NEW ISSUE **RATINGS: See "RATINGS" herein**

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) (a) interest on the 2010 Series H Bonds and the 2010 Series J Bonds is included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (b) interest on the 2010 Series I Bonds is excluded from gross income for Federal income tax purposes pursuant to the Code, and (ii) interest on the 2010 Series I 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 computing the alternative minimum tax. See "TAX MATTERS" herein. In addition, in the opinion of Bond Counsel to the University, under existing statutes, interest on the 2010 Series Bonds is exempt from the gross income of individuals under the New Jersey Gross Income Tax Act.

RUTGERS, THE STATE UNIVERSITY
(The State University of New Jersey)

$390,990,000
General Obligation Bonds, 2010 Series H
(Federally Taxable – Build America Bonds)

$40,830,000
General Obligation Bonds, 2010 Series I
(Tax-Exempt)

Dated: Date of Delivery **Due: May 1 as set forth on inside front cover**

The 2010 Series H Bonds and the 2010 Series I Bonds (collectively, the "2010 Series Bonds") will be general obligations of Rutgers, The State University (the "University"), payable from revenues and legally available funds of the University as described in this Official Statement. The 2010 Series Bonds shall be secured under the provisions of an Indenture of Trust, dated as of February 1, 2002 (the "Master Indenture"), by and between the University and U.S. Bank National Association (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the "Trustee"), as supplemented and amended, including by the Eighth Supplemental Indenture of Trust, dated as of November 1, 2010, by and between the University and the Trustee (the "Eighth Supplemental Indenture," and together with the Master Indenture, the "Indenture").

The 2010 Series Bonds are being issued to (i) finance and/or refinance a portion of the construction of various capital projects of the University (the "2010 Capital Projects"), (ii) provide for the refinancing of (a) certain outstanding commercial paper of the University ("Commercial Paper"), and (b) the current and/or advance refunding of all or a portion of certain outstanding bonds of the University (the "2010 Refunding Projects"), and (iii) finance costs of issuance with respect to the foregoing (collectively, the "2010 Projects"), each as more fully set forth in this Official Statement. See "PLAN OF FINANCE" herein. The 2010 Series 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.

The 2010 Series Bonds are issuable as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of interests in the 2010 Series Bonds will be made in book-entry form only. Purchasers of such interests (the "Beneficial Owners") will not receive certificates representing their interests in the 2010 Series Bonds. So long as Cede & Co., as nominee of DTC, is the owner of the 2010 Series Bonds, references herein to the owners or registered owners will mean Cede & Co., and will not mean the Beneficial Owners of the 2010 Series Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

The 2010 Series Bonds will be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on the 2010 Series Bonds is payable semi-annually on May 1 and November 1, commencing on May 1, 2011. The 2010 Series Bonds of each maturity will bear interest from their dated date to their maturity (or prior redemption) at the applicable rates set forth on the inside cover page.

The 2010 Series Bonds subject to redemption prior to maturity as described under "THE 2010 SERIES BONDS — Redemption Provisions."

All legal matters incident to the authorization and issuance of the 2010 Series Bonds by the University are subject to the approval of legality 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 and, for the Underwriters by their counsel, Cozen O'Connor, Trenton and Cherry Hill, New Jersey. It is expected that the 2010 Series Bonds in definitive form will be available for delivery in New York, New York on or about November 19, 2010.

Morgan Stanley **BofA Merrill Lynch**

Stifel, Nicolaus & Company, Incorporated **Wells Fargo Securities**

November 3, 2010

MATURITY SCHEDULE

$390,990,000 GENERAL OBLIGATION BONDS, 2010 SERIES H (FEDERALLY TAXABLE-BUILD AMERICA BONDS)

$21,020,000 2010 Series H Serial Bonds

Due May 1	Principal Amount	Interest Rate	Price	CUSIP Number*
2019	$4,715,000	3.776%	100%	783186ND7
2020	4,855,000	3.896	100	783186NE5
2021	4,970,000	4.126	100	783186NF2
2022	6,480,000	4.376	100	783186NG0

$68,055,000 5.545% Term Bonds due on May 1, 2029 Price: 100% CUSIP Number 783186NJ4*
$301,915,000 5.665% Term Bonds due on May 1, 2040 Price: 100% CUSIP Number 783186NH8*

$40,830,000 GENERAL OBLIGATION BONDS, 2010 SERIES I (TAX-EXEMPT)

$31,310,000 2010 Series I Serial Bonds

Due May 1	Principal Amount	Interest Rate	Price	CUSIP Number*
2013	$1,180,000	2.000%	102.954%	783186NK1
2014	3,560,000	4.000	109.434	783186NL9
2015	5,215,000	5.000	115.011	783186NM7
2016	5,145,000	3.000	105.828	783186NN5
2017	1,310,000	3.000	104.539	783186NP0
2018	1,355,000	3.000	103.447	783186NQ8
2019	1,395,000	4.000	109.366	783186NR6
2020	1,455,000	4.000	108.517	783186NS4
2021	1,515,000	5.000	114.665†	783186NT2
2022	1,595,000	5.000	113.182†	783186NU9
2023	1,680,000	5.000	112.235†	783186NV7
2024	3,785,000	5.000	111.382†	783186NW5
2025	2,120,000	5.000	110.874†	783186NX3

$4,830,000 4.000% Term Bonds due on May 1, 2029 Price: 100% CUSIP Number* 783186NY1
$4,690,000 5.000% Term Bonds due on May 1, 2029 Price: 108.788%† CUSIP Number* 783186NZ8

† Priced to Optional Call Date of May 1, 2020 at 100%.

* CUSIP numbers have been assigned by an organization not affiliated with the University and are included solely for convenience of the holders of the 2010 Series Bonds. The University is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the 2010 Series Bonds or as indicated above.

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 2010 Series 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 2010 Series 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".

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

IN CONNECTION WITH THE OFFERING OF THE 2010 SERIES BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH 2010 SERIES BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2010 SERIES 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 2010 SERIES 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

RUTGERS, THE STATE UNIVERSITY
(The State University of New Jersey)

$390,990,000 **General Obligation Bonds, 2010 Series H** **(Federally Taxable – Build America Bonds)**	**$40,830,000** **General Obligation Bonds, 2010 Series I** **(Tax-Exempt)**

INTRODUCTION

The purpose of this Official Statement is to furnish information concerning Rutgers, The State University (the "University" or "Rutgers") and its $390,990,000 aggregate principal amount of General Obligation Bonds, 2010 Series H (Federally Taxable – Build America Bonds) (the "2010 Series H Bonds") and its $40,830,000 aggregate principal amount of General Obligation Bonds, 2010 Series I (Tax Exempt) (the "2010 Series I Bonds", and together with the 2010 Series H Bonds, the "2010 Series Bonds"), to be dated the date of delivery. The 2010 Series Bonds shall be secured under the provisions of an Indenture of Trust, dated as of February 1, 2002 (the "Master Indenture"), by and between the University and U.S. Bank National Association, successor to First Union National Bank, as trustee (the "Trustee"), as supplemented and amended, including, as supplemented by an Eighth Supplemental Indenture of Trust, dated as of November 1, 2010, by and between the University and the Trustee (the "Eighth Supplemental Indenture," and together with the Master Indenture, the "Indenture"). The 2010 Series 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 Eighth Supplemental Indenture was authorized pursuant to resolution adopted by the Board of Governors of the University on October 7, 2010 with the consent and advice of the Board of Trustees of the University by resolution adopted on September 30, 2010 (collectively, the "Resolutions"). The Resolutions authorized the University to issue the 2010 Series Bonds to (i) finance and/or refinance a portion of the construction of various capital projects of the University (the "2010 Capital Projects"), (ii) provide for the refinancing of (a) certain outstanding commercial paper of the University ("Commercial Paper"), and (b) the current and/or advance refunding of the Bonds to be Refunded (as defined herein) (together, the "2010 Refunding Projects"), and (iii) finance costs of issuance with respect to the foregoing (collectively, the "2010 Projects"), each as more fully set forth in this Official Statement. See "PLAN OF FINANCE" herein. The information contained in this Official Statement is furnished in connection with the initial sale of the 2010 Series Bonds. Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Indenture.

The 2010 Series Bonds will be general obligations of the University, payable from the revenues and other legally available funds of the University.

As of October 1, 2010, the University has $598,435,000 principal amount of bonds outstanding and $70,955,000 principal amount of Commercial Paper outstanding under various indentures, including the Indenture. After the issuance of the 2010 Series Bonds and refunding of the Bonds to be Refunded (as defined herein), the University will have $969,950,000 principal amount of bonds outstanding and $44,785,000 principal amount of Commercial Paper outstanding. See "APPENDIX A - INFORMATION CONCERNING THE UNIVERSITY — Outstanding Indebtedness of the University."

The University will issue the 2010 Series H Bonds as federally taxable, Build America Bonds, as authorized by The American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), for which the University is entitled to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series H Bonds (the "Direct Payments"). See "TAX MATTERS – Federally

Taxable 2010 Series Bonds" herein. The Direct Payments will be deposited into the general funds of the University and may be applied to any permitted purpose from such general funds.

Pursuant to a "Resolution Authorizing the Issuance of Lease Revenue Bonds of the Housing and Urban Development Authority of the City of New Brunswick", as amended and supplemented, the University may refund certain Lease Revenue Refunding Bonds, Series 1998 issued by the Housing Authority of the City of New Brunswick (the "Housing Authority") for the benefit of the University (the "Housing Authority Bonds"). The Housing Authority Bonds were issued to finance a redevelopment project in the City of New Brunswick. The University was the developer of such project and leased a portion of the project consisting of a 168-unit student apartment complex, 959 parking spaces, a health club and common space from the Authority.

THE 2010 SERIES BONDS

General

The 2010 Series Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The 2010 Series Bonds will be dated the date of delivery, will bear interest from the date of delivery, payable on each May 1 and November 1, commencing May 1, 2011, at the rates, and will mature on May 1 of each of the designated years in the principal amounts, all as set forth on the inside cover of this Official Statement.

The 2010 Series Bonds are subject to redemption under certain circumstances as summarized under "THE 2010 SERIES BONDS — Redemption Provisions."

Redemption Provisions

Redemption Procedures

When 2010 Series Bonds (or portions thereof) are to be redeemed, the University must give or cause to be given notice of the redemption of any 2010 Series Bonds to the Trustee no later than thirty-five (35) days prior to the redemption date. Thereafter, the Trustee must give or cause to be given notice of the redemption of the 2010 Series Bonds (or portions thereof) in the name of the University which notice must specify: (i) the 2010 Series Bonds to be redeemed in whole or in part; (ii) the redemption date; (iii) the numbers and other distinguishing marks of the 2010 Series Bonds to be redeemed (except in the event that all of the Outstanding Bonds are to be redeemed); and (iv) that such 2010 Series 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 2010 Series 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, to the Bondowners of any 2010 Series 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 2010 Series Bonds.

With respect to any notice of optional redemption, unless, upon the giving of such notice, such 2010 Series 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 2010 Series 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 2010 Series 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 2010 Series Bonds of any maturity are to be so redeemed, the 2010 Series Bonds (or portions thereof) to be so redeemed will be selected by the Trustee as set forth below under the section "THE 2010 SERIES BONDS – Redemption Provisions - Redemption in Part". In addition to the provisions set forth above, will be effected in accordance with Article III of the Master Indenture.

Redemption in Part

Whenever any 2010 Series Bonds of a series are to be called for redemption in part, such 2010 Series Bonds may be called for redemption in any order of maturity and in any principal amount within a maturity as the University may designate, and in the case of any 2010 Series Bonds subject to scheduled mandatory redemption, the University may designate whether such partial redemption shall be credited against the principal amount due at maturity or against particular scheduled Sinking Fund Installments with respect to such 2010 Series Bond.

The 2010 Series I Bonds to be redeemed within any maturity shall be selected by the Trustee by lot or by any other method.

Upon surrender of any 2010 Series Bond redeemed in part only, the University shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the University, a new 2010 Series Bond or 2010 Series Bonds of Authorized Denominations and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2010 Series Bond surrendered. The 2010 Series Bonds shall be redeemed only in Authorized Denominations.

Pursuant to the Indenture, if less than all of the 2010 Series H Bonds of a maturity shall be called for redemption, such 2010 Series H Bonds of a maturity shall be redeemed in part, on a pro rata basis; provided that, so long as the 2010 Series H Bonds are held in book-entry-only form, the selection for redemption of such 2010 Series H Bonds of a maturity shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata basis, the 2010 Series H Bonds will be selected for redemption in accordance with DTC procedures, by lot or in such other manner as is in accordance with applicable DTC operational arrangements. Neither the University nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate partial redemptions among beneficial owners of the 2010 Series H Bonds of a maturity on a pro rata basis. See "BOOK-ENTRY ONLY SYSTEM" for a description of DTC and the Book-Entry Only System.

