbursement Obligation: shall mean any obligation of the University to make payments to a provider of a Bond Facility in reimbursement of or as interest on (which interest may be higher than the interest rate on the related Bond) an advance or other payment made by such provider for the purpose of paying

(i) the Principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any Bonds, or

(ii) the purchase price, plus accrued interest, if any, of any Bonds tendered pursuant to the provisions of the applicable Supplemental Indenture,

but only to the extent the principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Bonds, without acceleration. Reimbursement Obligations shall not, unless otherwise provided for, include (i) any payments of any fees, expenses, or other similar obligations to any such provider, unless specifically included as a part thereof and approved as a portion of the Special Debt Service Requirement, or (ii) any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Bonds. Reimbursement Obligations may be evidenced by Bonds designated as "Bank Bonds," which may bear a higher interest rate than the rate borne by the Bonds to which they relate.

Remarketing Agent: means, initially, Morgan Stanley & Co. Incorporated or any successor thereto appointed as remarketing agent in accordance with the Seventh Supplemental Indenture.

Remarketing Agreement: means the Remarketing Agreement, dated as of May 1, 2009, by and between the University and the Remarketing Agent, and, if the Remarketing Agent has been replaced by a successor remarketing agent, any similar agreement between the University and such successor remarketing agent.

Remarketing Proceeds Account: means the account so designated, created and established in the Purchase Fund pursuant to the Seventht Supplemental Indenture.

Rule: shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of the Indenture, including any official interpretations thereof issued either before or after such date which are applicable to the Indenture.

SEC: shall mean the United States Securities and Exchange Commission or any successor agency.

Second Supplemental Indenture: shall mean the Second Supplemental Indenture of Trust, dated as of November 1, 2002, between the University and the Trustee authorizing the issuance of the 2002 Series B Bonds.

Series or *Bonds of a Series:* or words of similar meaning, shall mean the Series of Bonds authorized by the Indenture and a Supplemental Indenture.

Seventh Supplemental Indenture: shall mean the Seventh Supplemental Indenture of Trust, dated as of May 1, 2009, between the University and the Trustee, authorizing the issuance of the 2009 Series G Bonds.

SID: shall mean, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of the Indenture, there is no SID.

SIFMA Index: means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry And Financial Markets Association ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Remarketing Agent and effective from such date.

Sinking Fund Installment: shall mean, for any Calendar Year as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the Indenture or a Supplemental Indenture to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the University by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

Sixth Supplemental Indenture: shall mean the Sixth Supplemental Indenture of Trust, dated as of February 1, 2009, between the University and the Trustee, authorizing the issuance of the 2009 Series F Bonds.

Special Debt Service Requirements: shall mean for any period, and with respect to the Bonds, subject to the Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum of (A) the Principal Installments and interest accruing and coming due during such period, (B) the amounts, if any, required, with respect to interest rate fluctuations on variable rate debt, (C) annual expenses of issuance and administration with respect to securities, (D) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to authority granted under the proceedings authorizing the issuance of securities, (E) net amounts owing under interest rate agreements authorized and effective, (F) arbitrage rebate requirements and (G) any other annual costs or expenses necessary or proper to be paid in connection with the securities, including, without limitation, the annual cost of any Bond Facility, issued by a financial institution pursuant to an agreement approved in the financing transaction proceedings.

Standard & Poor's: shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the University, by notice to the other Notice Parties.

State: shall mean the State of New Jersey.

Subordinated Swap or *Subordinated Swap Payments:* shall mean either a financial arrangement that meets the definition of Swap or a net amount to be paid by the University under such financial arrangement that meets the definition of Swap Payment but does not qualify as a Swap or Swap Payment, respectively, and is expressly subordinated pursuant to the Indenture.

Substitute Liquidity Facility: means any letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit facility meeting the requirements of, and delivered to the Trustee in accordance with the Seventh Supplemental Indenture together with any and all supplements thereto.

Supplemental Indenture: shall mean any series or supplemental indenture entered into by the Trustee and the University pursuant to and in compliance with the provisions of the Indenture dealing with the authorization and issuance of Bonds and the redemption of Bonds, providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of the Indenture dealing with supplemental indentures amending or supplementing the provisions of the Indenture as originally executed or as theretofore amended or supplemented, including the Seventh Supplemental Indenture.

Surety: shall mean any surety agreement, insurance agreement, letter of credit or other type of agreement or arrangement satisfying the provisions of the Indenture or of any applicable Supplemental Indenture authorizing a Series of Bonds, which provides for the availability, at all times required under the Indenture or under any such Supplemental Indenture, of the amount of money or the value of the Investment Obligations in lieu of which such agreement or arrangement is substituted; provided that (i) the financial institution providing such Surety shall have an outstanding, unsecured, uninsured and unguaranteed debt issue that, or (ii) the Surety, is assigned any of the three highest ratings (without regard to the addition of a plus (+) or a minus (-) to any rating) by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. or Fitch and is then rating such financing institution or Surety; and provided further that if the financial institution providing or guaranteeing such Surety is an insurance company, the claims-paying ability of such insurance company shall be assigned any of the three highest ratings (without regard to the addition of a plus (+) or a minus (-) to any rating) by Standard & Poor's Ratings Group and Moody's Investors Service, Inc. or Fitch and is then rating such insurance company.

Swap: shall mean any financial arrangement (i) that is entered into by the University with an entity that is a Swap Provider at the time the arrangement is entered into; (ii)(a) which provides that the University shall pay to such entity an amount based on the interest accruing at a fixed rate on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued under the Indenture, and that such entity shall pay to the University an amount based on the interest accruing on the Notional Amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) below, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; (b) which provides that the University shall pay to such entity an amount based on the interest accruing on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued under the Indenture, at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity shall pay to the University an amount based on the interest accruing at a fixed rate on the Notional Amount (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) below, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; or (c) which is included as part of or covered by the financial transaction described in (ii)(a) or (ii)(b) above or is separately executed and which is a cap, floor or collar, forward rate, future rate, asset, swap or index, price or market linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated) or any combination thereof or any option with respect thereto executed by the University for the purpose of moderating interest rate fluctuations or otherwise; and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the University and authenticated or otherwise registered by the Trustee under the Indenture as a Swap with respect to a Series of Bonds or Notes. "Swap" shall also include any such financial arrangement described in clauses (ii) and (iii) above entered into by the University with a Swap Provider, as a replacement of a Swap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the University with respect to a Series of Bonds or Notes.

Swap Facility: shall mean an insurance policy, surety bond, letter of credit or other credit enhancement with respect to a Swap or any similar facility entered into for the same or similar purposes and may include Investment Obligations properly pledged to the University under the Indenture pursuant to the Swap Facility or by the Swap Provider, in each case sufficient to maintain any existing rating of the University's long term debt. Payments by the University under a Swap Facility related to a Swap shall be deemed Swap Payments under the Indenture and shall not be deemed Reimbursement Obligations and payments to the University under a Swap Facility related to a Swap shall be deemed Swap Receipts. Payment by the University under a Swap Facility applicable to any fees, expenses or similar other charges or obligations thereunder shall be a Cost of Issuance or Operating Cost, as applicable.

Swap Payment: shall mean the net amount required to be paid by the University under a Swap (that is not a Subordinated Swap Payment) that is applicable to the interest rate exchange effected thereunder, but not any (a) fees, expenses or similar other charges or obligations thereunder (which shall be Costs of Issuance or Operating Expense, as applicable) or (b) any Termination Payment or other payments by the University on account of termination of the Swap.

Swap Provider: shall mean a financial institution whose long term debt obligations, or whose obligations under a Swap are fully covered by a Swap Facility whose long term debt obligations are (i) rated at least in the three highest rating categories by at least two nationally recognized rating agencies, or (ii) secured by a pledge of Investment Obligations in amounts sufficient to achieve the ratings described in (i) above, or (iii) meeting the requirements set forth in any Supplemental Indenture relating thereto.

Swap Receipt: shall mean the net amount required to be paid to the University under a Swap, but shall not include any Termination Receipt.

Tender Date: means (a) an Optional Tender Date, or (b) a Mandatory Tender Date.

Term Period: means each period during which a particular Term Rate is in effect. Each Term Period shall commence on the date of conversion to the Term Rate Period or on the May 1 or November 1 succeeding the last day of the preceding Term Period, shall end on an April 30 or October 31, shall be at least one year in length, and shall end on a day which is at least five (5) Business Days prior to the Liquidity Facility Termination Date.

Termination Payment: shall mean, with respect to a Swap, an amount required to be paid by the University to the Swap Provider or related Swap Facility as a result of the termination of the Swap or required to be paid by the University into a collateral account as security for any termination provided, (a)(i) that such termination occurs prior to the next succeeding Interest Payment Date, and (ii) that any such required amount is not due prior to the next succeeding Interest Payment Date, and (b) that any payment by the University on account of termination of either a Swap other than as described in (a) above or a Subordinated Swap shall be deemed a Subordinated Swap Payment under the Indenture.

Termination Receipt: shall mean with respect to a Swap an amount required to be paid by the Swap Provider or related Swap Facility as a result of the termination of the Swap.

Term Rate: means the rate of interest borne by 2009 Series G Bonds during any Term Rate Period which shall be determined on each Rate Determination Date for a Term Rate Bond as provided in the Seventh Supplemental Indenture.

Term Rate Bond: means any 2009 Series G Bond issued under the Seventh Supplemental Indenture which pays interest at a Term Rate.

Term Rate Period: means the period during which Term Rate Bonds bear interest at a particular Term Rate.

Third Supplemental Indenture: shall mean the Third Supplemental Indenture of Trust, dated as of July 1, 2003, between the University and the Trustee, authorizing the issuance of the 2004 Series C Bonds.

Trustee: shall mean U.S Bank National Association, successor to Wachovia Bank, National Association and First Union National Bank, a national banking association, in its capacity as Trustee under the Indenture, and its successors in such capacity and their assigns appointed in the manner provided in the Indenture.

University Bonds: shall mean any 2009 Series G Bond held by or on behalf of the University.

2004 Series E Bonds: shall mean the University's $86,725,000 aggregate principal amount of Rutgers, The State University General Obligation Bonds, 2004 Series E, issued, executed, authenticate and delivered under the Indenture and the Fifth Supplemental Indenture.

2009 Series F Bonds: shall mean the University's $233,105,000 aggregate principal amount of Rutgers, The State University General Obligation and Refunding Bonds, 2009 Series F, issued, executed, authenticated and delivered under the Indenture and the Sixth Supplemental Indenture.

2009 Series G Bonds: shall mean the University's $80,000,000 aggregate principal amount of Rutgers, The State University General Obligation Bonds, 2009 Series G, issued, executed, authenticated and delivered under the Indenture and the Seventh Supplemental Indenture.

2009 Series G Project: shall mean the project to be financed, in whole or in part, with the proceeds of the 2009 Series G Bonds, as described in the exhibit attached to the Seventh Supplemental Indenture.

2003 Series C Bonds: shall mean the University's $111,320,000 aggregate principal amount of Rutgers, The State University General Obligation Refunding Bonds, 2003 Series C, issued, executed, authenticated and delivered under the Indenture and the Third Supplemental Indenture.

2003 Series D Bonds: shall mean the University's $24,805,000 aggregate principal amount of Rutgers, The State University General Obligation Bonds, 2003 Series D, issued, executed, authenticated and delivered under the Master Indenture and the Fourth Supplemental Indenture.

2002 Series A Bonds: shall mean the University's $110,000,000 aggregate principal amount of Rutgers, The State University General Obligation Bonds, 2002 Series A issued, executed, authenticated and delivered under the Indenture and the First Supplemental Indenture.

2002 Series B Bonds: shall mean the University's $50,000,000 aggregate principal amount of Rutgers, The State University General Obligation Bonds, 2002 Series B issued, executed, authenticated and delivered under the Indenture and the Second Supplemental Indenture.

Unaudited Financial Statements: shall have the same meaning as Audited Financial Statements, except that they shall not have been audited.

University: shall mean Rutgers, The State University, a public educational corporation, organized and existing under and by virtue of a royal charter granted November 10, 1766, as amended and confirmed by the State of New Jersey, and having its principal office in the City of New Brunswick, New Jersey.

Variable Interest Base Rate: shall mean with respect to any Variable Interest Rate Notes or Bonds or Swap Payments, the average interest rate borne by such series of Variable Interest Rate Notes or Bonds or Swap Payments for the twelve full calendar months (or such lesser period as such Series of Variable Interest Rate Notes or Bonds or Swap Payments shall be outstanding) preceding the date of calculation.

Variable Interest Rate: shall mean a variable interest rate to be borne by any Bond or Note within a Series of Bonds or Notes or by any Swap (whether a Swap Payment or Swap Receipt). The method of computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Series of Bonds or Notes or the Swap relating thereto. Such Supplemental Indenture or Swap shall also specify either (i) the particular period or periods of time for which such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

Variable Interest Rate Bonds or *Notes* or *Swap Payments:* shall mean Bonds or Notes which bear a Variable Interest Rate or a Swap Payment which by the terms of the Swap requires and provides for a Variable Interest Rate Swap Payment by the University.

Variable Interest Rate Calculation Rate: shall mean with respect to each Calendar Year (i) with respect to Variable Interest Rate Bonds or Notes or Swap Payments bearing a Variable Interest Rate, which is not capped pursuant to the Swap or a Swap Facility, and/or is for a period or periods of time ending prior to the next immediate Interest Payment Date, the interest rate thereon in effect (pursuant to the Variable Interest Rate Bonds or Notes or a Swap applicable thereto) until the next date of change (being the date of calculation referred to in the definition of

Variable Interest Base Rate) and thereafter for the balance of such Calendar Year the Variable Interest Base Rate or (ii) with respect to Variable Interest Rate Bonds or Notes or Swap Payments bearing a Variable Interest Rate which, for a period of time ending prior to the next immediate Interest Payment Date, is either capped by its terms or pursuant to the Swap or a Swap Facility or is fixed, the lesser of (a) the interest rate by which the Variable Interest Rate is so capped if less than the rate calculated in (i) above or (b) the Variable Interest Rate, so fixed, on the Variable Interest Rate Bonds or Notes or Swap Payments, respectively (pursuant to the Variable Interest Rate Bonds or Notes or a Swap applicable thereto).

Weekly Rate: means the rate of interest borne by 2009 Series G Bonds during any Weekly Rate Period which shall be determined by the Remarketing Agent on each Rate Determination Date for a Weekly Rate Bond as provided in the Seventh Supplemental Indenture.

Weekly Rate Bond: means any 2009 Series G Bond issued under the Seventh Supplemental Indenture which pays interest at a Weekly Rate.

Weekly Rate Period: means the period during which Weekly Rate Bonds bear interest at a particular Weekly Rate.

Authorization of Bonds; General Obligations

Under the Indenture, Bonds issued and authenticated are direct and general obligations of the University, the full faith and credit of which has been pledged by the University to the payment of the principal and Redemption Price of and interest on all of the Bonds (provided, however, there shall be excluded from the pledge of the Indenture any revenues, moneys, securities or funds heretofore or hereafter specially pledged by the University for the payment of other bonds, notes or other indebtedness); and the Bonds are further secured by a pledge of all amounts and investment earnings thereon held by the Trustee in the Funds established under the Indenture (other than any amounts held in the Rebate Fund and in any funds or accounts established under the applicable Supplemental Indenture and intended to be excluded from the pledge of the Indenture).

Bonds issued under the Indenture shall not be deemed to constitute a debt or liability of the State or any municipality thereof or a pledge of the faith and credit of the State or of any such municipality and the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred shall not constitute a debt or liability issued or guaranteed by or otherwise of the State.

(Indenture, Section 2.1)

General Provisions for Issuance of Bonds

The Supplemental Indenture authorizing the issuance of Bonds must specify or provide for all of the following matters: the authorized principal amount of said Series of Bonds; the purposes for which such Series of Bonds are being issued, which shall be one or more of the purposes of the Act; the date or dates of issue, maturity date or dates and amounts of each maturity of the Bonds of said Series; the interest rate or rates, or the manner of determining such rate or rates of the Bonds of said Series, and the interest payment dates (thereafter each an Interest Payment Date) therefor; the denomination or denominations of, and the manner of numbering and lettering, the Bonds of such Series; the Paying Agent and, subject to the provisions of the

Indenture, the place or places of payment of the principal, Sinking Fund Installments, if any, and Redemption Price, if any, of and interest on the Bonds of such Series; the Redemption Price or Redemption Prices, if any, and, subject to the redemption provisions of the Indenture, the redemption terms, if any, for the Bonds of such Series; the form or forms of the Bonds of such Series (including whether such Bonds shall be issued in book-entry only form or definitive form) and the Trustee's certificate of authentication; directions for the application of the proceeds of the Bonds of such Series; any other provisions determined to be necessary, convenient or desirable to better secure the Bonds or to make the Bonds more marketable and which are in the best interests of the University and not in conflict with the provisions of the Act and the Indenture, including but not limited to the funding of a Debt Service Reserve Fund with respect to such Series; and the provisions relating to a Swap, if any, or Swap Facility for the purpose of moderating interest rate fluctuations in connection with the issuance of the Bonds of such Series provided, however, in connection with the execution of a Swap related to a Series of Outstanding Bonds or a portion thereof, a Supplemental Indenture authorizing such Swap and identifying such Bonds of such Series to which the Swap relates and otherwise setting forth the applicable provisions under this heading shall be adopted.

(Indenture, Section 2.2)

Conditions Precedent to Delivery of Bonds

All Bonds issued under the Indenture and Supplemental Indentures to the Indenture shall be executed by the University for the original issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the University or upon its order, but only upon receipt by the Trustee of (a) a copy of the Indenture and any such Supplemental Indentures, certified by an Authorized Officer of the University; (b) a copy, certified by an Authorized Officer of the University, of the resolution or resolutions of the appropriate board or boards of the University authorizing and providing the terms of such Bonds and providing for the sale or exchange thereof, and if the authority to make determinations as to sale or exchange of such Bonds shall be delegated or vested in an Authorized Officer of the University, a certificate of such Officer as to such sale or exchange; (c) the written order of the University as to the delivery of such Bonds signed by an Authorized Officer of the University describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds; (d) a Counsel's Opinion dated as of the date of such delivery by the Trustee to the effect that (i) the Indenture and the Supplemental Indenture authorizing the issuance of such Bonds, if any, have been duly and lawfully entered into by the University, are in full force and effect and are valid and binding upon the University and enforceable in accordance with their terms, (ii) the Indenture creates the valid pledge which it purports to create of the moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture, and (iii) upon the execution, authentication and delivery thereof, such Bonds will be duly and validly issued and will constitute valid and binding general obligations of the University entitled to the benefits of the Indenture and such applicable Supplemental Indenture; (e) except in the case of Refunding Bonds, a Certificate of an Authorized Officer of the University stating that the University is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture; and (f) such further documents, opinions, moneys and securities as are required by the provisions of the Act, the provisions under this heading, the provisions under the immediately succeeding heading, the provisions of the

Indenture regarding Events of Default and remedies of bondholders, or any Supplemental Indenture adopted pursuant to the provisions of the Indenture regarding supplemental indentures.

(Indenture, Section 2.3)

Additional Bonds for Additional Projects and Other Purposes

One or more Series of Additional Bonds may be issued under and secured by the Indenture for the purpose of providing funds for each Additional Project (including for the purpose of completing any Project or the funding of any deficiency in the Debt Service Reserve Fund if required pursuant to the respective Supplemental Indenture). The Bonds of each such Series shall be authenticated and delivered by the Trustee only upon receipt by it of, among other things, a certificate of an Authorized Officer of the University stating that the University is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture.

(Indenture, Section 2.4)

Refunding Bonds

One or more series of Refunding Bonds may be authenticated and delivered to refund any Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits as are required by the provisions of the Act and the Indenture.

A series of Refunding Bonds may be authenticated and delivered upon original issuance only upon receipt by the Trustee (in addition to the receipt by it of the documents required by the Indenture) of:

(i) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date, if any, specified in such instructions;

(ii) Irrevocable instructions to the Trustee, satisfactory to it, to give the notice provided for in the provisions regarding submission of Annual Financial Information (if applicable) to the Holders of the Bonds being refunded;

(iii) One of the following:

> (a) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or
>
> (b) Investment Obligations of the type described in the Indenture, in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to provide moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the Redemption Date, which money or

Investment Obligations shall be held by the Trustee or any one or more of the Paying Agents in a separate account in trust under the Indenture, or

(c) any combination of (i) and (ii) above; and

(iv) a Certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of clauses (a), (b), and (c) above.

Any balance of the proceeds of the Bonds of each such Series shall be deposited in such Funds or Accounts as shall be specified in the Supplemental Indenture authorizing such series of Refunding Bonds.