Redemption of the 2010 Series H Bonds

Sinking Fund Installment Redemption. Subject to the terms of the Indenture relating to the pro-rata reduction of mandatory sinking fund installments in certain circumstances as described in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND EIGHTH SUPPLEMENTAL INDENTURE" hereto, the 2010 Series H Bonds maturing on May 1, 2029 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	2010 H Bonds Maturing May 1, 2029	Year	2010 H Bonds Maturing May 1, 2029
2023	$6,670,000	2027	$13,540,000
2024	7,065,000	2028	14,000,000
2025	9,175,000	2029*	4,535,000
2026	13,070,000		

*Stated Maturity.

Subject to the terms of the Indenture relating to the pro-rata reduction of mandatory sinking fund installments in certain circumstances as described in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND EIGHTH SUPPLEMENTAL INDENTURE" hereto, the 2010 Series H Bonds maturing on May 1, 2040 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	2010 H Bonds Maturing May 1, 2040	Year	2010 H Bonds Maturing May 1, 2040
2029	$9,965,000	2035	$26,835,000
2030	17,705,000	2036	27,800,000
2031	18,325,000	2037	28,790,000
2032	18,980,000	2038	29,805,000
2033	19,645,000	2039	32,750,000
2034	20,345,000	2040*	50,970,000

*Stated Maturity.

Make-Whole Redemption. Subject to the limitations on Redemption Price, if any, in the Act or the ARRA Act, the 2010 Series H Bonds are subject to redemption prior to maturity by written direction of the University, in whole or in part, on any Business Day, at a Redemption Price equal to the greater of (1) 100% of the principal amount of the 2010 Series H Bonds to be redeemed or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2010 Series H Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010 Series H Bonds are to be redeemed, discounted to the date on which the 2010 Series H Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate (hereinafter defined), plus certain basis points as set forth below, plus, in each case, accrued and unpaid interest on the 2010 Series H Bonds to be redeemed on the redemption date:

Maturity Date (May 1)	Make Whole Redemption Price
2019	Treasury Rate plus 20 basis points
2020	Treasury Rate plus 20 basis points
2021	Treasury Rate plus 25 basis points
2022	Treasury Rate plus 30 basis points
2029	Treasury Rate plus 25 basis points
2040	Treasury Rate plus 25 basis points

The Redemption Price of the 2010 Series H Bonds to be redeemed pursuant to the make-whole redemption provision described in the previous paragraph will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the University to calculate such Redemption Price. The Trustee and the University may conclusively rely on the determination of such Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Extraordinary Optional Redemption. The 2010 Series H Bonds are subject to redemption prior to maturity at the option of the University, in whole or in part, on any Business Day following the occurrence of an Extraordinary Event, at a Redemption Price equal to the greater of: (1) 100% of the principal amount of the 2010 Series H Bonds to be redeemed or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2010 Series H Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010 Series H Bonds are to be redeemed, discounted to the date on which the 2010 Series H Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points; plus, in each case, accrued interest on the 2010 Series H Bonds to be redeemed to the redemption date. An "Extraordinary Event" will have occurred if Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the ARRA Act pertaining to "Build America Bonds") is amended or repealed and such amendment or repeal would reduce or eliminate the Direct Payments.

"Treasury Rate" means, as of any redemption date of a particular 2010 Series H Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available seven Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of such 2010 Series H Bond; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Redemption of the 2010 Series I Bonds

Optional Redemption. The 2010 Series I Bonds maturing on or after May 1, 2021 will be subject to optional redemption prior to maturity on or after May 1, 2020 as a whole or in part at any time, at 100% of the principal amount of the Bonds or portions thereof to be redeemed, in each case together with accrued interest to the redemption date.

Sinking Fund Installment Redemption. The 2010 Series I Bond in the principal amount of $4,830,000 maturing on May 1, 2029 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	2010 I Bonds Maturing May 1, 2029	Year	2010 I Bonds Maturing May 1, 2029
2026	$1,125,000	2028	$1,225,000
2027	1,175,000	2029*	1,305,000

*Stated Maturity.

The 2010 Series I Bond in the principal amount of $4,690,000 maturing on May 1, 2029 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	2010 I Bonds Maturing May 1, 2029	Year	2010 I Bonds Maturing May 1, 2029
2026	$1,100,000	2028	$1,205,000
2027	1,150,000	2029*	1,235,000

*Stated Maturity.

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 $94,370,000 original principal amount of General Obligation Refunding Bonds, 1992 Series A (the "1992 Series A Bonds), $110,000,000 original principal amount of General Obligation Refunding Bonds, 2002 Series A (the "2002 Series A Bonds"), $50,000,000 original principal amount of General Obligation Bonds, 2002 Series B (the "2002 Series B Bonds"), $111,320,000 original principal amount of General Obligation Refunding Bonds, 2003 Series C (the "2003 Series C Bonds"), $24,805,000 original principal amount of General Obligation Bonds, 2003 Series D (the "2003 Series D Bonds"), $86,725,000 original principal amount of General Obligation Bonds, 2004 Series E (the "2004 Series E Bonds"), $231,105,000 original principal amount of General Obligation Bonds, 2009 Series F (the "2009 Series F Bonds") and $80,000,000 original principal amount of General Obligation Bonds, 2009 Series G (the "2009 Series G Bonds") (collectively, the "Prior General Obligation Bonds"), the payment of principal, Sinking Fund Installments of and interest on the 2010 Series Bonds, and the total debt service for the Prior Bonds and the 2010 Series Bonds.

Principal payments or Sinking Fund Installments are due on each May 1 immediately succeeding each April 30 as listed below.

		2010 Series H Bonds**		2010 Series I Bonds		
Bond Year Ending April 30	**Debt Service on Prior General Obligation Bonds***	**Principal**	**Interest**	**Principal**	**Interest**	**Total Debt Service**
2011	$42,266,310	--	$9,779,828	--	$781,875	$52,828,013
2012	53,213,914	--	21,732,951	--	1,737,500	76,684,364
2013	52,049,916	--	21,732,951	$1,180,000	1,737,500	76,700,367
2014	42,833,381	--	21,732,951	3,560,000	1,713,900	69,840,231
2015	40,701,907	--	21,732,951	5,215,000	1,571,500	69,221,357
2016	40,411,392	--	21,732,951	5,145,000	1,310,750	68,600,092
2017	44,965,926	--	21,732,951	1,310,000	1,156,400	69,165,277
2018	44,940,694	--	21,732,951	1,355,000	1,117,100	69,145,745
2019	33,092,010	$4,715,000	21,732,951	1,395,000	1,076,450	62,011,411
2020	27,620,773	4,855,000	21,554,912	1,455,000	1,020,650	56,506,336
2021	27,631,707	4,970,000	21,365,762	1,515,000	962,450	56,444,918
2022	26,239,900	6,480,000	21,160,699	1,595,000	886,700	56,362,300
2023	26,238,767	6,670,000	20,877,135	1,680,000	806,950	56,272,851
2024	23,988,227	7,065,000	20,507,283	3,785,000	722,950	56,068,460
2025	25,904,503	9,175,000	20,115,529	2,120,000	533,700	57,848,732
2026	25,908,281	13,070,000	19,606,775	2,225,000	427,700	61,237,756
2027	25,900,972	13,540,000	18,882,044	2,325,000	327,700	60,975,715
2028	25,920,070	14,000,000	18,131,251	2,430,000	223,200	60,704,520
2029	25,912,195	14,500,000	17,354,951	2,540,000	113,950	60,421,095
2030	25,920,361	17,705,000	16,538,968	--	--	60,164,329
2031	25,930,119	18,325,000	15,535,979	--	--	59,791,098
2032	25,938,386	18,980,000	14,497,868	--	--	59,416,254
2033	25,948,161	19,645,000	13,422,651	--	--	59,015,812
2034	25,962,311	20,345,000	12,309,762	--	--	58,617,073
2035	17,088,362	26,835,000	11,157,218	--	--	55,080,580
2036	17,075,618	27,800,000	9,637,015	--	--	54,512,633
2037	17,072,800	28,790,000	8,062,145	--	--	53,924,945
2038	17,082,954	29,805,000	6,431,191	--	--	53,319,145
2039	17,073,922	32,750,000	4,742,738	--	--	54,566,660
2040	--	50,970,000	2,887,451	--	--	53,857,451

*Excludes Bonds to be Refunded. See "PLAN OF FINANCE" herein. 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. 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. See "APPENDIX A – INFORMATION CONCERNING THE UNIVERSITY – Interest Rate Swaps."
**Prior to Interest Subsidy.

SECURITY FOR THE BONDS

General

The Indenture provides that the 2010 Series 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 2010 Series 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 EIGHTH 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 2010 Series 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").

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.

Pursuant to a separate official statement of the Housing Authority, the University may refund certain Housing Authority Bonds issued by the Housing Authority for the benefit of the University. (See "INTRODUCTION" herein.)

BOOK-ENTRY-ONLY SYSTEM

Payment of principal of, premium, if any, and interest on the 2010 Series 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 2010 Series Bonds are not in a book-entry-only system, payment of principal of, premium, if any, and interest on the 2010 Series Bonds will be made as described in the Indenture.

The information in this Official Statement concerning The Depository Trust Company ("DTC"), New York, New York, 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 2010 Series Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2010 Series Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2010 Series 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 acts as securities depository for the 2010 Series Bonds. The 2010 Series Bonds are 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 2010 Series 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.

Purchases of the 2010 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("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 2010 Series 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 2010 Series Bonds, except in the event that use of the book-entry system for the 2010 Series Bonds is discontinued.

To facilitate subsequent transfers, all 2010 Series 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 2010 Series 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 2010 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 Series 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 2010 Series Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Series Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the 2010 Series Bonds may wish to ascertain that the nominee holding the 2010 Series 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 2010 Series 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 2010 Series 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 2010 Series Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University 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 2010 Series 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 2010 Series 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 the payment 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 2010 Series 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.

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 2010 Series 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, 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

The 2010 Capital Projects

The 2010 Capital Projects consist of (A) the financing of all or a portion of various priority capital projects, in each case for sites and buildings located on the New Brunswick, Newark and Camden campuses of the University; and (B) the refinancing of certain of the University's Commercial Paper, the proceeds of which were applied for the financing of all or a portion of certain priority capital projects; which 2010 Capital Projects include, but are not limited to:

New Brunswick Campus

Busch Housing Facility. A new housing project will be constructed on the Busch Campus to 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 three buildings costing approximately $57.0 million is expected to be completed by August 2011.

Center for Integrative Proteomics Technologies: A new $47.0 million facility on the Busch Campus will be a shared instrumentation resource and proteomics research facility, including the Protein ata Bank. It is scheduled to be completed in 2011.

Classroom Improvement Projects. The classroom improvements on the New Brunswick campuses involve the refurbishment of classroom space, the replacement of dilapidated furniture, and the installation of technological infrastructure such as data ports and wall jacks. The project is expected to cost approximately $6,910,000, all of which is expected to be financed from the proceeds of the 2010 Series Bonds. The project is expected to be completed by the end of January 2011.

Deferred Maintenance Projects. The total cost of the deferred maintenance projects on the New Brunswick campuses is expected to be approximately $52.5 million, which will be financed over a multi-year period. Phase I of these projects was financed with approximately $20.9 million of the 2009 Series F Bonds. Phase II of these projects is expected to be financed with approximately $31.6 million of the proceeds of the 2010 Series Bonds. Deferred maintenance is ongoing throughout 2010 and 2011.

Electrical Substation: A $10.0 million project involves upgrading the electrical services and increasing power to the Livingston Campus. This project is scheduled for completion in 2012.

Infrastructure Improvements: A $10.0 million project to redirect and improve roadways, parking lots and utilities on the Livingston Campus. This project is scheduled for completion in 2012.

Livingston Housing Facility. A new 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 will be constructed on the Livingston Campus. Projected costs are approximately $215.0 million. The project is anticipated to be placed into service in August 2012.

Livingston Dining Commons. A $30.5 million new multistory dining facility will be constructed on the Livingston Campus to replace Tillett Hall. Construction is scheduled to be completed in 2011.

Newark Campus

Classroom Improvement Projects. The classroom improvements on the Newark Campus involve the refurbishment of classroom space, the replacement of dilapidated furniture, and the installation of technological infrastructure such as data ports and wall jacks. The project is expected to cost approximately $3.0 million, all of which is expected to be financed from the proceeds of the 2010 Series Bonds. The project is expected to be completed by the end of January 2011.

Camden Campus

Deferred Maintenance Projects. The total cost of the deferred maintenance projects on the Camden Campus is expected to be approximately $7.5 million, which will be financed over a multi-year period. Phase I of these projects was financed with approximately $6.0 million of the 2009 Series F

Bonds. Phase II of these projects is expected to be financed with approximately $1.5 million of the proceeds of the 2010 Series Bonds. Deferred maintenance is ongoing throughout 2010 and 2011.