(Indenture, Section 2.5)

Application of Bond Proceeds

Except as otherwise expressly provided in the Indenture, proceeds of Bonds, upon their issuance, sale and delivery, shall be deposited in the Funds, Accounts or sub-accounts of the University in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Bonds and shall be expended solely for the purposes for which amounts in said Funds, Accounts or sub-accounts, respectively, may be expended in accordance with the provisions of the Indenture.

Accrued interest, if any, received upon the delivery of any Bonds and the amount received as a net premium over the principal amount of such Bonds, if any, upon delivery of such Bonds shall be deposited in the Costs of Issuance Account or otherwise, as set forth in the Supplemental Indenture.

The proceeds of sale of the Bonds of a series of Refunding Bonds shall be deposited in the Redemption Fund or shall be applied as otherwise provided in the Supplemental Indenture authorizing the issuance of such Bonds.

(Indenture, Section 4.1)

Establishment of Funds

The University establishes and creates the following funds and accounts to be held by the Treasurer, the University or the Trustee as set forth opposite such Fund or Account:

(a) Bond Proceeds Fund to be held by the University
  (i) Construction Account
  (ii) Costs of Issuance Account.
(b) Debt Service Fund to be held by the Trustee.
(c) Debt Service Reserve Fund (if required pursuant to the Supplemental Indenture authorizing such Series of Bonds) to be held by the Trustee.
(d) Redemption Fund to be held by the Trustee.
(e) Earnings Fund to be held by the Trustee.
(f) Rebate Fund to be held by the Trustee.

The University reserves the right and power, subject to the Indenture, to establish additional funds, accounts and sub-accounts under the Indenture. All funds, accounts and sub-accounts created under the Indenture, in addition to other funds, accounts or sub-accounts from time to time established under the Indenture, shall be held and maintained by the Trustee or the University in accordance with the terms of the Indenture.

(Indenture, Section 5.1)

Bond Proceeds Fund

Amounts in each separate account established for the Facilities and any such Additional Project shall be applied to the payment of Costs of Construction, including the purpose or purposes specified in the Supplemental Indenture authorizing the Bonds issued with respect to the Facilities and any such Additional Project, as the case may be, and pending such application such amounts shall be subject to a lien and charge in favor of the Bondholders. Amounts in the Construction Account, in the discretion of the University, may be invested in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the costs to which such moneys are applicable. Upon the filing of a certificate by an Authorized Officer of the University evidencing completion of construction of any Additional Project, any balance remaining in the separate account of the Construction Account established for such Additional Project in excess of the amount, if any, stated in such certificate shall be paid over to the Trustee for deposit in the Debt Service Reserve Fund, if and to the extent necessary to make the amount in such Fund equal to the Debt Service Reserve Requirement with respect to such Series of Bonds, if applicable, and any remaining balance in said separate account of the Construction Account shall, upon written direction of the University, be applied to the Costs of Construction of any other Additional Project or be deposited in the Redemption Fund and applied to the purchase or redemption of Bonds pursuant to provisions regarding the Redemption Fund. The University covenants to use the proceeds of the Bonds in a manner consistent with the Arbitrage Certificate and the preservation of the interest exemption on the Bonds pursuant to Section 103 of the Code.

Within the Bond Proceeds Fund the University shall maintain a separate account designated “Costs of Issuance Account.” There shall be deposited in the Costs of Issuance Account (i) all moneys required to be deposited therein both pursuant to the Indenture and pursuant to a Supplemental Indenture under which Bonds are issued and (ii) all other moneys of the University available therefore, as determined by the University. The University shall apply amounts in the Costs of Issuance Account to pay the Costs of Issuance incurred in connection with the authorization, issuance and delivery of the corresponding Bonds.

After payment of all Costs of Issuance on the Bonds, any interest earnings in the Bond Proceeds Fund remaining shall be remaining amounts and credited for deposit in the Debt Service Reserve Fund, if and to the extent necessary to make the amount in such Fund equal to the Debt Service Reserve Requirement with respect to such Series of Bonds, if applicable, and any remaining balance in said separate account in the Costs of Issuance Account shall, upon written direction of the University, be applied to the Costs of Construction of any other Additional Project or be deposited in the Redemption Fund and applied to the purchase or redemption of Bonds pursuant to the provisions of the Indenture regarding payment of redeemed Bonds, and, prior thereto, any such amounts shall be credited to such fund or account thereof as shall be necessary to comply with the Arbitrage Certificate and the provisions of the Indenture regarding the Rebate Fund and, upon determination of the University, to meet an expenditure exception to the rebate requirement of the Code.

(Indenture, Section 5.2)

Payments

Except as otherwise provided in the applicable Supplemental Indenture, the University shall pay at least three days before each Interest Payment Date from legally available funds of the University to the Trustee sufficient funds, such that:

(a) on each Interest Payment Date, the Trustee shall pay out of the Debt Service Fund to the respective Paying Agents for any Bonds, (i) the amounts required for the payment of interest on Outstanding Bonds and Swap Payments due on such date and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

(b) on each Principal Installment Payment Date, the Trustee shall pay out of the Debt Service Fund to the respective Paying Agents the amounts required for the payment of principal due on Outstanding Bonds on such date and such amounts shall be applied by the Paying Agents to such payments.

(c) whenever the amount in a Debt Service Reserve Account of the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement for such Series, one-twelfth of the original amount of such deficiency for deposit in such Account on the fifteenth day of each month commencing in the calendar month immediately succeeding the creation of such deficiency.

(Indenture, Section 5.3)

Application of Certain Funds

The Indenture provides for the application of moneys in the Funds set forth below as follows:

Debt Service Fund: The Trustee will pay out of the Debt Service Fund the amounts required for the interest payable and Swap Payments and principal payable when due.

Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Installments shall be set aside in said Fund for each such Sinking Fund Installment pro rata according to the amounts of the Sinking Fund Installments. The amount so set aside for each Sinking Fund Installment shall be applied as directed by the University (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment to (i) the purchase at the written direction of the University of Bonds of the Series and maturity for which such Sinking Fund Installment was established, at prices not exceeding the applicable sinking fund Redemption Price, such purchases to be made in such manner (whether through direct negotiated purchases or otherwise) as the Trustee shall determine, or (ii) the redemption of such Bonds, if then redeemable by their terms. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment due date) in such amount as shall be necessary to complete the retirement of the principal amount, specified for such Sinking Fund Installment, of the Bonds of such Series and maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof together with interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, prior to such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

Debt Service Reserve Fund: The Trustee shall establish in the Debt Service Reserve Fund a separate series account for the Bonds of any Series for which a Debt Service Reserve Account of the Debt Service Reserve Fund as shall be required in the applicable Supplemental Indenture securing such Series of Bonds.

If three (3) days prior to any Interest Payment Date, or as otherwise provided in the applicable Supplemental Indenture, there shall not have been deposited in the Debt Service Fund the amount required to pay interest and principal, or if the amount in the Debt Service Fund shall not be sufficient to pay the Interest Requirement and Principal Installment Requirement with respect to such Series of Bonds for which the Debt Service Reserve Account of the Debt Service Reserve Fund was established, as the same shall become due, the Trustee shall apply amounts from the applicable Debt Service Reserve Account of the Debt Service Reserve Fund to the extent necessary to fund such deficiency.

Subject to the Indenture, amounts in the Debt Service Reserve Account of the Debt Service Reserve Fund in excess of the applicable Debt Service Reserve Requirement with respect such Series of Bonds shall be transferred by the Trustee at the direction of an Authorized Officer of the University, either to the Construction Account and applied to the Costs of Construction of such Facility as shall be designated by such Authorized Officer of the University, to the Debt Service Fund or to the Redemption Fund.

Redemption Fund: The Trustee shall establish in the Redemption Fund a separate Series account for the Bonds of each series.

Any moneys which are required or permitted to be deposited into a Series account established as aforesaid, of the Redemption Fund pursuant to the Indenture shall be set aside in such sub-account. Upon deposit of such moneys in any such Series account or within thirty (30) days thereafter, the University may give written direction to the Trustee signed by an Authorized Officer, of the Redemption Date, of the maturity or maturities of the Bonds of such Series to be purchased or redeemed and of the principal amounts of each maturity or maturities to be purchased or redeemed, subject to any limitations with respect thereto contained in the Indenture and the Supplemental Indenture authorizing such Series.

Moneys so held in each such separate account by the Trustee shall be applied to the purchase or retirement of Bonds of the Series in respect of which such account was created as follows:

(i) The Trustee shall promptly apply such moneys to the purchase of Bonds of such maturity or maturities of the Series in respect of which such account was created, as may be directed by an Authorized Officer in the manner provided in this paragraph and in such order or priority and subject to any limitations and permissions with respect thereto contained in this paragraph or the applicable Supplemental Indenture at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds shall then be subject to redemption, such price, however, not to exceed the Redemption Price applicable by operation of the Redemption Fund which would be payable on the next ensuing Redemption Date on which Bonds of the Series so purchased are redeemable according to their terms. Unless otherwise directed by an Authorized Officer as aforesaid and subject to the other limitations set forth in the preceding sentence, the Trustee may purchase any Bonds of such Series. The Trustee shall pay the interest accrued on Bonds so purchased to the date of delivery thereof from the Interest Account and the balance of the purchase price from the applicable account established within the Redemption Fund, as hereinabove provided, to the Trustee, but no such purchase shall be made by the Trustee within the period of forty-five (45) days next preceding a date on which such Bonds are subject to redemption under the provisions of the Supplemental Indenture authorizing the issuance thereof.

(ii) In the event the Trustee is able to purchase a principal amount equivalent to the sum of the deposits in the account, as provided in this paragraph, of Bonds for such Account in accordance with and under the foregoing provisions of this paragraph at a purchase price less than the sum of such deposits in such account, excluding the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the University shall direct the Trustee to transfer the balance of moneys remaining in such account to, and deposit the same in the Debt Service Fund.

In the event the Trustee is unable to purchase Bonds of a Series in accordance with and under the provisions described in the preceding paragraph, and there is $100,000 or more in the account established for such Series of Bonds, the Trustee shall call for redemption on the next ensuing Redemption Date such amount of Bonds of such maturity or maturities of the Series in respect of which such account was created as may be directed by an Authorized Officer in the manner provided in the immediately preceding paragraph and in such order or priority and subject to any limitations and permissions with respect thereto contained in this paragraph or the applicable Supplemental Indenture, at the Redemption Price applicable by operation of the Redemption Fund in the next ensuing Redemption Date, as will exhaust said Account as nearly as may be possible. Unless otherwise directed by an Authorized Officer as aforesaid and subject to the other limitations set forth in the preceding sentence, the Trustee shall redeem Bonds of such Series in inverse order of their maturities and by lot within a maturity. Such redemption shall be made pursuant to the redemption provisions of the Indenture. The Trustee shall pay the interest accrued on the Bonds so redeemed to the date of redemption from the Interest Account and the Redemption Price from the applicable account.

Except as otherwise required in the second paragraph under the sub-heading "Redemption Fund," and subject to the provisions of any Supplemental Indenture directing or permitting the application of any part of the moneys in the Redemption Fund to the purchase or redemption of Bonds of any particular Series, and to the redemption provisions of the Bonds, amounts in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds (accrued interest on such Bonds to be provided out of the Interest Account) *provided, however,* the University shall direct the selection of the Bonds to be purchased and the purchase price thereof, within the limits provided by law, and the amount and date of redemption of the Bonds to be redeemed, so as to apply amounts in said Sub-Account to such purposes as rapidly as in its judgment is reasonably practicable. Such purchases shall be made in such manner as the Trustee shall determine and such redemption shall be made in the manner provided by the redemption provisions of the Indenture.

The University may, from time to time, by written instruction direct the Trustee to make purchases under clauses (i) and (ii) in the third paragraph under the sub-heading "Redemption Fund" only after receipt of tenders after published notice. The University may specify the length of notice to be given and the dates on which tenders are to be accepted. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified under clauses (i) and (ii) in the third paragraph under the sub-heading "Redemption Fund" for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at an equal price above the amount of moneys available for purchase then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof (as specified below) shall be credited toward a part or all of any one or more of such Sinking Fund Installments, as directed by the University, or, failing such direction by the 15th day of the second month preceding the date of the applicable Sinking Fund Installment, toward such Sinking Fund Installments in inverse order of their due dates. Such applicable Redemption Prices shall be the respective Redemption Prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Principal Installments due on a future date.

Amounts in the Redemption Fund may, and at the direction of the University shall, be invested in Investment Obligations maturing not later than five (5) days prior to the date when such moneys must be applied to the purchase or redemption of Bonds in accordance with the redemption provisions of the Indenture.

Earnings Fund: All investment income or earnings on amounts held in the Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund and the Earnings Fund or any other Fund or Account (other than the Rebate Fund) shall be deposited upon receipt by the Trustee and the University into the Earnings Fund; provided, however, that to the extent amounts held in any Fund shall be invested in Investment Securities having a yield not in excess of the yield on the applicable Series of Bonds, such earnings on the Investment Securities need not be so deposited for so long as such Investment Securities shall be in effect. The Trustee shall keep separate records which indicate all amounts deposited in the Earnings Fund to indicate the Fund source of the income or earnings. Within fifteen (15) days after the end of each Computation Period (as defined in the Arbitrage Certificate), the Trustee shall withdraw from the Earnings Fund that amount as is set forth as the Rebate Amount in a written certificate delivered by the University to the Trustee pursuant to the Arbitrage Certificate and the Indenture, and deposit, to the extent available, such amount in the Rebate Fund. Any amounts remaining in the Earnings Fund following such transfer will be deposited, at the written direction of an Authorized Officer of the University, either in the Bond Proceeds Fund, in the Debt Service Fund or in the Redemption Fund.

Rebate Fund: The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Bondholder or any other person. The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer of the University, shall deposit in the Rebate Fund on the first day of each Bond Year after the first Bond Year, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the prior Bond Year. In the event that on the first day of any Bond Year the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Officer of the University, shall withdraw such excess amount and deposit it, at the written direction of an Authorized Officer of the University, either in the Bond Proceeds Fund or in the Redemption Fund. The Trustee, upon the receipt of written instructions from an Authorized Officer of the University, shall pay the Rebate Amount to the United States out of amounts in the Rebate Fund.

(Indenture, Sections 5.4, 5.5, 5.6, 5.7 and 5.8)

Pledge Effected by the Indenture

All the moneys, securities and funds held or set aside by the Trustee under the Indenture (other than amounts held in the Rebate Fund and in any funds or accounts established under the applicable Supplemental Indenture and intended to be excluded from the pledge of the Indenture) are pledged by the Indenture to secure payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds.

(Indenture, Section 5.9)

Tax Covenant

The University has covenanted with the Holders of the Bonds to observe and perform all of the terms, covenants and conditions set forth in the Arbitrage Certificate and further covenants (i) that it shall not use or permit the use of any proceeds of the Bonds or any other funds of the University, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions which would result in any of the Bonds being treated as an obligation not described in Section 103 of the Code by reason of classification of such Bond as a "private activity bond" within the meaning of Section 141 of the Code; (ii) that no part of the proceeds of the Bonds or any other funds of the University shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause any Bond to be an arbitrage bond as defined in Section 148 of the Code and any applicable regulations issued thereunder; (iii) that the University shall at all times do and perform all acts and things necessary or desirable and within its control in order to assure that interest paid on the Bonds shall, for the purposes of Federal income taxation, be not included in the gross income of the recipients thereof and exempt from such taxation; (iv) that the University will never permit the use of Bond proceeds, nor take nor omit to take any action, so as to cause the interest paid on the Bonds to be includable in the gross income of the recipients thereof for the purposes of Federal income taxation; and (v) that the University will file with the Internal Revenue Service of the United States Department of the

Treasury or any other authorized governmental agency any and all statements or other instruments required under the Code and the regulations thereunder.

(Indenture, Section 5.11)

Investment of Certain Funds

The Indenture provides that moneys held in the Rebate Fund, Debt Service Fund, Debt Service Reserve Fund, Bond Proceeds Fund, Earnings Fund and Redemption Fund shall be invested and reinvested by the Trustee upon receipt of written instructions from the University, in Investment Securities, which obligations shall mature not later than necessary to provide moneys when needed for payments to be made from such Funds.

Unless otherwise provided in the Indenture, any income or interest earned and gains realized in excess of any losses suffered as a result of investment of moneys on deposit to the credit of any Fund or Account pursuant to the Indenture shall be credited as provided in the Indenture. Any investment authorized by the Indenture is subject to the condition that no amounts shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(Indenture, Section 6.3)

Valuation and Sale of Investments

In computing the amount in any Fund, obligations purchased as an investment of moneys therein shall be valued at cost or the principal amount thereof, whichever is lower, exclusive of accrued interest.

(Indenture, Section 6.4)

Payment of Bonds

The University has covenanted with the Holders of the Bonds that it will pay or cause to be paid promptly the principal and Redemption Price of and the interest on the Bonds at the places, on the dates and in the manner provided in the Indenture and in the Bonds and shall duly and punctually satisfy all Sinking Fund Installments which may be established for any Series. The Holders of all Bonds shall have a valid and enforceable lien on all moneys, securities or funds pledged under the Indenture (other than for amounts held in the Rebate Fund and in any funds or accounts established under the applicable Supplemental Indenture and intended to be excluded from the pledge of the Indenture) until all of the Bonds and the interest thereon shall have been paid in the manner provided in the Indenture.

(Indenture, Section 7.1)

Construction of Facility

The University covenants that it will promptly proceed with the construction of any Additional Project to be financed in whole or in part by the issuance of Bonds in conformity with law and all requirements of the governmental authorities having jurisdiction thereover and that it will complete such construction with all expedition possible.

(Indenture, Section 7.3)

Creation of Liens; Sale of Property

The University covenants (i) not to issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the moneys, securities or funds held or set aside by the University or by the Trustee under the Indenture, and (ii) not to create or cause to be created any lien or charge on such moneys, securities or funds; provided, however, that nothing contained in the Indenture shall prevent the University from issuing evidences of indebtedness payable out of or secured by a pledge of its general obligation or general revenues or any other sources available to the University.

(Indenture, Section 7.4)

Further Assurances

The University covenants that it will comply with all valid acts, rules and regulations, orders and directions of any legislative, executive, administrative or judicial body, applicable to the University.

(Indenture, Section 7.5)

Payment of Obligations

The University shall at all times charge and collect tuition, fees, rents, charges and other revenues which, together with other legally available funds, shall be sufficient to make all payments as the same become due of principal, interest and Sinking Fund Installments with respect to any and all Indebtedness of the University and to meet all other obligations of the University, provided that this paragraph shall not require the payment or performance of any debt, claim or obligation so long as the validity of the same shall be contested in good faith by the University.

(Indenture, Section 7.7)

Sale and Lease of Facilities

The University may, from time to time, sell, exchange or otherwise dispose of any real property or personal property constituting part of any Facility, if it shall determine that such property is not needed or serves no useful purpose in connection with the needs of the University. The proceeds of such disposition shall be applied by the University to any of its legally authorized purposes.

(Indenture, Section 7.8)

Documents Available for Inspection

The University covenants to have available for inspection of Bondholders at reasonable times at the offices of the Trustee and the University, the reports, certificates, statements and other documents required to be filed with the Trustee or the University pursuant to the Indenture.

(Indenture Section 7.10)

Events of Default

Each of the following events is an "Event of Default" under the Indenture:

(a) Default in the payment of the principal or Redemption Price of any Bond when the same shall become due and payable whether at maturity or by call for redemption, or otherwise;

(b) Default in the payment of any installment of interest on any Bond when the same shall become due and payable, and continuance of such default for a period of thirty (30) days;

(c) The University shall for any reason be rendered incapable of fulfilling its obligations under the Indenture;

(d) The University shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code, or (vii) take any action for the purpose of effecting any of the foregoing;

(e) The University shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and such default shall continue for a period of sixty (60) days after written notice thereof to the University by the Trustee or to the University and to the Trustee by the Holders of not less than 10% in aggregate principal amount of the Bonds Outstanding; and

(f) An Event of Default, as defined in a Supplemental Indenture.

(Indenture, Section 8.1)

Acceleration of Due Date

Upon the happening and continuance of any Event of Default, unless the principal of all of the Bonds shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding, may declare the principal of and interest accrued thereon of all the Bonds to be due and payable immediately. The right of the Trustee or of the Holders of not less than 25% in aggregate principal amount of the Bonds Outstanding to make such declaration is subject to the condition that if, at any time after such declaration, all defaults under the Bonds or the Indenture shall have been cured, then the Holders of a majority in aggregate principal amount of the Bonds Outstanding may rescind such declaration and annul such default, or, if the Trustee shall have acted without a direction from the Holders of a majority in aggregate principal amount of the Bonds Outstanding, and if the Trustee shall not have received a written direction to the contrary from such Holders, then any such default shall be deemed annulled.