See "ESTIMATED SOURCES AND USES OF FUNDS" herein for use of proceeds of the 2010 Series Bonds to fund all or a portion of the aforementioned 2010 Capital Projects.

The 2010 Refunding Projects

The 2010 Refunding Projects consist of refunding, with a portion of the proceeds of the 2010 Series I Bonds, together with funds held under the respective indentures of trust, including the Indenture, all or a portion of the bonds of the University (collectively, the "Bonds to be Refunded") as listed on the table below. Pursuant to the plan of refunding for the Bonds to be Refunded established by the University, on each of the following dates set forth below (each, a "Redemption Date"), the applicable series or subseries of the Bonds to be Refunded will be called for early redemption in whole or in part at the Redemption Price of 100% of the principal amount of bond to be redeemed, plus accrued interest to the Redemption Date:

Bonds to be Refunded	Outstanding Aggregate Principal Amount	Redemption Date
1998 Series A Bonds*	$16,165,000	December 20, 2010
2002 Series B Bonds	17,260,000	May 1, 2012
2003 Series C Bonds	6,785,000	May 1, 2013
2003 Series D Bonds	3,420,000	May 1, 2013

U.S. Bank National Association, acting as escrow trust agent (the "Escrow Agent"), and the University will enter into a Escrow Trust Agreement, dated as of November 1, 2010 (the "Escrow Trust Agreement"), pursuant to which there will be created four (4) special and irrevocable escrow trust subaccounts, one for each Series of Bonds to be Refunded: (i) the "1998 Series A Subaccount" to be held by the Escrow Agent in trust for the payment of the principal of and redemption premium, if any, and interest on the 1998 Series A Bonds to be refunded with a portion of the proceeds of the 2010 Series I Bonds, (ii) the "2002 Series B Subaccount" to be held by the Escrow Agent in trust for the payment of the principal of, and redemption premium, if any, and interest on the 2002 Series B Bonds to be refunded with a portion of the proceeds of the 2010 Series I Bonds, (iii) the "2003 Series C Subaccount" to be held by the Escrow Agent in trust for the payment of the principal of, and redemption premium, if any, and interest on the 2003 Series C Bonds to be refunded with a portion of the proceeds of the 2010 Series I Bonds, and (iv) the "2003 Series D Subaccount" to be held by the Escrow Agent in trust for the payment of the principal of, and redemption premium, if any, and interest on the 2003 Series D Bonds to be refunded with a portion of the proceeds of the 2010 Series I Bonds. The subaccounts shall be held by the Escrow Agent separate and apart from all other funds or accounts held by the Escrow Agent.

* General Obligation Bonds, 1998 Series A (the "1998 Series A Bonds") issued by the University.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the 2010 Series Bonds are expected to be applied as set forth below:

Sources of Funds	2010 Series H Bonds	2010 Series I Bonds	Total
Principal Amount of 2010 Series Bonds	$390,990,000	$40,830,000	$431,820,000
Net Original Issue Premium	-	3,525,598	3,525,598
Funds held under Prior Indentures	-	1,856,629	1,856,629
Total Sources of Funds	$390,990,000	$46,212,227	$437,202,227
Uses of Funds			
Deposit to the Construction Account	$387,710,000	-	$387,710,000
Deposit to Escrow Fund to refund Bonds to be Refunded	-	$45,896.977	45,896,977
Costs of Issuance*	3,280,000	315,250	3,595,250
Total Uses of Funds	$390,990,000	$46,212,227	$437,202,227

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

TAX MATTERS

Tax-Exempt Series 2010 Bonds

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 2010 Series I Bonds (the "Tax Exempt Series 2010 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 Tax Exempt 2010 Series 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 computing 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the University, under existing statutes, interest on the 2010 Series 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series Bonds in order that interest on the Tax Exempt 2010 Series 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series Bonds.

Prospective owners of the Tax Exempt 2010 Series 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 Tax Exempt 2010 Series 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.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Tax Exempt 2010 Series Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Tax Exempt 2010 Series Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Tax Exempt 2010 Series Bonds is expected to be the initial public offering price set forth on the cover page of this Official Statement. Bond Counsel to the University further is of the opinion that, for any Tax Exempt 2010 Series Bonds having OID (a "Discount Bond"), OID 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 Tax Exempt 2010 Series Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Tax Exempt 2010 Series Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Tax Exempt 2010 Series Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Tax Exempt 2010 Series Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Tax Exempt 2010 Series Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Tax Exempt 2010 Series 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 if the recipient is one of a limited class of exempt recipients. 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 Tax Exempt 2010 Series 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 Tax Exempt 2010 Series Bonds under Federal or state law and could affect the market price or marketability of the Tax Exempt 2010 Series Bonds.

Prospective purchasers of the Tax Exempt 2010 Series Bonds should consult their own tax advisors regarding the foregoing matters.

Federally Taxable 2010 Series Bonds

Opinion of Bond Counsel

In the opinion of Bond Counsel to the University, interest on the 2010 Series H Bonds (the "Federally Taxable 2010 Series Bonds") is included in gross income for Federal income tax purposes under the Code. In addition, in the opinion of Bond Counsel to the University, under existing statutes, interest on the 2010 Series Bonds is exempt from the gross income of individuals under the New Jersey Gross Income Tax Act.

The 2010 Series H Bonds are expected to be designated as "build America bonds" by the University pursuant to applicable provisions of the Code; the University will elect to receive cash subsidy payments equal to 35 percent of the interest payable on the 2010 Series H Bonds from the United States Treasury. As a result of such election, holders of the 2010 Series H Bonds are not entitled to receive the tax credit otherwise permitted under Section 54AA(a) of the Code. The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2010 Series H Bonds in order for the University to continue to receive said subsidy payments. These requirements include, but are not limited to, requirements relating to use and expenditure of the available project proceeds of the 2010 Series H Bonds, yield and other restrictions on investments of available project proceeds and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance may cause the 2010 Series H Bonds to fail to qualify for the receipt of the interest subsidy payments. The University has covenanted to comply with certain applicable requirements of the Code to assure the receipt of the interest subsidy payments in respect of the 2010 Series H Bonds.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Federally Taxable 2010 Series Bonds by original purchasers of the Federally Taxable 2010 Series Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on certain relevant provisions of the Code under existing law and is subject to change at any time, possibly with retroactive effect; (ii) assumes that the Federally Taxable 2010 Series Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Federally Taxable 2010 Series Bonds as a position in a "hedge" or "straddle," or holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, or holders who acquire Federally Taxable 2010 Series Bonds in the secondary market.

Holders of the Federally Taxable 2010 Series Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Federally Taxable 2010 Series Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined de minimis amount, a holder of a Federally Taxable 2010 Series Bond having a maturity of more than one year from its date of issue must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Federally Taxable 2010 Series Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder's method of accounting. "OID" is the excess of (i) the "stated Redemption Price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Federally Taxable 2010 Series Bonds are sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated Redemption Price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Federally Taxable 2010 Series Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the University) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the Federally Taxable 2010 Series Bond's stated Redemption Price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Federally Taxable 2010 Series Bond using the constant-yield method, subject to certain modifications.

Bond Premium

In general, if a Federally Taxable 2010 Series Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Federally Taxable 2010 Series Bond other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Federally Taxable 2010 Series Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Federally Taxable 2010 Series Bond.

The University may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Federally Taxable 2010 Series Bonds to be deemed to be no longer outstanding under the Indenture (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Federally Taxable 2010 Series Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal and payments of interest on a Federally Taxable 2010 Series Bond and the proceeds of the sale of a Federally Taxable 2010 Series Bond before maturity within the United States. Backup withholding may apply to holders of Federally Taxable 2010 Series Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Federally Taxable 2010 Series Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source, or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

IRS Circular 230 Disclosure

The advice under the caption "Federally Taxable 2010 Series Bonds" concerning certain income tax consequences of the acquisition, ownership and disposition of the Federally Taxable 2010 Series Bonds, was written to support the marketing of the Federally Taxable 2010 Series Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service, Bond Counsel to the University informs you that (i) any federal tax advice contained in this Official Statement (including any attachments) or in writings furnished by Bond Counsel to the University is not intended to be used, and cannot be used by any Bondholder, for the purpose of avoiding penalties that may be imposed on the Bondholder under the Code, and (ii) the Bondholder should seek advice based on the Bondholder's particular circumstances from an independent tax advisor.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") have assigned the ratings of "Aa2" and "AA", respectively, to the 2010 Series 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 2010 Series Bonds.

STATE NOT LIABLE ON THE 2010 SERIES BONDS

Nothing in the 2010 Series 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 2010 SERIES BONDS FOR INVESTMENT

The 2010 Series 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 2010 Series 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 2010 Series Bonds and delivered with such Bonds. 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, Trenton and Cherry Hill, New Jersey.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The Arbitrage Group, Houston, Texas, Independent Certified Public Accountants (the "Verification Agent"), at the time of issuance of the 2010 Series I Bonds, will verify from the information provided to it the mathematical accuracy as of the date of the closing on the 2010 Series I Bonds of the computations contained in such information to determine that the securities and cash deposits listed in applicable schedules, to be deposited in the Escrow Fund, would be sufficient [(without regard to investment earnings)] to pay, when due, the principal, interest and call premium payment requirements, if any, of the Bonds to be Refunded. The Verification Agent expressed no opinion on the assumptions provided to it, nor as to the exemption from taxation of the interest on the 2010 Series I Bonds.

UNDERWRITING

The 2010 Series Bonds are being purchased from the University by Morgan Stanley & Co. Incorporated, as representative of the underwriters listed on the cover page hereof (the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase all of the 2010 Series Bonds at an aggregate purchase price for the (a) 2010 Series H Bonds equal to $388,723,413.71 (such purchase price reflecting Underwriters' discount of ($2,266,586.29); and (b) for the 2010 Series I Bonds of $44,166,103.41 (such purchase price reflecting Underwriters' discount of ($189,494.59) and a net reoffering premium of $3,525,598.00). The initial public offering prices of the 2010 Series Bonds set forth on the inside cover page may be changed without notice by the Underwriters. The Underwriters may offer and sell the 2010 Series Bonds to certain dealers (including dealers depositing 2010 Series Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices or yields lower than the offering prices or yields set forth on the inside cover page hereof.

Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated, an underwriter of the 2010 Series Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2010 Series Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

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 2010 Series 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, 2010 and 2009, 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 2010 Series Bonds, or questioning or affecting the validity of the 2010 Series 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 2010 Series 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, 2011 (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 EIGHTH SUPPLEMENTAL INDENTURE — Continuing Disclosure Undertaking."

The Annual Report will be filed, or caused to be filed, by the University with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Markets Access system at www.emma.msrb.org. The notices of material events will be filed, or caused to be filed, by the University with the MSRB.

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.

CLOSING CERTIFICATE

Concurrently with delivery of the 2010 Series 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 2010 Series 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: November 3, 2010

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), the Livingston Campus in Piscataway and Edison (972 acres), 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 and Information, 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 52 memberships in the National Academies of Sciences and Engineering, the American Academy of Arts and Sciences and the Institute of Medicine.

The following are some of the notable awards earned recently by members of the University faculty: the 2009 Engineer of the Year award of the Institute of Electrical and Electronics Engineers by professor Hoang Pham; the Institute of Medicine's 2009 Rhoda and Bernard Sarnat International Prize in Mental Health by David Mechanic, director of Rutgers' Institute of Health, Health Care Policy, and Aging Research; the Brewster Medal of the American Ornithologists' Union by Joanna Burger, professor of biology; the 2009 Heartland Prize for fiction by Jayne Anne Phillips, professor of English; the American Physical Society's 2010 James C. McGroddy Prize for New Materials by professor Sang-Wook Cheong; Guggenheim Fellowships by Richard Serrano, associate professor of French, and Camilla Townsend, professor of history; the Organization of American Historians 2010 Liberty Legacy Award by Beryl Satter, professor of history; and the 2010 Lars Onsager Prize of the American Physical Society by professor Daniel Friedan.