(Indenture, Section 8.2)

Enforcement of Remedies

The Trustee, in its own discretion or upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding, shall, upon the happening and continuance of any Event of Default, proceed to protect and enforce its rights and the rights of the Holders of the Bonds, by suits in equity or at law, whether for the specific performance of any covenant or agreement in the Indenture or in aid of the execution of any power granted therein or in the law or for the enforcement of any legal or equitable rights or remedies the Trustee shall deem most effectual to protect and enforce such rights or to perform its duties.

Regardless of the happening of an Event of Default, the Trustee shall have the power to, but unless requested in writing by the Holders of 25% in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

All remedies conferred upon or reserved to the Holders of Bonds under the Indenture may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by a Supplemental Indenture and may be cumulative as provided in the Indenture. Nothing in the Indenture shall preclude the University from providing in an applicable Supplemental Indenture or in any Bond Facility, any Swap or any related Swap Facility authorized thereby, that the exercise of any remedy under the Indenture or the waiver of any event of default under the Indenture by the Trustee or the Holder of any such Bond shall be subject to the prior written consent of the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility. Such Supplemental Indenture or related Bond Facility or related Swap Facility may provide that any and all notices required to be given (by the provisions of the Indenture) regarding Events of Default and remedies of Bondholders by the University or the Trustee to the Holder of any Bond shall also be given to the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility.

(Indenture, Section 8.3)

Application of Revenues and Other Moneys after Default

If at any time the moneys in the Debt Service Fund, the Debt Service Reserve Fund and the Redemption Fund shall be insufficient for the payment of interest and principal or Redemption Price, then due on the Bonds, the Trustee shall apply such moneys and any other moneys held, received or collected by the Fiduciaries (other than moneys held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption), for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Indenture, and then as follows:

(a) Unless the principal of all the Bonds shall have become or have been declared due and payable,

> First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference;
>
> Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and
>
> Third: To the payment to other persons entitled to payment under the Indenture or the applicable Supplemental Indenture.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions under this heading, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the University, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. Unless otherwise required by the book-entry system for the Bonds, the Trustee shall not be required to make payment to the Holder of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(Indenture, Section 8.4)

Majority Bondholders Control Proceedings

The Holders of a majority in aggregate principal amount of the Bonds Outstanding shall have the right to direct the time, method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture.

(Indenture, Section 8.6)

Individual Bondholder Action Restricted

No Bondholder shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the execution of any trust under the Indenture, or the protection or enforcement of any right under the Indenture or any right under the laws of the State of New Jersey, unless such Holder shall have given to the Trustee written notice of the Event of Default or breach of trust or duty on account of which such action or proceeding is to be taken and unless the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding shall have requested the Trustee to institute the same in accordance with the Indenture. Nothing in the Indenture or in the Bonds shall affect or impair the obligation of the University, which is absolute and unconditional, to pay at the respective dates of maturity or redemption the principal or Redemption Price of and interest on the Bonds or affect or impair the right of action, which is absolute and unconditional, of any Holder to enforce such payment of his Bond.

(Indenture, Section 8.7)

Supplemental Indentures Without Bondholders' Consent

The University and the Trustee may, from time to time and at any time, make and enter into indentures supplemental to the Indenture without consent of the Bondholders, the provider of either a Bond Facility, or a Swap Facility or Swap Provider as follows: (i) to provide for the issuance of Bonds or Notes or Swaps pursuant to the provisions of the Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed; (ii) to cure (y) any formal defect or omission in the Indenture, or (z) any ambiguity therein if such action is not adverse to the interests of the Bondholders; (iii) to grant to or confer upon the Trustee for the benefit of the holders of the Bonds or Notes or Swaps, any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect; (iv) to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds, Notes or Swaps or the issuance of other evidences of indebtedness; (v) to add to the covenants and agreements of the University in the Indenture, other covenants and agreements to be observed by the University which are not contrary to or inconsistent with the Indenture as theretofore in effect; (vi) to add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the University which are not contrary to or inconsistent with the Indenture as theretofore in effect; (vii) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, any other moneys, securities or funds; (viii) to modify any of the provisions of the Indenture in any respect whatever, provided that (y) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution of such Supplemental Indenture shall cease to be Outstanding and (z) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; (ix) to modify, amend, insert or delete such provisions of the Indenture as, in the opinion of Nationally Recognized Bond Counsel, shall be necessary or desirable to ensure the continued federal tax exemption of the interest on any Series of Bonds Outstanding under the Indenture; and (x) to make any other change which, in the judgment of the Trustee, does not materially adversely affect the interests of Bondholders.

(Indenture, Section 11.2)

Supplemental Indentures With Bondholders' Consent

Subject to the terms and provisions contained under this heading, and not otherwise, (i) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected, the Holders of not less than a majority in aggregate principal amount of the Bonds of each Series so affected and Outstanding shall have the right, from time to time, to consent to and approve the execution by the University and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the University for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing contained in the Indenture shall permit, or be construed as permitting, (x) a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount or Redemption Price of any Outstanding Bond or the rate of interest thereon, without the consent of the Holder of such Bond, or (y) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (z) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

(Indenture, Section 11.3)

Consent of Bond Facility Provider

For purposes of the provisions regarding Supplemental Indentures, subject to the terms of such Bond Facility and only so long as the provider of a Bond Facility has not defaulted on its obligations under the Bond Facility, the provider of a Bond Facility shall be considered the sole Holder of all Bonds to which such Bond Facility relates, except as otherwise provided in an applicable Supplemental Indenture.

(Indenture, Section 11.7)

Defeasance

If the University shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds, the principal or Redemption Price, if applicable, and interest due or to become due thereon, including all Reimbursement Obligations then due and payable, at the times and in the manner stipulated therein and in the Indenture and shall terminate any existing Bond Facility to the extent required in accordance with its terms, then the pledge of any revenues, moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the University to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed above. Any Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed above if: (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable written instructions to mail notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities the principal of and the interest on which when due will provide moneys which together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the University shall have given the Trustee in form satisfactory to it irrevocable written instructions to mail by first class mail, as soon as practicable, notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds and interest thereon are deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither Investment Securities or moneys deposited with the Trustee nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall to the extent determined in writing by the University, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, subject to the provisions outlined under the sub-heading "Rebate Fund" above, be paid over to the University, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this paragraph, Investment Securities shall mean and include only those securities listed below and which shall not be subject to redemption prior to their maturity:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (A) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (B) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above, the corpus or the corpus and the earnings on which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this clause (ii), as appropriate, and (C) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this clause (ii), as appropriate;

(iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(iv) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the Indenture such obligations are rated in either of the two highest rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group; and

(vi) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which shall be rated in the highest category by Moody's Investors Service, Inc. and by Standard & Poor's Ratings Group.

(Indenture, Section 12.1)

Continuing Disclosure Undertaking

Purpose:

The provisions of the Indenture regarding the continuing disclosure undertaking shall constitute the written undertaking for the benefit of the Holders of the Bonds required by Section (b)(5)(i) of the Rule, and shall apply to all Bonds of the University under the Indenture.

Submission of Annual Financial Information Statements:

The University shall, while any Bonds are Outstanding, provide to the Trustee, when completed, Annual Financial Information with respect to each Fiscal Year of the University beginning with the Fiscal Year ending June 30, 2008, which Annual Financial Information shall be completed within 180 days of the end of such Fiscal Year (the "Submission Date"). Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. The University shall include with each such submission of Annual Financial Information a written representation addressed to the Trustee to the effect that the Annual Financial Information so submitted is the Annual Financial Information required by the provisions of the Indenture regarding Annual Information Statements, and that such Annual Financial Information complies with the applicable requirements of the provisions of the Indenture regarding the continuing disclosure undertaking. The Trustee shall provide to each NRMSIR and the SID, if any, such Annual Financial Information on or before four (4) Business Days following the Submission Date (the "Report Date") while any Bonds are Outstanding or, if not received by the Trustee by the Submission Date, then within three (3) Business Days of its receipt by the Trustee.

It shall be sufficient if the University provides to the Trustee and the Trustee provides to each NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is an Official Statement, available from the MSRB.

Submission of Audited Financial Statements:

The University shall submit to the Trustee Audited Financial Statements for each Fiscal Year beginning for Fiscal Year 2008, when and if available (but not later than the Submission Date) while any Bonds are Outstanding, whether as part of the Annual Financial Information or separately, which Audited Financial Statements the Trustee shall then provide to each NRMSIR and the SID, if any, by the Report Date. If Audited Financial Statements for any Fiscal Year are not so provided to the Trustee by the Submission Date, the University shall provide to the Trustee (i) by the Submission Date, Unaudited Financial Statements for such Fiscal Year as part of the Annual Financial Information required to be delivered pursuant to the provisions of the Indenture described above, and (ii) when available, Audited Financial Statements for such Fiscal Year, which Audited Financial Statements the Trustee shall provide to each NRMSIR and the SID, if any, within three (3) Business Days of its receipt thereof.

Material Event Notices:

If a Material Event occurs while any Bonds are Outstanding, the University shall provide a Material Event Notice to the Trustee in a timely manner, and the Trustee shall promptly provide to the SID, if any, and either to the MSRB or each NRMSIR, such Material Event Notice. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the applicable Bonds.

The Trustee shall promptly advise the University whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee identifies an occurrence which, if material, would require the University to provide a Material Event Notice under the Indenture; provided, however, that the failure of the Trustee so to advise the University shall not constitute a breach by the Trustee of any of its duties and responsibilities under the Indenture.

Notification by Trustee of Failure by the University to File Annual Financial Information:

The Trustee shall, while any Bonds are Outstanding, provide, in a timely manner, notice of any failure of the University to provide the Annual Financial Information by the date specified in the first paragraph under the sub-heading "Submission of Annual Financial Information Statements" above to the SID, if any, and either to the MSRB or each NRMSIR.

The Trustee shall, while any Bonds are Outstanding and without any direction or instruction from the University, provide on the Report Date to the SID, if any, and either to the MSRB or each NRMSIR, notice of any failure to provide to each NRMSIR and such SID Annual Financial Information on or before the Report Date (whether caused by failure of the University to provide such information to the Trustee by the Submission Date or for any other reason). For the purposes of determining whether information received from the University is Annual Financial Information, the Trustee shall be entitled conclusively to rely on the University's written representation made pursuant to the first paragraph under the sub-heading "Submission of Annual Financial Information Statements" above.