As of June 25, 2010 the University's faculty and staff who were employed full-time or part-time on a regular basis totaled approximately 13,175, of whom 10,290 are represented, for purposes of collective negotiations, by the following labor organizations: 2,857 faculty and 1,777 teaching assistants and graduate assistants are represented by the Rutgers Council of American Association of University Professors ("AAUP") Chapters; 2,079 administrative employees are represented by the Union of Rutgers Administrators, American Federation of Teachers ("URA-AFT"); 1,404 service and maintenance employees are represented by the American Federation of State, County and Municipal Employees ("AFSCME") Local 888; 938 clerical, office, laboratory and technical employees are represented by the AFSCME Local 1761; 25 Educational Opportunity Fund counselors are represented by the EOF Chapter of the Rutgers Council of AAUP Chapters; 29 operating engineers are represented by the International Union of Operating Engineers ("IUOE") Local 68-68A; 11 student health service physicians are represented by the Doctors Council/Services Employees International Union; 61 police officers are represented by the Fraternal Order of Police ("FOP")-Primary Unit; 29 police sergeants, detectives and lieutenants are represented by FOP-Superior Officers Association; 16 fire fighters are represented by the International Association of Fire Fighters ("IAFF") Local 3451; and 1,064 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 326 PTLs who are not yet eligible for the PTL bargaining unit. The remaining 2,559 employees who are not represented by unions consist of 2,130 administrative employees, 323 post-doctoral associates and 106 confidential or visiting employees. Collectively negotiated agreements are in place for the above unionized groups covering the period July 1, 2007 - June 30, 2011, with the exception of the two FOP contracts which expired on June 30, 2009, and the new IAFF group which has not yet entered into an agreement with the University. Due to the current economic crisis, the University negotiated agreements with its employee bargaining units that delayed the implementation of certain salary increases in both FY 2010 and FY 2011. Significant reductions in state appropriations for FY 2011 have led the University administration to introduce further cost-saving actions, including withholding salary increases for both represented and unrepresented employees. 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 63 leading public and private research universities in the United States and Canada. The AAU focuses on national and institutional issues that are important to research-intensive universities, such as funding for research, research and education policy, 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 $433.9 million in 2010 (up from $391.8 million in 2009). Federal funding remains the most significant source of research funding for the University. Federal support for research and development increased to a record $329.5 million in 2010, or 76.0% of the externally sponsored research funds, representing an 22.8% increase from 2009. The National Institute of Health ("NIH") along with the National Science Foundation ("NSF") provide the greatest number of grants and the largest amounts of Federal dollars to the University. In 2010, the University received $131.7 million in NIH funding and $75.4 million in NSF funding.

In 2010, corporate support for research and development was $18.8 million and other sources of support, including foundations, totaled $41.9 million. Funding from the State of New Jersey was maintained, providing the University with approximately $42.8 million in 2009 and $43.7 million in 2010. With regard to large awards from government agencies and corporations, 104 faculty and staff of the University were awarded grants that exceeded $500,000 during 2010, up from 50 recipients of large grants in 2001.

Since 1999, the University significantly increased its research and development expenditures. In 2010, the University spent approximately $273.2 million on research activities ($203.6 million of which was expended for sponsored research and $69.6 million of which was expended for budgeted research and development). An additional approximately $92.0 million was expended for other sponsored programs. The University's total research and development expenditures rose by over 75% from 2001 to 2010.

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 has 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 2010, Rutgers was awarded many significant grants and contracts. Among such grants are the following:

- NIH awarded a construction grant to the Rutgers Cell and DNA Repository. A $9.6 million award from "stimulus" funds (ARRA, or the American Recovery and Reinvestment Act of 2009) was provided to support construction of a new storage facility for research samples.

- $20 million was awarded by the NIH to the Rutgers Department of Genetics to support a twins registry under the Center for Collaborative Genetic Studies.

- $6.4 million was awarded to the Rutgers Protein Data Bank, from NSF, which provides information to researchers around the world regarding 50,000 biological macromolecules and their connections to genomics, structure/function and disease.

- The Rutgers School of Social Work received $8.6 million from the New Jersey Department of Human Services to support the New Jersey Child Support Training Institute.

- Again from ARRA funds, Rutgers received 4 of the highly-competitive and highly prestigious NIH Challenge Grants, for a total of nearly $4 million. Out of 20,000 applications submitted, only several hundred were funded across the country. It is remarkable that Rutgers garnered 4 awards. The topics were: 1) the study of biomarkers for autism and related disorders; 2) smoking cessation, with an emphasis on studying impulsive behavior and decision-making; 3) the role of cellular metabolism on the progression of cancer, and 4) the role of small RNAs in regulating epigenetic marks on chromatin, which may have implications for cancer treatment

Table 1 summarizes the University’s research grants and contracts awarded for 2006 through 2010.

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

	2006	2007	2008	2009	2010
Federal	$171.7	$195.6	$211.2	$268.4	$329.5
State of New Jersey	60.1	40.7	53.9	42.8	43.7
Corporate	21.0	24.8	16.1	17.0	18.8
Foundations/Other	45.1	48.6	46.0	63.6	41.9
	$297.9	$309.7	$327.2	$391.8	$433.9

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, paid regional recruiters and alumni volunteers in a multi-state network. The University has identified markets where there are significant numbers of high-achieving high school students wanting to pursue higher education outside of their home state, where the average family income is relatively high, and where Rutgers has a history of applicants and enrolled students. While Rutgers' primary recruitment market is the tri-state area of New Jersey, New York, and Pennsylvania, recruiters also cover secondary markets in California, Connecticut, Florida, Massachusetts, Maryland, and Virginia. Additional markets currently under development and expansion include, Washington, DC, Delaware, Georgia, Illinois, Michigan, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Texas and Washington. Admissions staff are also recruiting abroad in Asia, China, Europe, India, the Middle East, and South America. The University maintains a state, national and global reach by attracting competitive applicants from 50 states and over 140 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 2010, the University enrolled 10,586 new undergraduate students (consisting of 7,324 first year students—an all-time high--and 3,262 transfer students). Overall new student enrollment increased by 4% 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

	2006-07	2007-08	2008-09	2009-10	2010-11
Applicants	30,695	32,153	32,816	31,728	32,833
% Admitted (selectivity)	60.4	59.4	59.9	63.7	63.1
Admitted Students	18,540	19,142	19,659	20,196	20,713
% Enrolled (yield)	33.4	35.0	36.1	35.0	35.4
Enrolled Students	6,189	6,696	7,102	7,059	7,324
Mean SAT (Total on 2400 scale)	1743	1735	1747	1747	1748

TABLE 3
Fall First Year and Transfer Students
Day Undergraduate Colleges

	2006-07	2007-08	2008-09	2009-10	2010-11
Applicants	40,228	42,101	43,296	42,650	44,450
Admitted Students	22,650	23,776	24,802	25,547	26,261
Enrolled Students	8,245	9,169	10,004	10,163	10,586

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 declined 3 points with 2009 (with the new SAT-Writing included), but remained level with 2009 for the New Brunswick campus. The current Fall 2010 SAT mean of 1811 for entering first-year students for New Brunswick campus is over 300 points higher than the State of New Jersey SAT mean (1506) and the national SAT mean (1509).

For Fall 2010, the University enrolled 56,868 students (see Table 4), representing the highest enrollment in history, exceeding the previous high of 54,645 students (achieved in Fall 2009) by 2,223 students.

The undergraduate student faculty ratio of full-time equivalent students to full-time equivalent instructional faculty for Fall 2010 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. Plans are in development to launch a campaign with marketing and branding messages targeting prospective students. This is the next phase of the University's recent branding campaign.

A new, state-of-the-art Visitor Center opened its doors Fall 2009. This 12,000-square-foot, two-story building was constructed to accommodate the extraordinary growth in visitors to the campus. The University has seen an increase of 179% in visitors for tours and recruitment functions, from 15,119 in 2003 to more than 52,000 visitors in 2010. The Visitor Center has interactive exhibits, designed by a renown interpretive museum design firm, that highlight the University's history, student life, and academics. Alumni donations funded the dynamic exhibits and additional gifts of have been pledged for development of virtual tours, multi-media exhibits, and gardens.

The University has enhanced traditional marketing efforts with its web presence and redesigned the University's main site this fall, and Undergraduate Admissions web site last spring, based on extensive research and the assistance of a marketing and design firm. On the main site links for prospective students and admissions are significantly more prominent. To attract more international students, the University will also have a web presence on several portals including the US State Department's website, ThinkEducationUSA, and Rutgers will be included in print materials distributed to 400 education centers around the world. Key administrative and academic leaders are also forging relationships with embassies in Washington, DC and the University is executing exchange agreements with several countries.

TABLE 4
University Enrollment

	New Brunswick			Newark			Camden			
Year	**SAT***	**UG**	**Grad & Prof**	**SAT***	**UG**	**Grad & Prof**	**SAT***	**UG**	**Grad & Prof**	**University Wide TOTAL**
2006-07	1227	26,691	7,701	1109	6,503	3,700	1121	3,694	1,471	49,760
2007-08	1216	26,829	7,975	1091	6,685	3,868	1115	3,690	1,469	50,516
2008-09	1218	28,031	8,010	1090	7,001	4,031	1115	3,870	1,528	52,471
2009-10	1216	29,095	8,269	1101	7,307	4,193	1110	4,121	1,660	54,645
2010-11	1212	30,351	8,561	1095	7,479	4,319	1096	4,497	1,661	56,868

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

Please note that with the SAT-Writing included, for 2010 SAT means were 1811, 1632, and 1634 for New Brunswick, Newark, and Camden respectively

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 Fiscal Year ending June 30, 2010 actual and Fiscal Year ending June 30, 2011 budgeted 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
Actual and Budgeted Revenues
(in thousands of dollars)

OPERATING REVENUES	**2010 Actual**	**2011 Budget**
Student Tuition and Fees (net of scholarship allowances of $148,046 and $153,626, respectively)	$549,293	$569,997
Federal Grants and Contracts	208,217	200,000
State and Municipal Grants and Contracts	49,461	47,500
Nongovernmental Grants and Contracts	61,791	62,000
Auxiliary Enterprises (net of scholarship allowances of $34,092 and $35,826, respectively)	229,169	240,828
Other Operating Revenues	68,431	58,973
Total Operating Revenues	$1,166,362	$1,179,298
NON-OPERATING REVENUES		
State Appropriations	$290,877	$262,490
Fringe Benefits Paid Directly by the State	153,132	152,661
Federal Appropriations	8,469	7,100
Federal Student Aid	68,598	65,552
State Student Aid	88,583	85,665
Contributions	30,695	25,500
Investment Income	22,550	20,741
Unrealized and Realized Gains on Marketable Securities	39,274	-
Other Non-operating Revenues	2,398	2,500
Total Non-operating Revenues	$704,576	$622,209
TOTAL OPERATING AND NON-OPERATING REVENUES	$1,870,938	$1,801,507

For Academic Year 2010-2011, applications to the University increased by 4.4%. The total headcount enrollment of 56,868 for the fall semester 2010 is 2,223, or 4.1%, greater than the headcount enrollment for the fall semester 2009. The combination of increased enrollments and increased tuition rates has resulted in a projected $42 million increase in revenue in support of the Academic Year 2010-2011 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
Tuition, Charges and Fees

	2008	2009	2010	2011
TUITION:				
Undergraduate students:				
Residents of New Jersey:				
Full-time students	8,541	9,268	9,546	9,926
Part-time students[2]	275	299	307	319
Non-residents of New Jersey:				
Full-time students	17,710	19,482	20,456	21,682
Part-time students[2]	574	632	654,	703
Graduate students:				
Residents of New Jersey:				
Full-time students[1]	9,285-12,380	10,080-13,440	10,386-13,848	10,800-14,400
Part-time students[2]	516	560	577	600
Non-residents of New Jersey:				
Full-time students[1]	13,804-18,406	15,192-20,256	15,988-21,264	16,902-22,536
Part-time students[2]	767	844	886	939
Students at University College:				
Residents of New Jersey[2,4]	275	299	307	319
Non-residents of New Jersey[2,4]	574	632	654	703
Summer Session students:				
Undergraduate students:				
Residents of New Jersey[2]	275	299	307	319
Non-residents of New Jersey[2]	574	632	654	703
Graduate Students:				
Residents of New Jersey[2]	516	560	577	600
Non-residents of New Jersey[2]	767	844	886	939
COLLEGE FEE:				
Full-time students[8]	1,870	1,989	2,057	2,345
Part-time students[8]	377	403	417	533
COMPUTER FEE:				
Full-time students	275	283	283	288
Part-time students[3]	55-138	59-142	59-142	62-144
BOARD, ROOM AND APARTMENT CHARGES:				
Board charges[5]	3, 810	4,000	4,150	4,380
Room charges	5,952	6,232	6,526	6,836
Apartment rental per student family				
One-bedroom[6]	842	884	929	964
Two-bedroom[6]	999-1,067	1,049-1,120	1,101-1,176	1,078-1,235
Apartment rentals per student in groups of four				
Two-bedroom[7]	6,360	6,723	7,056	7,310

(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.
(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.