Additional Information:

Nothing in the provisions of the Indenture regarding the continuing disclosure undertaking shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in the provisions of the Indenture regarding the continuing disclosure undertaking or any other means of communication, or including any such other information in any Annual Financial Information or Material Event Notice, in addition to that required by the Indenture. If the University should so disseminate or include any such additional information, the University shall have no obligation under the provisions of the Indenture regarding the continuing disclosure undertaking to update, provide or include such additional information in any future materials disseminated pursuant to the provisions of the Indenture regarding the continuing disclosure undertaking or otherwise.

If the University provides to the Trustee additional information as described in the immediately preceding paragraph, and such additional information is not included in any Annual Financial Information or Material Event Notice, the University may direct the Trustee to provide such additional information to information repositories, upon which direction the Trustee shall provide such additional information in a timely manner to the SID, if any, and either to the MSRB or each NRMSIR.

Reference to Other Documents:

It shall be sufficient for purposes of the provisions of the Indenture regarding submission of Annual Financial Information if the University provides Annual Financial Information by specific reference to documents previously (i) provided to each NRMSIR existing at the time of such reference and the SID, if any, or (ii) filed with the SEC. If such a document is an Official Statement, it also must be available from the MSRB.

Transmission of Information and Notices:

Unless otherwise required by law and, in the University's sole determination, subject to technical and economic feasibility, the University and the Trustee shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the information and notices required to be delivered pursuant to the provisions of the Indenture regarding the continuing disclosure undertaking.

Change in Fiscal Year, Submission Date and Report Date:

The University may adjust the Submission Date and the Report Date if the University changes its Fiscal Year by providing written notice of such change in Fiscal Year and the new Submission Date and Report Date to the Trustee, which written notice the Trustee shall then promptly deliver to each NRMSIR and the SID, if any; provided, however, that the new Submission Date shall be no more than 180 days after the end of such new Fiscal Year and the new Report Date shall be no more than four (4) Business Days following the new Submission Date, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

Termination:

The University's and the Trustee's obligations under the provisions of the Indenture regarding the continuing disclosure undertaking shall terminate immediately once the Bonds are no longer Outstanding.

The provisions of the Indenture regarding the continuing disclosure undertaking, or any provision thereof, shall be null and void in the event that the University delivers to the Trustee a Counsel's Opinion, addressed to the University and the Trustee, to the effect that those portions of the Rule which require the provisions of the Indenture regarding the continuing disclosure undertaking, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion. The Trustee shall, upon receipt of such opinion, promptly provide copies thereof to each NRMSIR and the SID, if any.

Continuing Disclosure Undertaking Amendment:

Commencing July 1, 2009, in accordance with certain amendments to SEC Rule 15c2-12, the University covenants to file or cause to be filed the Annual Financial Information and Material Event Notices with the MSRB and its Electronic Municipal Market Access system for municipal securities disclosures instead of with each NRMSIR or SID, if any.

Amendment:

The provisions of the Indenture regarding the continuing disclosure undertaking may be amended, by written agreement of the parties, without the consent of the Holders of the Bonds (except to the extent required under clause (A)(ii) below), if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby; (ii) the provisions of the Indenture regarding the continuing disclosure undertaking, as so amended would have complied with the requirements of the Rule as of the date of the Indenture, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (A) either (i) the University shall have delivered to the Trustee a Counsel's Opinion, addressed to the University and the Trustee, which opinion states that the amendment does not materially impair the interests of the Holders of the Bonds, or (ii) the Holders of the Bonds consent to the amendment to the provisions of the Indenture regarding the continuing disclosure undertaking pursuant to the same procedures as are required for amendments to the Indenture with consent of Holders of Bonds as in effect on the date of the Indenture. In the event the University delivers to the Trustee a Counsel's Opinion pursuant to clause (A)(i) above, the Trustee shall promptly deliver copies of such opinion and amendment to each NRMSIR and the SID, if any.

In addition to the immediately preceding paragraph, the provisions of the Indenture regarding the continuing disclosure undertaking may be amended and any of the provisions of the Indenture regarding the continuing disclosure undertaking may be waived, by written agreement of the parties, without the consent of the Holders of the Bonds, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of the Indenture which is applicable to the provisions of the Indenture regarding the continuing disclosure undertaking and (ii) the University shall have delivered to the Trustee a Counsel's Opinion, addressed to the University and the Trustee, to the effect that performance by the University and Trustee under the provisions of the Indenture regarding the continuing disclosure undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule. Upon receipt by the Trustee of such Opinion, the Trustee shall promptly deliver copies of such Opinion and amendment to each NRMSIR and the SID, if any.

In the event of any amendment respecting the type of operating data or financial information contained in the University's Annual Financial Information, the University shall, in accordance with the Rule or any interpretation thereof by the SEC, provide in the first Annual Financial Information provided thereafter a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

In the event of any amendment specifying the accounting principles to be followed in preparing financial statements, the Annual Financial Information 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. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative 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 the event of any such change in accounting principles, the University shall deliver notice of such change in a timely manner to the Trustee, upon receipt of which the Trustee shall promptly deliver such notice to the SID, if any, and either to the MSRB or each NRMSIR.

Benefit; Third-Party Beneficiaries; Enforcement:

The provisions of the Indenture regarding the continuing disclosure undertaking shall inure solely to the benefit of the Holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of the provisions of the Indenture regarding the continuing disclosure undertaking.

Except as provided in this paragraph, the provisions of the Indenture regarding the continuing disclosure undertaking shall create no rights in any person or entity. The obligations of the University to comply with the provisions of Indenture regarding the continuing disclosure undertaking shall be enforceable (i) in the case of enforcement of obligations to provide Audited Financial Statements, Annual Financial Information, operating data and notices, by any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The Holders' and Trustee's rights to enforce the provisions of the Indenture regarding the continuing disclosure undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the University's obligations under the provisions of the Indenture regarding the continuing disclosure undertaking. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to the immediately preceding paragraph, beneficial owners shall be deemed to be Holders of Bonds for purposes of this paragraph. Without limiting the generality of the foregoing and except as otherwise provided in the Indenture with respect to the Trustee, neither the commencement nor the successful completion of an action to compel performance under the provisions of the Indenture regarding the continuing disclosure undertaking shall entitle the Trustee or any other person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Any failure by the University or the Trustee to perform in accordance with the provisions of the Indenture regarding the continuing disclosure undertaking shall not constitute a default or an Event of Default under the Indenture or any Supplemental Indenture, and the rights and remedies provided by the Indenture or any Supplemental Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

The provisions of the Indenture regarding the continuing disclosure undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of the provisions of the Indenture regarding the continuing disclosure undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent the provisions of the Indenture regarding the continuing disclosure undertaking address matters of federal securities laws, including the Rule, the provisions of the Indenture regarding the continuing disclosure undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

Duties, Immunities and Liabilities of Trustee:

The Trustee shall have only such duties under the provisions of the Indenture regarding the continuing disclosure undertaking as are specifically set forth in the Indenture, and the University agrees to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under this sub-heading, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct in the performance of its duties under this sub-heading. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Indenture. The obligations of the University under this sub-heading shall survive resignation or removal of the Trustee and payment of the Bonds.

(Indenture, Sections 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 13.10, 13.11, 13.12 and 13.13)

Successorship of University:

All of the covenants, stipulations, obligations and agreements contained in the Indenture by or on behalf of the University shall bind or inure to the benefit of the successor or successors of the University from time to time, and any officer, board, commission, authority, agency, or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

(Indenture, Section 14.1)

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Summary of Interest Rate Determination Methods under the Seventh Supplemental Indenture

Daily Rate.

The Daily Rate shall be determined by the Remarketing Agent by 10:30 a.m., prevailing New York City time, on the Rate Determination Date and shall be equal to the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all of the 2009 Series G Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. The Daily Rate determined by the Remarketing Agent shall remain in effect from such day until the day preceding the next Rate Determination Date. Interest on the 2009 Series G Bonds shall be payable on each Interest Payment Date.

The Remarketing Agent shall make the Daily Rate available (i) on the Rate Determination Date by Electronic Means or telephone to any Holder of 2009 Series G Bonds or Notice Party requesting such rate; and (ii) by Electronic Means to the Trustee and the Liquidity Facility Provider not later than 5:00 p.m., New York City time, on the Rate Determination Date. Any Holder of the 2009 Series G Bonds may telephone the Remarketing Agent and receive notice of the Daily Rate applicable to the current Daily Rate Period.

If the Remarketing Agent cannot, or does not, determine the Daily Rate as provided above in this section, or if the Daily Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law or would have an adverse effect upon the exclusion of interest on the 2009 Series G Bonds from gross income for federal income tax purposes as evidenced by an opinion of Nationally Recognized Bond Counsel, the Daily Rate for such 2009 Series G Bonds shall be the same as the Daily Rate previously determined by the Remarketing Agent. If the failure to determine a Daily Rate as described in the preceding sentence shall continue for two Business Days, then the interest rate applicable to such 2009 Series G Bonds shall be an interest rate per annum equal to the lesser of (i) the Maximum Rate; or (ii) equal to 100% of the SIFMA Index, made available for such day, or if such index is no longer available, or no such index was so made available for such day, 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* or *The Bond Buyer* on the day the Daily Rate would otherwise be determined as provided in the Seventh Supplemental Indenture for such Daily Rate Period as specified by the University to the Trustee.

Weekly Rate.

The Weekly Rate shall be determined by the Remarketing Agent by 5:00 p.m., New York City time, on the Rate Determination Date and shall be equal to the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all of the 2009 Series G Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. The Weekly Rate determined by the Remarketing Agent shall remain in effect from the first day the 2009 Series G Bonds become subject to the Weekly Rate to and including the following Wednesday and thereafter, from and including each Thursday to and including the earlier of (i) the following Wednesday; (ii) the immediately succeeding Mandatory Tender Date; or (iii) the maturity date of the 2009 Series G Bonds. Interest on the 2009 Series G Bonds shall be payable on each Interest Payment Date.

The Remarketing Agent shall make the Weekly Rate available (i) on the Business Day next following the Rate Determination Date by Electronic Means or telephone to any Holder of 2009 Series G Bonds or Notice Party requesting such rate; and (ii) by Electronic Means to the Trustee and the Liquidity Facility Provider not later than 4:00 p.m., prevailing New York City time, on the Business Day immediately succeeding the Rate Determination Date. Any Holder of the 2009 Series G Bonds may telephone the Remarketing Agent and receive notice of the Weekly Rate applicable to the current Weekly Rate Period.