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 2010, 43,700 University students (80% 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 2010, University students received a total of $347.5 million in direct Federal and State aid through a variety of programs. This aid included $262.5 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, 2010. It is expected that total aid offered to registered students will be approximately $666.2 million in 2011. 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
Student Financial Aid
(in millions of dollars)

	2006	2007	2008	2009	2010
Scholarships/Grants:					
Institutional Funds[1]	$76.4	$88.4	$95.9	$107.4	$ 110.2
State Funds	51.7	56.9	60.8	70.7	86.0
External	6.1	6.8	7.4	8.2	6.4
Federal Funds	30.0	32.7	35.4	42.8	63.5
Total Scholarships/Grants	164.2	184.8	199.5	229.1	266.1
Loans Made To Students:					
University Loan Funds	0.0	0.2	0.1	0.1	0.1
State Loan Funds	27.9	41.5	68.0	62.8	54.4
External Funds	23.4	25.5	22.1	25.3	23.1
Federal Loan Funds	167.2	171.2	178.5	226.3	269.7
Total Loans Made To Students	218.5	238.4	268.7	314.5	347.3
Student Employment:					
Federal Work-Study	5.8	5.5	5.4	5.4	6.4
University Student Payroll	24.7	23.0	24.8	32.8	32.6
Total Student Employment	30.5	28.5	30.2	38.2	39.0
Total Student Financial Aid	**$413.2**	**$451.7**	**$498.4**	**$581.8**	**$652.4**

[1] 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 2009, RAG awarded $15.7 million to 5,559 recipients and in 2010, it awarded $16.7 million to 5,327 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 2010 aggregated $43.2 million ($42.5 million in 2009) of which $7.3 million ($12.1 million in 2009) 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, 2010, 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
State Appropriations to the University
(in thousands of dollars)

Year Ended June 30	State Appropriation	Fringe Benefits Paid Directly by the State	Total
2006	356,250	134,439	490,689
2007[1]	309,370	146,394	455,764
2008	328,895	147,616	476,511
2009	305,252	144,882	450,134
2010[2]	290,877	153,132	444,009
TOTAL	$1,590,644	$726,463	$2,317,107

[1] Beginning in, 2007, following an accounting methodology change, the State appropriation amounts no longer include Educational Opportunity Fund payments. Fiscal Year 2006 has been adjusted to reflect this accounting methodology change, and therefore the above figures will not match the University's earlier financial statements.
[2] In 2010 the University received $15.5 million of Appropriations designated as American Recovery Reinvestment Act ("ARRA") Funds.

The five year trend, as detailed above, shows an decrease of 18.4% over the five year period of 2006 to 2010 of $65.4 million in direct State appropriation. However, as shown above, appropriations can vary significantly from year to year. The 2008 appropriation increase of $19.5 million was followed by a $23.6 million appropriation decrease in 2009.

The 2011 direct appropriation for the University is $262.5 million. No funding was appropriated in Fiscal Year 2011 by the State to support negotiated salary increases; therefore, the $262.5 million is the total appropriation that the University is expecting to receive from the State in Fiscal Year 2011. 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.

Gifts, Bequests, Grants and Contracts

Table 9 summarizes gifts, bequests, grants and contracts (including transfers from The Rutgers University Foundation) to the University for the five years ended June 30, 2010.

TABLE 9
Gifts, Bequests, Grants and Contracts
(in thousands of dollars)

Fiscal Year	Total
2006	$ 390,931
2007	444,736
2008	459,292
2009	514,816
2010	529,362

Revenues from governmental grants and contracts, including recovery of indirect costs, aggregated $414,859,000 in 2010. 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.

Private sources of funding, which total $114,503,000 in 2010, 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.

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.

A new vision has been created for the Livingston Campus. Currently home to 3,500 undergraduate students, the campus has recently received beautification enhancements and several new student service oriented buildings are under construction. The long range goal is to add graduate and professional education level students to the current population. The first step is the construction of the New Brunswick Rutgers Business School, which is currently in design. Additional buildings being considered will be for the following schools; Graduate School of Education, the Graduate School of Social Work and the Graduate School of Management & Labor Relations.

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.

Brown Welcome Pavilion & Football Recruiting Lounge: This $4,875 million project included the fit out of 8,000 square foot space within the Rutgers Stadium for recruiting efforts. The large room can be configured for events or conferences and opens onto an outdoor terrace overlooking the football field. This project was completed in January 2010.

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 three buildings costing approximately $57.0 million are expected to be completed by August 2011. The University intends to finance these costs from the proceeds of the 2010 Series H Bonds.

Business School: Construction of a new iconic facility at the gateway entrance to the Livingston Campus. The $85 million complex will include classrooms, instructional labs, meeting rooms, offices and a trading floor. The facility will accommodate up to 3,200 undergraduates enrolled in the new 4-year business program in New Brunswick as well as graduate students. Completion is anticipated for fall 2013.

Cell DNA Repository: A $3.75 million pre-Engineered single story 4,200 square foot addition to Nelson Biology, located on the Busch Campus. Features include a sophisticated mechanical and electrical system, as well as a redundant energy system to supply the freezers and cryo-vessels ensuring appropriate environmental conditions. The project was completed summer 2010.

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 $47.0 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. The University intends to finance $28 million these costs from the proceeds of the 2010 Series H Bonds.

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

Electrical Substation: A $10.0 million project involves upgrading the electrical services and increasing power to the Livingston Campus. This project is scheduled for completion in 2012. The University intends to finance these costs from the proceeds of the 2010 Series H Bonds.

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. A total of $19.6 million has been allocated for this project. The project is anticipated to be placed into service in late 2011.

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 serves the College of Nursing and includes units associated with the Ernest Mario School of Pharmacy. The first phase of the Health Sciences Center included classrooms, exam rooms, study areas, lounges, and office space was completed in Fall 2008. The $25.0 million second phase of the center is a 58,000-square-foot building and will house offices of the Institute for Health, Health Care Policy, and Aging Research. The entire complex was completed during the Summer of 2010.

Infrastructure Improvements: A $10.0 million project to redirect and improve roadways, parking lots and utilities on the Livingston Campus. This project is scheduled for completion in 2012. The University intends to finance these costs from the proceeds of the 2010 Series H Bonds.

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 2012. The University intends to finance these costs from the proceeds of the 2010 Series H Bonds.

Livingston Dining Commons: A $30.5 million new multistory dining facility will replace Tillett Hall with an upscale, modern dining environment. Construction is scheduled to be completed in 2011. The University intends to finance these costs from the proceeds of the 2010 Series H Bonds.

Livingston Student Center: A $20.0 million renovation and expansion of the student center features a new outdoor plaza that has become a major gathering space on the Livingston Campus. The expansion, which is adjacent to the planned Livingston Dining Commons, also provides additional space for retail stores. The project was 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 was leased back from Rutgers to the Diocese until November 30, 2009.

Nelson Biology Laboratories C-Wing Renovation: A comprehensive renovation of 12,000 square feet of the 2nd floor of Nelson Biology, located on the Busch Campus. The renovation will allow for Cell and DNA Repository (RUCDR) to consolidate and streamline their operations. Features include specialized laboratories including a robotics lab as well as replacement of all mechanical systems required to support the specialized analytical instrumentation that will be installed. Anticipated completion is early summer 2012.

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 was expanded with project costs of $102.0 million and is a 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 were added for the 2009 season. Also included was a new entrance off River Road that has increased the stadium's visibility while helping to ease traffic congestion on game days.

Solar Farm: A $10.0 million, 1.4-megawatt solar energy facility, the largest system on a single campus in the United States, was constructed on a seven-acre parcel of land on the northeast corner of the Livingston Campus. The solar farm generates 10% of the Livingston Campus's electrical demand and became operational in spring 2009.

Keck Neuroscience 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 fall 2007.

Visitor Welcome Center: A $7.5 million project created a new Visitor Welcome Center on a prime and easily accessible location on the Busch Campus. This project opened 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 was completed and opened in fall 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 $5.3 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 features an upgraded auditorium, gymnasium, and training and locker space. The project was completed in September 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.

Early Learning Research Academy (ELRA): Construction of a new multistory 12,000 square foot, $3.9 million facility to include infant and toddler care rooms and pre-K level classrooms and play areas for up to 126 children. The facility will have a research unit that will allow faculty and students to apply innovative ideas towards resolving issues confronting young children. The facility will be completed in summer 2011.

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.

Outlying Campuses

Food Innovation Center: This is a new 23,000 gsf incubator facility in the City of Bridgeton, New Jersey, that houses state of the art food processing equipment, technical and business support facilities and services and a hub for distance learning and continuing education. This $7.65 million dollar facility opened in fall 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 2009 and 20010 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, 2010 resulted in an increase in net assets of $117.5 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, 2010 and 2009, 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.

Outstanding Indebtedness of the University

Table 10 summarizes the short-term and long-term outstanding indebtedness of the University as of June 30, 2010

TABLE 10
Outstanding Indebtedness of the University
(in thousands of dollars)

	Final Maturity	Outstanding Principal Amount
General Obligation Bonds, 1992 Series A	2013	$ 14,580
General Obligation Bonds, 1998 Series A	2029	16,165
General Obligation Bonds, 2002 Series A	2018	65,300
General Obligation Bonds, 2002 Series B	2034	43,465
General Obligation Bonds, 2003 Series C	2019	56,880
General Obligation Bonds, 2003 Series D	2019	15,255
General Obligation Bonds, 2004 Series E	2034	80,700
General Obligation Bonds, 2009 Series F	2039	227,510
General Obligation Bonds, 2009 Series G	2039	78,580
General Obligation Commercial Paper		44,785
Long-Term Notes		1,708
Capitalized Lease Obligations		115,786
Total Indebtedness		$760,714

General Obligation Bonds

The University has outstanding seven 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, the Sixth Supplemental Indenture, and the Seventh 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.

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 June 30, 2010, the outstanding amount due on the loans was $0.6 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 June 30, 2010, $7.6 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.

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 June 30, 2010, the University has $44.8 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.

On April 29, 2009, the University issued $80.0 million aggregate principal amount of General Obligation Bonds, 2009 Series G (the "2009 Series G Bonds") pursuant to the Master Indenture and the Seventh Supplemental Indenture. The University entered into a Standby Bond Purchase Agreement (the "Standby Bond Purchase Agreement") with U.S. Bank National Association (the "Bank") under which the Bank will provide liquidity, subject to the satisfaction of certain conditions 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. The University has the right and may elect to terminate the Initial Liquidity Facility in its discretion. Nothing in the Seventh Supplemental Indenture shall require the University to deliver to the Trustee a Substitute Liquidity Facility upon expiration or termination of a Liquidity Facility.

None of the 2002 Series A Bonds, 2009 Series G Bonds, nor Commercial Paper are Bank Bonds (defined to mean 2002 Series A Bonds, 2009 Series G 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
Interest Rate Swaps
(in thousands of dollars)

Counterparty	Bank of New York	Merrill Lynch	UBS	JP Morgan & Co.
Current Notional Amount	$20,430	$100,000	$13,500	$65,300
Termination Date	5/1/2027	11/1/2038	11/1/2017	5/1/2018[1]
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[2]	($2,598)	($13,701)	($2,780)	($7,664)

[1] Counterparty has the option to terminate the swap should SIFMA average more than 7% per annum for 180 days
[2] As of October 1, 2010.

The Rutgers University Foundation

The Rutgers University Foundation (the "Foundation") was incorporated in 1973. The sole mission of the Foundation is to support Rutgers, the State University of New Jersey, and help it attain excellence in education, research and public service. By building relationships with alumni, parents, friends, corporations, foundations, and other supporters, the Foundation raises money for, and matches donors' interests to, Rutgers' priorities, as set forth by University leadership.

During fiscal year 2010, the Rutgers University Foundation received contributions totaling $87.7 million. In addition, $43.2 million in new pledges were secured in 2010 as the University prepared to launch publicly its largest-ever funding campaign with a goal of $1 billion. The campaign goal is a 100% increase from the $500 million goal of the University's previous campaign 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, 2010:

TABLE 12
Gifts Received
(in thousands of dollars)

Fiscal Year	Total Receipts
2006	$78,523
2007	103,197
2008	98,438
2009	113,596
2010	87,722

To meet the challenge of raising an increasing amount of private support, Rutgers maintains a professional fund-raising staff of 172. In addition, in 2010, professionally-trained student callers raised $7.1 million for the Foundation's Rutgers Fund, an annual fund-raising activity.

Endowment and Similar Funds of the University

As of June 30, 2010, the University's endowment and similar funds had an aggregate market value of $556.8 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, 2010:

TABLE 13
Endowment and Similar Funds
(in thousands of dollars)

As of June 30	Quoted Market Value
2006	$497,914
2007	594,544
2008	593,114
2009	508,766
2010	556,786

The above table does not include funds held in trust by others, which at June 30, 2010 had a market value of $52.5 million. Income derived from such irrevocable trust funds held by others, aggregating $2.3 million as of June 30, 2010, 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 increased by approximately 2.6% during Fiscal Year 2011 (through August, 2010). 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 $4,492.9 million as of July 1, 2010 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
2009-2010

RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY

Rutgers, The State University of New Jersey

Governors and Trustees

During the Year Ended June 30, 2010

RUTGERS

SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

October 28, 2010

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, 2010. 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

Bruce C. Fehn
Senior Vice President for Finance
and Administration

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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, 2010 and 2009, 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, 2010 and 2009, 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.

As discussed in note 1 to the financial statements, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as of July 1, 2009.

KPMG LLP

October 28, 2010

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, 2010 and 2009, 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.

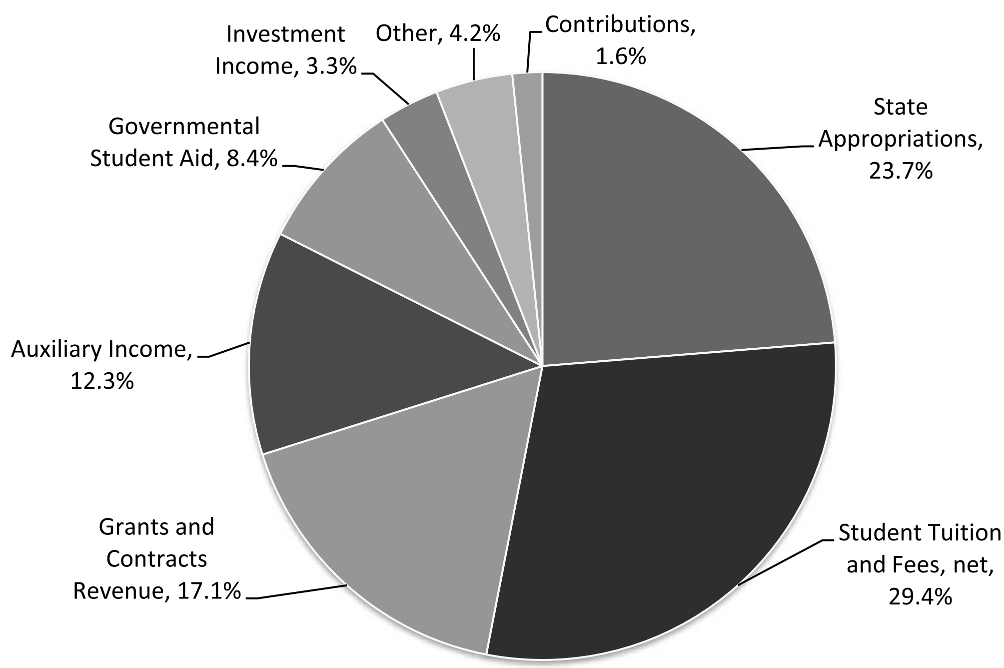
In 2010, the financial reporting entity of Rutgers included 27 degree granting schools, of which 17 offered graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The financial statements also include the financial activity of the Rutgers University Foundation, which administers the fundraising activities for the University.

Financial Highlights

The university's financial condition at June 30, 2010 remained stable with net assets increasing by 5.1% or $117.5 million. Total operating revenues increased by $40.6 million or 3.6% with increases of 4.6% in net student tuition and fees, 1.8% in grant and contract revenue, and 3.3% in auxiliary revenues. Operating expenses increased only 3.5% in 2010 while nonoperating revenues increased 30.4% primarily as a result of increases in Federal financial aid funds.

As the State University of New Jersey, the appropriation from the State represents a vital part of the university's funding. In fiscal 2010, the State decreased the university's base appropriation by 6.0% and did not provide any funding of salary program increases. The State did provide $15.5 million from the American Recovery and Reinvestment Act to offset some of this decrease providing a net overall decrease of 4.7%. The decrease in State funding has 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. Tuition revenue is another significant source of funding for the university. In fiscal 2010, in addition to an increase in tuition rates averaging 3.7%, enrollment was at our highest with 54,645 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, 2010, 2009, and 2008 is as follows (dollars in thousands):

	2010	2009	2008
Assets			
Current assets	$694,576	$648,874	$626,222
Noncurrent assets			
Endowment, restricted and other noncurrent cash and investments	815,059	849,238	835,348
Capital assets, net	1,873,145	1,781,594	1,654,905
Other assets	92,026	100,345	78,811
Total assets	3,474,806	3,380,051	3,195,286
Deferred Outflows	18,664	9,013	
Liabilities			
Current liabilities	294,895	277,473	336,412
Noncurrent liabilities	771,975	800,953	548,438
Total liabilities	1,066,870	1,078,426	884,850
Deferred Inflow		1,523	
Net assets			
Invested in capital assets, net of debt	1,115,390	1,069,426	1,045,262
Restricted - nonexpendable	314,934	295,844	359,348
Restricted - expendable	426,755	414,168	402,998
Unrestricted	569,521	529,677	502,828
Total Net Assets	$2,426,600	$2,309,115	$2,310,436

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 collectible in more than a year are also included as noncurrent. Current assets increased $45.7 million in 2010 as opposed to a $22.7 million increase in 2009.

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 $17.4 million in 2010 primarily as a result of a liability for Faculty Reinvestment Program of $6.3 million, an increase in short term liabilities as a result of the issuance of $4.4 million of commercial paper in 2010 and an increase of $3.4 million in deferred revenue for the 2010 summer session program as a result of an increase in the number of students enrolled and an increase in the tuition rate. Current liabilities decreased $58.9 million in 2009 primarily as a result of the conversion of short term commercial paper that was refinanced by long term bond issues in 2009.

The university's current assets cover current liabilities by a factor of 2.4 times, an indicator of good liquidity and the ability to bear short term demands on working capital. This coverage in 2009 was 2.3 times. The university's current assets also cover 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 a total return of at least 4.5% plus inflation, fees, and costs. The investment objectives of the Endowment are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. A major portion of the university's endowment is maintained in the long term investment pool managed by the university's Joint Investment Committee. The total annual return for the long-term investment pool was 9.0% in 2010 and -15.3% in 2009. The average annual return over the 5 year period ending June 30, 2010 and 2009 was 3.8% and 3.9%, 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 $21.4 million in 2010 and $23.1 million in 2009.

The university's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principal 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 increased $28.0 million to $307.8 million for 2010 from $279.8 in 2009. Term endowments are those funds received from donors that function as endowment until a specified event occurs. The university's term endowments increased by $2.9 million to $39.3 million in 2010 from $36.4 million in 2009. 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 $21.4 million in 2010 to $172.3 million from $150.9 million in 2009.

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 $100.5 million or 19.3% ($95.7 million or 20.5% in 2009), 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.

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 assets, net increased to $91.6 million in 2010, as compared to $126.7 million in 2009. 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 2010 include:

- Expansion of the university stadium to include end zone seating on the Busch Campus.
- Renovation and expansion of the Livingston Student Center to provide an outdoor plaza and additional space for retail stores.
- Renovations to the Camden Recreation Center to upgrade the auditorium, gymnasium and training and locker space.
- A new Visitor's Welcome Center on the Busch Campus to provide an easily accessible facility for visitors to the university.

These additions were funded primarily with the proceeds of bonds and capital appropriations from the State. At June 30, 2010, the University had various projects under construction or in the design stage. Significant projects include:

- Construction of the Health Sciences Center to provide offices for the Institute for Health, Health Care Policy and Aging.
- Construction of the Center for Integrative Proteomics Technologies to provide a shared instrumentation resource and proteomics research facility, including the Protein Data Bank.
- Construction of new student housing on the Busch Campus to provide 500 double occupancy beds in three buildings for first year students.
- Construction of new student housing on the Livingston Campus of mixed use housing consisting of 2 and 4 bedroom apartments while also providing retail space required by college students.

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 2008, 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 2009, the university issued General Obligation Bonds 2009 Series F in the amount of $233.1 million to refinance Commercial Paper outstanding and provide long term financing for various capital projects, as well as refunding Series U and a partial refunding of 1998 Series A. The University also issued General Obligation Bond Series 2009G in the amount of $80.0 million to provide financing for the stadium expansion.

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 (nonexpendable and expendable), and unrestricted net assets. Net assets increased by $117.5 million in 2010. In 2009, net assets decreased $1.3 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 $46.0 million in 2010 is primarily attributable to construction projects including the construction of student housing on the Busch and Livingston Campuses, a new dining facility on the Livingston campus and a new welcome and recruiting lounge at the stadium. In 2009, there was an increase of $24.2 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 $19.1 million in 2010. In 2009, nonexpendable net assets decreased by $63.5 million as a result of declines in market value.

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 $12.6 million in 2010 is attributable to increases in market value. In 2009, there was an increase of $11.2 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 $39.8 million in 2010 is primarily the result of funds designated for deferred maintenance, system improvements and other capital projects totaling $20.2 million. In 2009, unrestricted net assets increased $26.8 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, 2010, 2009 and 2008 is as follows (dollars in thousands):

	2010	2009	2008
Operating revenues			
Student tuition and fees (net of scholarship allowance)	$549,293	$525,121	$472,294
Grants and contracts	319,469	313,850	271,558
Auxiliary enterprises (net of scholarship allowance)	229,169	221,770	207,395
Other operating revenues	68,431	65,036	56,451
Total operating revenues	1,166,362	1,125,777	1,007,698
Operating expenses	1,737,385	1,677,983	1,590,598
Operating loss	(571,023)	(552,206)	(582,900)
Nonoperating revenues (expenses)			
State appropriations (including fringe benefits paid directly by the state)	444,009	450,134	476,511
Contributions	30,695	37,872	44,455
Endowment and investment income	22,550	23,367	38,317
Unrealized and realized gain/(loss) on marketable investments	39,274	(98,632)	(8,945)
Governmental Student Aid	157,181	123,500	110,019
Interest on capital asset related debt	(37,602)	(30,455)	(25,892)
Net other nonoperating revenues	10,384	5,497	6,063
Net nonoperating revenues	666,491	511,283	640,528
Income/(Loss) before other revenues and expenses	95,468	(40,923)	57,628
Other revenues and expenses	22,017	39,602	33,414
Increase/(Decrease) in net assets	117,485	(1,321)	91,042
Net assets at beginning of year	2,309,115	2,310,436	2,219,394
Net assets at end of year	$2,426,600	$2,309,115	$2,310,436

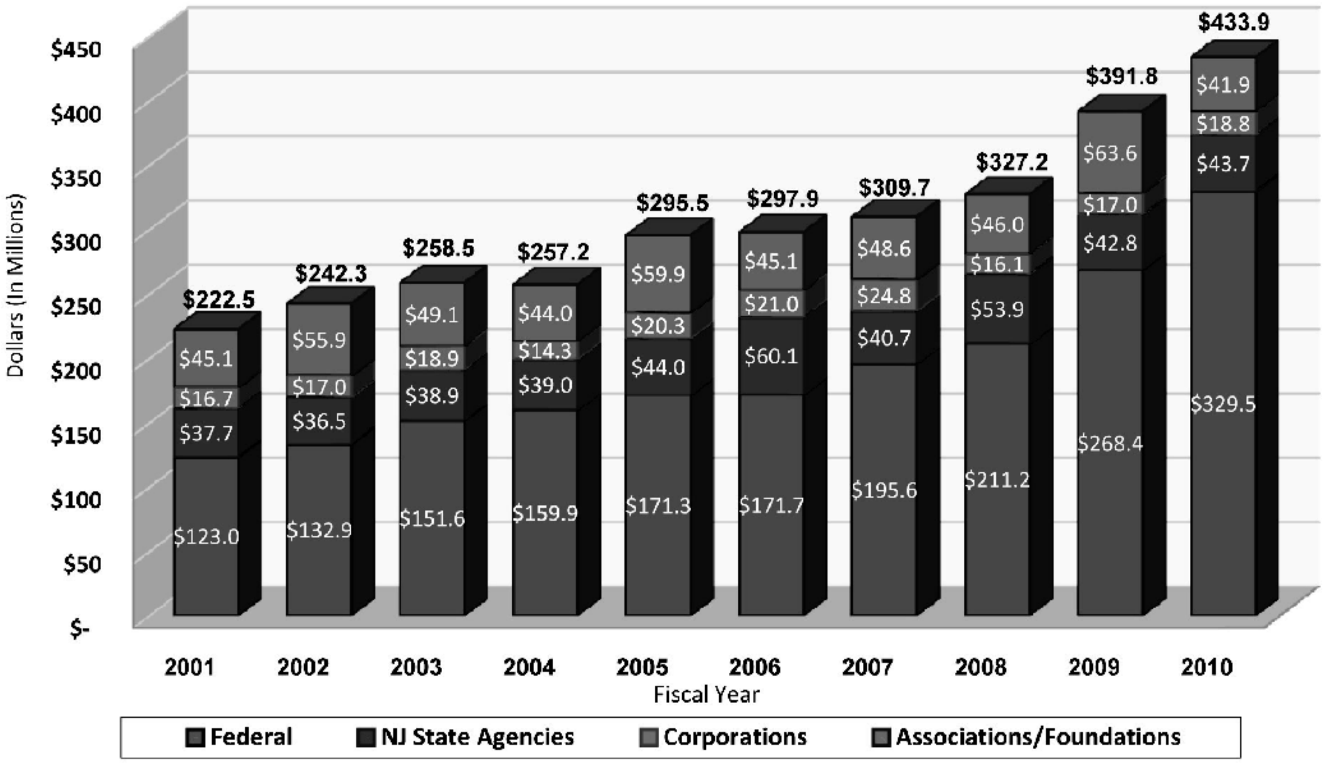
The university's net assets increased by $117.5 million in 2010. The $39.3 million increase in market value of the University's investments compared to the $98.6 million decrease in market value in 2009 accounts for this overall increase in net assets.