If the Remarketing Agent cannot, or does not, determine the Weekly Rate as provided above in this section, or if the Weekly Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law or would have an adverse effect upon the exclusion of interest on the 2009 Series G Bonds from gross income for federal income tax purposes as evidenced by an opinion of Nationally Recognized Bond Counsel, the Weekly Rate for such 2009 Series G Bonds shall be the same as the Weekly Rate previously determined by the Remarketing Agent. If the failure to determine a Weekly Rate as described in the preceding sentence shall continue for one week, then the interest rate applicable to such 2009 Series G Bonds shall be an interest rate per annum equal to the lesser of (i) the Maximum Rate; or (ii) equal to 100% of the SIFMA Index, made available for the week preceding the date of determination, or if such index is no longer available, or no such index was made available for the week preceding the date of determination, 70% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* or *The Bond Buyer* on the day such Weekly Rate would otherwise be determined as provided in the Seventh Supplemental Indenture for such Weekly Rate Period as specified by the University to the Trustee.

Flexible Rate.

Each Flexible Rate and each Flexible Period shall be determined by the Remarketing Agent by 12:30 p.m., prevailing New York City time, on the Rate Determination Date and the Flexible Rate shall be equal to the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all of the 2009 Series G Bonds with the same Flexible Period on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. The Flexible Period shall be the period determined by the Remarketing Agent, which, in its judgment, will produce the greatest likelihood of the lowest overall debt service costs on the 2009 Series G Bonds prior to the maturity thereof, given prevailing market conditions. There may be more than one Flexible Period in effect for the 2009 Series G Bonds during a Flexible Rate Period. The Flexible Rate for 2009 Series G Bonds with the same Flexible Period determined by the Remarketing Agent shall remain in effect from the first day such 2009 Series G Bonds become subject to the Flexible Rate to and including the last day of the Flexible Period for such 2009 Series G Bonds. Interest on the 2009 Series G Bonds with the same Flexible Period shall be payable on each Interest Payment Date for such 2009 Series G Bonds.

The Remarketing Agent shall make the Flexible Period and the Flexible Rate available (i) on the Rate Determination Date by Electronic Means or telephone to any Holder of 2009 Series G Bonds or Notice Party requesting such rate; and (ii) by Electronic Means to the Trustee not later than 5:00 p.m., New York City time, on the Rate Determination Date. Any Holder of the 2009 Series G Bonds may telephone the Remarketing Agent and receive notice of the Flexible Period and the Flexible Rate applicable to the current Flexible Period.

If the Remarketing Agent fails to set the length of a Flexible Period for any 2009 Series G Bond, it will extend by one Business Day (or until the earlier stated maturity of the 2009 Series G Bonds) automatically until the Remarketing Agent is able to set the rate and, if in that instance the Remarketing Agent fails for whatever reason to determine the interest for such 2009 Series G Bond, then the interest rate for such 2009 Series G Bond for that Flexible Period shall be the interest rate in effect for such 2009 Series G Bond for the preceding Flexible Period.

Term Rate.

Each Term Rate and each Term Period shall be determined by the Remarketing Agent by 5:00 p.m., New York City time, on the Rate Determination Date and the Term Rate shall be equal to the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all of the 2009 Series G Bonds with the same Term Period on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. There may be more than one Term Period in effect for the 2009 Series G Bonds. The Term Period shall be specified in the University's notice pursuant to the Seventh Supplemental Indenture. The Term Rate for any 2009 Series G Bonds determined by the Remarketing Agent shall remain in effect from the first day the 2009 Series G Bonds become subject to the Term Rate to and including the last day of the Term Period for such 2009 Series G Bonds. Interest on the 2009 Series G Bonds shall be payable on each Interest Payment Date for such 2009 Series G Bonds.

The Remarketing Agent shall make the Term Rate Period and Term Rate available (i) on the Business Day next following the Rate Determination Date by Electronic Means or telephone to any Holder of 2009 Series G Bonds or Notice Party requesting such rate; and (ii) by Electronic Means to the Trustee not later than 3:00 p.m., prevailing New York City time, on the Business Day immediately succeeding the Rate Determination Date. Any Holder of the 2009 Series G Bonds may telephone the Remarketing Agent and receive notice of the Term Period and Term Rate applicable to the current Term Period.

If, for any reason, the Term Rate for the 2009 Series G Bonds is not so determined for the Term Period by the Remarketing Agent on or prior to the first day of such Term Period, then the 2009 Series G Bonds shall bear interest at the Weekly Rate as provided in Supplemental Indenture, and shall continue to bear interest at a Weekly Rate determined in accordance with the Seventh Supplemental Indenture until such time as the interest rate on the 2009 Series G Bonds shall have been adjusted to another Interest Rate Mode as provided in the Seventh Supplemental Indenture, and the 2009 Series G Bonds shall continue to be subject to mandatory purchase as described in the Seventh Supplemental Indenture.

Fixed Rate.

Upon conversion to a Fixed Rate Period as provided in the Seventh Supplemental Indenture, the Fixed Rate or Rates shall be determined by the Remarketing Agent by 4:00 p.m., prevailing New York City time, on the Rate Determination Date and shall be equal to the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all of the Fixed Rate Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. Once the rate or rates have been established in such manner that shall enable the Remarketing Agent to remarket such 2009 Series G Bonds at par, then maturity amounts and sinking fund installments shall be established by the University, with the advice of the Remarketing Agent, to effect level debt service requirements on the converted Bonds; provided, however, that such adjustments shall become effective only if (1) the Remarketing Agent delivers a certificate to the University and the Trustee which states that only such maturities and sinking fund installments may result from the computations delineated in this paragraph, and (2) an opinion of Nationally Recognized Bond Counsel shall be delivered to the University and the Trustee to the effect that such adjustment shall not adversely affect the exclusion of interest on the 2009 Series G Bonds from gross income for federal income tax purposes.

Notwithstanding the foregoing provisions of this section, the interest rate payable on any 2009 Series G Bonds may not exceed the Maximum Rate. The University may from time to time increase the Maximum Rate for the 2009 Series G Bonds by delivering to the Trustee (i) a certified copy of a resolution of the Budget and Finance Committee (or successor committee with similar responsibilities) of the Governing Board or a Certificate of the Senior Vice President for Finance and Administration of the University authorizing such increase in the Maximum Rate, (ii) an opinion of Nationally Recognized Bond Counsel, to the effect that such resolution or certificate has been duly adopted and authorized by the University and is valid and binding and that such increase in the Maximum Rate will not adversely affect (A) the exclusion of the interest payable on the 2009 Series G Bonds from the gross income of the Holders of the 2009 Series G Bonds for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and (B) the exemption of the interest on the 2009 Series G Bonds for purposes of the New Jersey Gross Income Tax Act, (iii) an amendment to the existing Liquidity Facility Documents providing that the amount that can be drawn under the Liquidity Facility for the payment of interest on the 2009 Series G Bonds is equal to thirty-four (34) days' interest on the 2009 Series G Bonds (or such greater number of days of interest on the 2009 Series G Bonds as may then be drawn under the Liquidity Facility), calculated at the Maximum Rate after giving effect to such increase, and (iv) written confirmation from each Rating Agency then rating the 2009 Series G Bonds that such increase in the Maximum Rate will not, in and of itself, result in a reduction or withdrawal of the ratings on the 2009 Series G Bonds. The Trustee shall give written notice to the Remarketing Agent of any increase in the Maximum Rate, promptly upon its receipt of the items referred to in this paragraph.

Summary of Events of Default and Remedy Provisions under the Seventh Supplemental Indenture

Events of Default

In addition to the Events of Default established under the Indenture, each of the following events is declared an "Event of Default" under the Seventh Supplemental Indenture:

(a) Payment of the principal of any of the 2009 Series G Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any 2009 Series G Bonds shall not be made when the same shall become due and payable; or

(c) Payment of the Purchase Price of any 2009 Series G Bonds Tendered or Deemed Tendered for Purchase on a Tender Date shall not be made when the same shall become due and payable; or

(d) Any proceeding shall be instituted, with the consent or acquiescence of the University, for the purpose of effecting a composition between the University and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable by the University; or

(e) The University shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the 2009 Series G Bonds or in the Seventh Supplemental Indenture on the part of the University to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the University by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five per centum (25%) in principal amount of the Outstanding 2009 Series G Bonds; or

(f) An Event of Default shall have occurred under any of the Liquidity Facility Documents.

Acceleration of Maturity

Upon the happening of any Event of Default specified in clauses (a) through (f) above, the Trustee may, and shall, upon the written request of the owners of not less than a majority in principal amount of the Outstanding 2009 Series G Bonds, declare an acceleration of the payment of principal of the 2009 Series G Bonds. Such declaration shall be by a notice in writing to the University and to the Liquidity Facility Provider, declaring the principal of all of the Outstanding 2009 Series G Bonds to be due and payable immediately. Upon the giving of notice of such declaration such principal shall become and be immediately due and payable, anything in the 2009 Series G Bonds or in the Indenture to the contrary notwithstanding. At any time after the principal of the 2009 Series G Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may, with the written consent of the owners of not less than a majority in principal amount of the 2009 Series G Bonds not then scheduled to be due by their terms and then Outstanding and by written notice to the University, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding 2009 Series G Bonds (except the interest accrued on such 2009 Series G Bonds since the last Interest Payment Date and the principal of such 2009 Series G Bonds then due only because of a declaration made as described in this paragraph); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the University under the Seventh Supplemental Indenture and under the Indenture of Trust shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the 2009 Series G Bonds or in the Indenture (other than a default in the payment of the principal of such 2009 Series G Bonds then due only because of a declaration made as described in this paragraph) shall have been remedied to the satisfaction of the Trustee or waived pursuant to the provisions of the Seventh Supplemental Indenture. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in clauses (a) through (f) under the heading "Events of Default" above, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding 2009 Series G Bonds shall proceed (subject to the provisions of the Seventh Supplemental Indenture), to protect and enforce its rights and the rights of the owners of the 2009 Series G Bonds under the laws of the State of New Jersey or under the Seventh Supplemental Indenture or the 2009 Series G Bonds by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Seventh Supplemental Indenture or under the Indenture or in aid or execution of any power granted in the Seventh Supplemental Indenture or in the Indenture, or for an accounting against the University as if the University were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Seventh Supplemental Indenture, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the University for principal or interest or otherwise under any of the provisions of the Seventh Supplemental Indenture or of the 2009 Series G Bonds, with interest on overdue payments at the rate or rates of interest specified in such 2009 Series G Bonds, together with any and all costs and expenses of collection and of all proceedings under the Seventh Supplemental Indenture and under such 2009 Series G Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such 2009 Series G Bonds, and to recover and enforce any judgment or decree against the University but solely as provided in the Seventh Supplemental Indenture and in such 2009 Series G Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments after Default

If at any time the moneys held by the Trustee under the Seventh Supplemental Indenture shall not be sufficient to pay the principal of and interest on the 2009 Series G Bonds as the same become due and payable (either by their terms or by acceleration of maturity), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the provisions of the Seventh Supplemental Indenture regarding Events of Default and remedies or otherwise, shall be applied (after payment of all amounts owing to the Trustee from moneys under the Seventh Supplemental Indenture other than from moneys in the Rebate Fund and the Purchase Fund or any irrevocable trust or escrow fund established with respect to any defeased 2009 Series G Bonds) as follows:

Unless the principal of all the 2009 Series G Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest on any of the 2009 Series G Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the 2009 Series G Bonds which shall have become due (other than 2009 Series G Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of the Seventh Supplemental Indenture) with interest upon such 2009 Series G Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full 2009 Series G Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To the payment of the interest on and the principal of the 2009 Series G Bonds as the same become due and payable.