Operating revenues increased $40.6 million in 2010. 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 $182.1 million of a total $230.9 million of student aid directly to student accounts. The remaining $48.8 million was paid to students and is reflected as scholarships and fellowships expense. Scholarship allowances allocated to tuition and fees amounted to $148.0 million. Another $34.1 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased $24.2 million in 2010. The increase resulted primarily from an increase in tuition rates of 3.7% for undergraduates and graduate students, as well as an average increase of 6.3% in student fees. Also, full time enrollment increased by 5.6% while part time enrollment decreased by 0.5%. In 2009, tuition and fees net of scholarship allowances, increased $52.8 million. The increase in 2009 resulted from an 8.6% increase in tuition rates for undergraduates and graduate students, as well as an average increase of 6.3% in student fees. In 2009, full time enrollment also increased by 5.7% while part time enrollment decreased by 3.2%.

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 2010, grants and contracts increased $5.6 million. The following table summarizes the research awards received by the University over the last 10 years.

Research, Education and Public Service Grants
FY 2001-2010



In 2010, Federal grants for research increased $22.1 million. The university received several awards from NIH and NSF funded by the American Reinvestment and Recovery Act. Funds received for these awards in 2010 amounted to $9.6 million. In addition, the Department of Life Science – Genetics received increased funding for two of its programs totaling $7.1 million. In 2009, Federal grants for research increased $22.9 million.

In 2010, State support for research increased by $1.9 million. The Department of Transportation provided additional funding to the Transportation Safety Resource Center and the Rutgers Pavement Resource Center totaling $1.6 million. In 2009, State grants decreased by $1.0 million.

Finally, in 2010, nongovernmental grants and contracts decreased $18.4 million. The university received two large awards in 2009, $10.0 million for the New Jersey Institute for Food and $8.0 million for the Robert Wood Johnson Health Sciences that were not renewed in 2010. In 2009, nongovernmental grants increased $26.0 million primarily as a result of those two grants.

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 2010 by $7.4 million while expenditures increased by $3.7 million. Revenue from athletic events increased $6.4 million as a result of increased ticket sales due to the stadium expansion which added 11,500 end zone seats and also as a result of the hosting of an additional home game in 2010. Auxiliary revenues also increased as a result of an increase in housing and dining rates of 4.4%. In 2009, auxiliary revenues, net of scholarship allowances, increased by $14.4 million while expenditures increased by $12.8 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 4.9%.

Operating expenses increased $59.4 million in 2010 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 $24.0 million this year. Salary increases and increased fringe benefit costs on those salaries accounted for a total of $21.9 million. In 2009, these expenditures increased by $30.9 million. Salary increases and increased fringe benefit costs on those salaries accounted for a total of $24.4 million in 2009.

Expenditures for sponsored programs funded by grant and contract revenues increased by $15.2 million in 2010 primarily as a result of increased expenditures on federal awards. In 2009, these expenditures increased $32.4 million.

General Administration and Institutional expenditures increased $7.0 million in 2010. In 2009, there was an increase of $5.8 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 2010, these expenditures increased $2.6 million. These expenditures increased by $5.4 million in 2009.

Expenditures for operation and maintenance of plant decreased $1.6 million in 2010 as a result of savings in fuel and utilities. In 2009, these expenditures decreased $1.0 million.

Net Nonoperating revenues increased $155.2 million in 2010 and consist primarily of the following:

State appropriations, including fringe benefits paid directly by the State, decreased $6.1 million in 2010. The university's base appropriation was reduced by $17.4 million and there was no funding of salary increases in 2010 resulting in a total reduction of $29.9 million. This reduction was offset by $15.5 million of American Reinvestment and Recovery Act funds provided by the State. Fringe benefits paid directly by the state increased $8.3 million in 2010. In 2009, total State appropriations, including fringe benefits paid directly by the State, decreased $26.4 million. The appropriation by the State was reduced by $23.6 million as a result of budgetary constraints at the State. The reduction to the university's base appropriation and salary funding amounted to $22.9 million. The remaining reduction resulted from the elimination of other programs funded in 2008.

Governmental Student Aid increased $33.7 million in 2010. Federal Aid to students increased $22.0 million in 2010 primarily as a result of an increase of $620 in the amount of a Pell Grant award and an increase of 3,384 students receiving these awards. State Aid to students increased $11.7 million as a result of increases in the amount of the Tuition Aid Grant awarded with the maximum award increasing over $800 as well as awards to an additional 1,000 students in 2010.

Contributions decreased $7.2 million in 2010. Contributions have been impacted by the continuing difficult economic conditions this year. Contributions decreased $6.6 million in 2009.

Endowment and Investment Income decreased $0.8 million in 2010. This decrease resulted primarily from the decline in interest rates during 2010. Endowment and investment income decreased by $15.0 million in 2009.

Unrealized and realized gains (losses) on investments increased $137.9 million in 2010 as a result of slowly improving market conditions this year. The university received gains from some investment activity during the middle months of the fiscal year. Unrealized and realized gains on investments decreased $89.7 million in 2009.

Other revenues and expenses consist of grants and gifts received by the university for capital projects, as well as additions to permanent endowments. In 2010, this category decreased $17.6 million. This decrease primarily resulted from a decrease in capital grants and gifts received this year. This category increased in 2009 by $6.2 million.

Economic Factors that will affect the future

As a result of continuing economic issues faced by the State, the appropriation to the university for 2011 has been reduced by 9.8% or $28.4 million. The university has addressed this shortfall with tuition increases and cost reductions. Tuition and fees for 2011 were increased 4.0% for its state resident students and 6.0% for nonresident students. During these difficult financial times, the university continues to attract high quality students. In fact, enrollment continues to increase with a total of over 56,000 students enrolled for the fall 2010 semester.

The university also continues to diversify its resources with gifts, grants and investment income. The university foundation has launched a $1.0 billion campaign to help meet the university's most pressing academic and financial needs. Funds raised through this campaign will be used to support academic initiatives and student services. The campaign also has a goal of doubling the university's permanent endowment to ensure that permanent resources will be available to meet the needs of our students and faculty for the future. The foundation has already raised $472.0 million towards their goal.

The university also continues to maintain its high credit rating through these difficult economic times. This allows the university the ability to secure capital funds at competitive rates. This is critical since the university plans to issue new bonds in 2011 to finance several capital projects. These projects include housing, dining, academic, infrastructure and deferred maintenance. This with the other measures taken by the university enables Rutgers to maintain a high level of service to its students.

Rutgers, The State University of New Jersey

STATEMENTS OF NET ASSETS
June 30, 2010 and 2009
(dollars in thousands)

	2010	2009
ASSETS:		
Current Assets		
Cash and Cash Equivalents	$173,546	$100,132
Short-Term Investments	380,179	417,863
Accounts Receivable, net	90,632	83,902
Student Notes Receivable, net	8,435	8,254
Contributions Receivable, net	24,915	21,508
Inventories	4,314	4,467
Prepaid Expenses	12,039	11,754
Construction Costs Reimbursable	516	994
Total Current Assets	694,576	648,874
Noncurrent Assets		
Cash and Cash Equivalents	99,685	218,019
Long-Term Investments	715,374	631,219
Accounts Receivable, net	24,986	24,986
Student Notes Receivable, net	27,751	28,773
Contributions Receivable, net	24,818	30,629
Bond/Commercial Paper Issuance Costs, net	14,471	15,957
Capital Assets, net	1,873,145	1,781,594
Total Noncurrent Assets	2,780,230	2,731,177
TOTAL ASSETS	3,474,806	3,380,015
DEFERRED OUTFLOWS:		
Interest Rate Swaps	18,664	9,013
TOTAL DEFERRED OUTFLOWS	18,664	9,013
LIABILITIES:		
Current Liabilities		
Accounts Payable and Accrued Expenses	140,324	132,232
Deferred Revenue	59,417	56,122
Payroll Withholdings	8,699	8,234
Other Payables	1,919	1,729
Annuities Payable	894	912
Short-Term Liabilities	44,785	41,110
Long-Term Liabilities	38,857	37,134
Total Current Liabilities	294,895	277,473
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	17,194	17,899
Annuities Payable	5,133	5,269
Derivative Instruments	18,664	7,490
Long-Term Liabilities	730,984	770,295
Total Noncurrent Liabilities	771,975	800,953
TOTAL LIABILITIES	1,066,870	1,078,426
DEFERRED INFLOWS:		
Interest Rate Swaps	—	1,523
TOTAL DEFERRED INFLOWS	—	1,523

(Continued)

Rutgers, The State University of New Jersey

STATEMENTS OF NET ASSETS
June 30, 2010 and 2009
(dollars in thousands)

	2010	2009
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	1,115,390	1,069,426
Restricted for		
Nonexpendable		
Instruction	153,026	143,227
Scholarships and Fellowships	145,843	138,740
Libraries	7,083	6,704
Other	8,982	7,173
Expendable		
Instruction	161,388	151,049
Research	83,370	80,723
Scholarships and Fellowships	68,333	62,979
Libraries	10,125	9,641
Loans	38,398	38,516
Capital Projects	51,061	48,428
Debt Service Reserve	3,229	4,923
Renewal and Replacement Reserve	—	5,748
Other	10,851	12,161
Unrestricted	569,521	529,677
TOTAL NET ASSETS	$2,426,600	$2,309,115

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, 2010 and 2009
(dollars in thousands)

	2010	2009
OPERATING REVENUES		
Student Tuition and Fees (net of scholarship allowances of $148,046 in 2010 and $118,419 in 2009)	$549,293	$525,121
Federal Grants & Contracts	208,217	186,104
State & Municipal Grants & Contracts	49,461	47,576
Nongovernmental Grants & Contracts	61,791	80,170
Auxiliary Enterprises (net of scholarship allowances of $34,092 in 2010 and $28,313 in 2009)	229,169	221,770
Other Operating Revenues	68,431	65,036
Total Operating Revenues	1,166,362	1,125,777
OPERATING EXPENSES		
Educational and General		
Instruction	609,369	585,335
Sponsored Research	203,600	185,229
Other Separately Budgeted Research	69,561	72,090
Other Sponsored Programs	91,978	95,159
Extension and Public Service	38,135	37,497
Libraries	37,139	38,363
Student Services	70,041	62,960
Operations and Maintenance of Plant	147,375	148,996
General Administration and Institutional	112,756	105,797
Scholarships and Fellowships	48,798	46,208
Depreciation	92,709	89,135
Auxiliary Enterprises	214,376	210,664
Other Operating Expenses	1,548	550
Total Operating Expenses	1,737,385	1,677,983
Operating Loss	(571,023)	(552,206)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	290,877	305,252
State Paid Fringe Benefits	153,132	144,882
Federal Appropriations	8,469	7,079
Federal Student Aid	68,598	46,605
State Student Aid	88,583	76,895
Contributions	30,695	37,872
Endowment and Investment Income (net of investment management fees of $2,674 in 2010 and $1,588 in 2009)	22,550	23,367
Unrealized and Realized Gains (Losses) on Investments	39,274	(98,632)
Interest on Capital Asset Related Debt	(37,602)	(30,455)
Loss on Disposal of Capital Assets	(483)	(159)
Other Nonoperating Revenues (Expenses)	2,398	(1,423)
Net Nonoperating Revenues	666,491	511,283
Income (Loss) before Other Revenues and Expenses	95,468	(40,923)
Capital Appropriations	—	8
Capital Grants and Gifts	11,504	30,404
Additions to Permanent Endowments	10,513	9,190
Increase (Decrease) in Net Assets	117,485	(1,321)
Net Assets - Beginning of the Year	2,309,115	2,310,436
Net Assets - End of the Year	$2,426,600	$2,309,115

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2010 and 2009
(dollars in thousands)