If the principal of all the 2009 Series G Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest (including for this purpose the principal and interest components of the Liquidity Facility Provider Payment Obligations) then due and unpaid upon the 2009 Series G Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any 2009 Series G Bond over any other 2009 Series G Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions regarding priority of payments after default, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the University, to any Holder of 2009 Series G Bonds, to the Liquidity Facility Provider, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Seventh Supplemental Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the owner of any unpaid interest or any 2009 Series G Bond unless such 2009 Series G Bond shall be presented to the Trustee for appropriate endorsement.

Rights of Liquidity Facility Provider

So long as the Liquidity Facility Provider is not in default on its payment obligations under the Liquidity Facility, such Liquidity Facility Provider shall at all times be deemed to be the exclusive owner of the 2009 Series G Bonds purchased pursuant to the Liquidity Facility issued by such Liquidity Facility Provider for the purposes of all approvals, consents, waivers or of any action and the direction of all remedies.

In the event that any 2009 Series G Bonds shall be purchased by the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility, such 2009 Series G Bonds shall remain

Outstanding, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the University to the registered owners shall continue to exist and the Liquidity Facility Provider shall be entitled to all of the rights of such registered owners in accordance with the terms and conditions of the Seventh Supplemental Indenture and of the Liquidity Facility Documents with respect to such 2009 Series G Bonds.

Notwithstanding any provision in the Seventh Supplemental Indenture to the contrary, the Liquidity Facility Provider shall have no rights under the Seventh Supplemental Indenture in the event that the Liquidity Facility is not in effect or the Liquidity Facility Provider is in default on its payment obligations under the Liquidity Facility.

Summary of Supplemental Defeasance Provisions under the Seventh Supplemental Indenture

To the extent required by a Rating Agency, prior to any defeasance becoming effective as provided in the defeasance sections of the Indenture, there shall have been delivered to the University, the Liquidity Facility Provider and the Trustee (i) an opinion of Nationally Recognized Bond Counsel to the effect that payments of principal of and interest on the 2009 Series G Bonds from the proceeds of any such deposit to effectuate defeasance shall not constitute voidable preferences in a case commenced under the Federal Bankruptcy Code by or against the University (or any affiliate of the University), and (ii) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the University, the Trustee and the Liquidity Facility Provider) to the effect that the moneys are sufficient, without reinvestment, to pay the principal of, interest on, and redemption premium, if any, of the 2009 Series G Bonds to be defeased.

Notwithstanding the provisions relating to defeasance in the Indenture, as a condition for defeasance of any 2009 Series G Bonds bearing interest at a Variable Interest Rate, the University shall (i) obtain a rating confirmation, or (ii) be required to invest the funds held for such purpose at the Maximum Rate, and such defeasance shall take place at the first possible Tender Date and/or Redemption Date, as applicable.

APPENDIX D

PROPOSED FORM OF OPINION OF HAWKINS DELAFIELD & WOOD LLP, BOND COUNSEL TO THE UNIVERSITY

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Hawkins Delafield & Wood LLP

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ERIC J. SAPIR
CHARLES G. TOTO
PATRICIA A. GOINS
CHRISTOPHER M. WATERMAN

May ___, 2009

Rutgers, The State University
New Brunswick, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $_____________ principal amount of General Obligation Bonds, 2009 Series G (the "2009 Series G Bonds"), of Rutgers, The State University (the "University"), a body corporate and politic, constituting a public educational corporation, organized and existing under and by virtue of the royal charter granted November 10, 1766, as amended and confirmed by the State of New Jersey.

The 2009 Series G Bonds are issued under and pursuant to Title 18A, Education, of the Revised Statutes of the State of New Jersey, an Indenture of Trust, dated as of February 1, 2002 (the "Master Indenture"), as supplemented, by and between the University and U.S. Bank National Association (successor to First Union National Bank), as trustee (the "Trustee"), and a Seventh Supplemental Indenture of Trust, dated as of May 1, 2009 (the "Seventh Supplemental Indenture," together with the Master Indenture, the "Indenture"). The Seventh Supplemental Indenture authorizes the issuance of and terms of the 2009 Series G Bonds. The resolutions adopted by the Board of Governors on April 24, 2008 and December 12, 2008 and the resolutions adopted by the Board of Trustees of the University on April 17, 2008 and April 30, 2009 (collectively, the "Resolutions"), authorized the University to enter into a supplemental indenture of trust and certain other documents in connection with the issuance by the University of one or more Series of General Obligation Bonds in an aggregate principal amount not to exceed $390,000,000 for the financing of certain Additional Projects as set forth in the Seventh Supplemental Indenture.

The 2009 Series G Bonds shall be dated, shall mature, shall bear interest and shall be payable as set forth in the Indenture and the Certificate of Determination, dated May ___, 2009, of the University authorized by the Resolutions and the Indenture (the "Certificate of Determination").

The 2009 Series G Bonds are subject to redemption prior to maturity, including from mandatory Sinking Fund Installments, in the manner and upon the terms and conditions set forth in the Indenture and the Certificate of Determination.

The 2009 Series G Bonds are issued as fully registered bonds in Authorized Denominations. Fully registered 2009 Series G Bonds are numbered separately from one upward preceded by the letters "GR-" prefixed to the number.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2009 Series G Bonds in order that interest on the 2009 Series G Bonds be and remain not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code.

The Arbitrage and Use of Proceeds Certificate of the University, being delivered concurrently with the 2009 Series G Bonds (the "Arbitrage and Use of Proceeds Certificate"), contains provisions and procedures regarding compliance with the requirements of the Code. Pursuant to the Indenture, the University agrees and covenants that it will comply with the provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate, and that it will do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2009 Series G Bonds is not included in gross income pursuant to Section 103 of the Code.

We are of the opinion that:

1. The University has good right and lawful authority to fix and collect tuition, fees and charges as provided in the Indenture.

2. The University has the right and power to enter into the Seventh Supplemental Indenture, and the Seventh Supplemental Indenture has been duly authorized and executed by the University and is valid and binding upon the University and enforceable against the University in accordance with its terms.

3. The Resolutions have been duly adopted.

4. The Indenture creates the valid pledge which it purports to create of the moneys, securities and funds held or set aside by the Trustee under the Indenture, subject only to the application thereof to the purposes and on the conditions permitted by the Indenture, the Resolutions and the Certificate of Determination.

5. The issuance of the 2009 Series G Bonds and the execution thereof have been duly authorized and the 2009 Series G Bonds are valid, binding, direct and general obligations of the University, enforceable in accordance with their terms and entitled to the benefits, protection and security of the Indenture, and all conditions precedent to the delivery thereof have been fulfilled.

6. Under existing statutes and court decisions, (i) interest on the 2009 Series G Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the 2009 Series G Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code, and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. Such interest is also exempt from the gross income of individuals under the New Jersey Gross Income Tax Act.

The foregoing opinion is qualified only to the extent that the enforceability of the 2009 Series G Bonds, the Resolutions and the Indenture may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

7. We are further of the opinion that, for any 2009 Series G Bonds having original issue discount ("OID") (a "Discount Bond"), that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2009 Series G Bonds.

In rendering the opinions in paragraph 6 hereof, we have relied upon and assumed (1) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Certificate of Determination, the Arbitrage and Use of Proceeds Certificate and the Seventh Supplemental Indenture, each delivered on the date hereof, with respect to matters affecting the non-inclusion of interest on the 2009 Series G Bonds, and (2) compliance by the University with the procedures and covenants set forth in the Indenture and the Arbitrage and Use of Proceeds Certificate as to such tax matters. Under the Code, failure to comply with such procedures and covenants may cause the interest on the 2009 Series G Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the 2009 Series G Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. Compliance with certain of such requirements may necessitate that persons not within the control of the University take or refrain from taking certain actions.

No opinion is expressed as to the effect upon such non-inclusion in gross income of interest on any 2009 Series G Bond upon the conversion of the interest rate on a 2009 Series G Bond to the Fixed Interest Rate. We call your attention to the fact that the conversion of the interest rate on any 2009 Series G Bond is conditioned in the Indenture upon the receipt of an opinion of nationally recognized bond counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions to the effect that such conversion would not adversely affect the non-inclusion for Federal income tax purposes of the interest on any such 2009 Series G Bond.

Except as stated in paragraph 6 and 7 above, we express no opinion as to any Federal, State or local tax consequences arising with respect to the 2009 Series G Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the 2009 Series G Bonds, or under State and local tax law.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Seventh Supplemental Indenture by the Trustee, we have relied upon the opinion of McManimon & Scotland, L.L.C., counsel to the Trustee, dated the date hereof.

This opinion is issued as of the date hereof, and we assume no obligation to (i) update, revise or supplement this opinion to reflect any actions hereafter taken or not taken, or any facts or circumstances, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever, (ii) notify you or any other person if the conditions stated in Paragraph six above have not been met, or (iii) review any legal matters incident to the authorization, issuance, validity and tax exemption of the 2009 Series G Bonds, or the purposes to which the proceeds thereof are to be applied, after the date hereof.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the University other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the 2009 Series G Bonds.

We have examined an executed 2009 Series G Bond, and, in our opinion, the form of said Bond and its execution are regular and proper.

Rutgers, The State University
_____________, 2009

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

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