	2010	2009
Cash Flows from Operating Activities		
Student Tuition and Fees	$628,437	$592,818
Research Grants and Contracts	343,313	349,123
Payments to Employees and for Benefits	(900,459)	(869,332)
Payments to Suppliers	(467,242)	(451,226)
Payments for Utilities	(75,740)	(80,677)
Payments for Scholarships and Fellowships	(104,202)	(98,273)
Collection of Loans to Students and Employees	5,135	5,323
Auxiliary Enterprises Receipts:		
Housing	103,896	109,151
Dining	59,115	57,773
Athletics	17,161	14,917
Parking	7,062	6,994
Other	18,438	18,098
Other Receipts	61,715	60,892
Net Cash Used by Operating Activities	(303,371)	(284,419)
Cash Flows from Noncapital Financing Activities		
State Appropriations	290,087	304,897
Federal Appropriations	9,448	5,078
Federal and State Student Aid	148,155	121,567
Contributions for other than Capital Purposes	28,886	18,883
Contributions for Endowment Purposes	11,512	7,773
Net Cash Provided by Noncapital Financing Activities	488,088	458,198
Cash Flows from Financing Activities		
Proceeds from Capital Debt and Leases	4,425	330,071
Capital Appropriations	—	8
Capital Grants and Gifts Received	11,374	29,887
Purchases of Capital Assets and Construction in Progress	(189,000)	(207,198)
Principal Paid on Capital Debt and Leases	(35,745)	(130,046)
Interest Paid on Capital Debt and Leases	(38,667)	(29,569)
Debt Defeasance	—	(45,776)
Bond Issuance Costs	—	(2,424)
Other Receipts	6,620	308
Net Cash Used by Financing Activities	(240,993)	(54,739)
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	3,948,250	3,154,685
Investment Income	17,626	18,945
Purchase of Investments	(3,954,520)	(3,198,050)
Net Cash Provided/(Used) by Investing Activities	11,356	(24,420)
Net (Decrease) Increase in Cash and Cash Equivalents	(44,920)	94,620
Cash and Cash Equivalents - Beginning of the year	318,151	223,531
Cash and Cash Equivalents - End of the year	$273,231	$318,151

(Continued)

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2010 and 2009

(dollars in thousands)

	2010	2009
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	($571,023)	($552,206)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
State Paid Fringe Benefits	153,132	144,882
Depreciation	92,709	89,135
Payment in Lieu of Taxes	700	700
Adjustment of Actuarial Liability for Annuities Payable	(401)	(973)
Changes in Assets and Liabilities:		
Receivables, net	(111)	13,337
Inventories	153	375
Prepaid Expenses	621	(1,652)
Accounts Payable and Accrued Expenses	16,867	16,780
Deferred Revenue	3,321	3,503
Payroll Withholdings	465	1,361
Other Payables	196	339
Net Cash Used by Operating Activities	($303,371)	($284,419)

See accompanying notes to the financial statements.

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.

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 cash equivalents and investments. The market value of such funds aggregated approximately $52.5 million at June 30, 2010 ($49.3 million in 2009). Income derived from such irrevocable trust funds held by others, aggregating approximately $2.3 million in 2010 ($2.5 million in 2009), 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 5.5 million (5.3 million in 2009) 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.

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 nonoperating 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, 2010, the university disbursed $262.5 million ($217.6 million in 2009) 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. The current economic environment increases the uncertainty of those estimates.

Recently Adopted Accounting Standards

The university adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as of July 1, 2009, which provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions (see **Note 10**).

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The university's cash and cash equivalents balance at June 30, 2010 includes a cash book balance of $6.6 million ($8.8 million in 2009). The actual amount of cash on deposit in the university's bank accounts at June 30, 2010 was $22.6 million ($24.7 million in 2009). Of this amount, $0.9 million ($0.9 million in 2009) was insured by the Federal Deposit Insurance Corporation at June 30, 2010. At June 30, 2010, $21.7 million ($23.8 million in 2009) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, and no cash was uninsured and uncollateralized at June 30, 2010 and 2009.

Rutgers University Foundation's cash and cash equivalents include 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. The foundation's cash and cash equivalents balance at June 30, 2010 includes a cash book balance of $21.9 million ($6.2 million in 2009). The actual amount of cash on deposit in the foundation's bank accounts at June 30, 2010 was $26.4 million ($12.3 million in 2009). Of this amount, $0.5 million ($0.2 million in 2009) was insured by the Federal Deposit Insurance Corporation at June 30, 2010. Cash and cash equivalents in excess of those balances, $25.9 million in 2010 ($12.1 million in 2009), are uncollateralized.

The university and foundation's cash and cash equivalents are carried in the financial statements at fair value and consist of the following at June 30, 2010 and 2009 (dollars in thousands):

	2010	2009
Money Market Funds	$211,820	$249,158
Repurchase Agreements	57,494	39,877
Cash and Deposits	3,917	29,116
Total Cash and Cash Equivalents	$ 273,231	$318,151

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 the Joint Committee on Investments, exercise authority over the investment of the university's Long-Term Investment Pool. Professional investment managers manage the investment of funds in accordance with the Investment Policy as established by the Joint Committee on Investments, approved by the Board of Governors with the consent of the Board of Trustees. Additionally, a professional investment consultant monitors and reports on the Long-Term Investment Pool and the individual investment managers. 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 Long-Term Investment Pool is to preserve and enhance the Long-Term Investment Pool's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the Long-Term Investment Pool is to attain an average annual total return of at least 4.5%, net of inflation, fees, and costs. The university's annual spending policy is to spend an amount not to exceed 4.5% of a trailing 13-quarter average of the Long-Term Investment Pool's market values. Current earned income will be used for ongoing spending requirements.

The university's investments are carried in the financial statements at fair value and consist of the following at June 30, 2010 and 2009 (dollars in thousands):

	2010	2009
Commercial Paper	$239,315	$128,315
U.S. Government Treasury Securities	122,185	301,129
U.S. Government Agency Securities	110,820	90,556
Commodities	32,592	28,274
U.S. Corporate Equities	268,104	227,089
Foreign Corporate Equities	91,749	91,937
Real Estate	23,815	18,231
Corporate Bonds	60,235	46,828
Municipal Bonds	17,165	
Bonds – Other Holdings	86,873	70,126
Other Investments	3,608	4,722
Total Investments	$1,056,461	$1,007,207

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 principal. 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 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 at June 30, 2010 and 2009 (dollars in thousands):

	2010	2009
U.S. Government Treasury Securities	$2,589	$1,923
U.S. Government Agency Securities	7,429	8,830
Corporate Bonds	2,833	2,352
Municipal Bonds	139	18
Mortgage-backed Securities	17,611	22,391
Asset-backed Securities	860	335
Preferred Stock	227	187
Common Stock	2,615	2,080
Foreign Corporate Debt Securities	125	16
Real Estate	3,767	3,019
Other Investments	897	724
Total Investments	$39,092	$41,875

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 at June 30, 2010 and 2009 (dollars in thousands):

	2010				
		Investment Maturities (in years)			
Investment Type	Market Value	Less Than 1	1-5	6-10	More Than 10
Commercial Paper	$239,315	$239,315			
U.S. Government Treasury Securities	122,185	58,385	$61,534		$2,266
U.S. Government Agency Securities	110,820	28,903	81,768	$10	139
Corporate Bonds	60,235	25,039	35,196		
Municipal Bonds	17,165	17,165			
Total	549,720	$368,807	$178,498	$10	$2,405
U.S. Corporate Equities	268,104				
Foreign Corporate Equities	91,749				
Bonds – Other Holdings	86,873				
Commodities	32,592				
Real Estate	23,815				
Other Investments	3,608				
Total	$1,056,461				

	2009				
		Investment Maturities (in years)			
Investment Type	**Market Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Commercial Paper	$128,315	$126,817	$1,498		
U.S. Government Treasury Securities	301,129	253,382	47,747		
U.S. Government Agency Securities	90,556	34,625	55,746	$11	$174
Corporate Bonds	46,828	278	46,398	152	
Total	566,828	$415,102	$151,389	$163	$174
U.S. Corporate Equities	227,089				
Foreign Corporate Equities	91,937				
Commodities	28,274				
Real Estate	18,231				
Bonds – Other Holdings	70,126				
Other Investments	4,722				
Total	$1,007,207				

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 at June 30, 2010 and 2009 (dollars in thousands):

	2010				
		Investment Maturities (in years)			
Investment Type	**Market Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U.S. Government Treasury Securities	$2,589		$1,715	$657	$217
U.S. Government Agency Securities	7,429		7,429		
Corporate Bonds	2,833	$30	1,714	1,017	72
Municipal Bonds	139		35	25	79
Mortgage-backed Securities	17,611			1,195	16,416
Asset-backed Securities	860		125	735	
Foreign Corporate Debt Securities	125	5	67	52	1
Preferred Stock	227	41	94		92
Total	31,813	$76	$11,179	$3,681	$16,877
Common Stock	2,615				
Real Estate	3,767				
Other Investments	897				
Total	$39,092				

	2009				
		Investment Maturities (in years)			
Investment Type	**Market Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U.S. Government Treasury Securities	$1,923	$152	$999	$565	$207
U.S. Government Agency Securities	8,830	15	8,658		157
Corporate Bonds	2,352	409	762	948	233
Municipal Bonds	18				18
Mortgage-backed Securities	22,391	45		1,780	20,566
Asset-backed Securities	335		335		
Foreign Corporate Debt Securities	16		14	2	
Preferred Stock	187	48	57		82
Total	36,052	$669	$10,825	$3,295	$21,263
Common Stock	2,080				
Real Estate	3,019				
Other Investments	724				
Total	$41,875				

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, 2010 and 2009, the university's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2010	2009
U.S. Government Treasury and Agency Securities	AAA	$233,005	$391,685
Corporate Bonds	AAA	59,855	46,193
Corporate Bonds	AA+	77	75
Corporate Bonds	AA		227
Corporate Bonds	A	201	182
Corporate Bonds	BBB+	102	151
Municipal Bonds	A-1+	9,915	
Municipal Bonds	A-1	2,400	
Municipal Bonds	N/R	4,850	
Commercial Paper	AAA		35,325
Commercial Paper	A-1+	140,562	65,996
Commercial Paper	A-1	98,753	26,994
Total		$549,720	$566,828

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 lower 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, 2010 and 2009, the foundation's investment quality ratings, at fair value, as rated by S&P were as follows (dollars in thousands):

Investment Type	Quality Rating	2010	2009
U.S. Government Treasury and Agency Securities	AAA	$10,018	$10,753
Mortgage-backed Securities	AAA	17,611	22,391
Corporate Bonds	AAA		61
Corporate Bonds	AA		92
Corporate Bonds	A	1,704	998
Corporate Bonds	AA+	69	72
Corporate Bonds	A+	178	359
Corporate Bonds	A-	270	287
Corporate Bonds	AA-	126	
Corporate Bonds	BBB+	186	241
Corporate Bonds	BBB	190	242
Corporate Bonds	BBB-	48	
Corporate Bonds	CCC	62	
Municipal Bonds	A		18
Municipal Bonds	AA+	25	
Municipal Bonds	A+	35	
Municipal Bonds	A-	79	
Asset-backed Securities	AAA	193	272
Asset-backed Securities	A+		63
Asset-backed Securities	AA-	667	
Foreign Debt Securities	A	15	
Foreign Debt Securities	A+	20	
Foreign Debt Securities	A-	37	16
Foreign Debt Securities	AA-	52	
Foreign Debt Securities	BBB+	1	
Preferred Stock	A	34	
Preferred Stock	A-	101	39
Preferred Stock	BBB	21	100
Preferred Stock	BB	67	48
Preferred Stock	B	4	
Total		$31,813	$36,052

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, 2010 and 2009, the university had $344.4 and $301.9 million, respectively, of investments that were uninsured or unregistered but not in the university's name.

As of June 30, 2010 and 2009, 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 in the Long-Term Investment Pool. 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, 2010, the pooled cash, receivables and investments had a total market value of $481.6 million ($430.7 million in 2009). In addition, the aggregate market value of endowment funds, cash, receivables and investments separately invested was $60.2 million at June 30, 2010 ($65.1 million in 2009). The investment appreciation was $13.6 million at June 30, 2010 (depreciation of $25.9 million in 2009). 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 principal, 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 $169.5 million to 35 non-marketable alternative asset partnerships at June 30, 2010 ($147.7 million to 28 non-marketable alternative asset partnerships in 2009). As of June 30, 2010, the university has $102.7 million of paid-in capital to these partnerships ($87.9 million in 2009) and $67.8 million in unfunded commitments ($59.9 million in 2009).

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, 2010 and 2009 (dollars in thousands):

	Accounts Receivable	Allowance	Net 2010	Net 2009
Government Grants Receivable and Other Sponsored Programs	$53,590	$500	$53,090	$53,196
One Washington Park	24,986		24,986	24,986
Student Accounts Receivable	8,849	3,006	5,843	4,657
Interest Receivable	7,499		7,499	3,480
Federal and State Governments	4,986		4,986	7,535
Other	20,110	896	19,214	15,034
Total	$120,020	$4,402	$115,618	$108,888

Students' notes receivable in the statements of net assets are also shown net of the allowance for doubtful notes which amounted to $3.8 million at June 30, 2010 ($3.8 million in 2009).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2010 and 2009, 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, 2010 and 2009 (dollars in thousands):

Year Ending June 30:	2010	2009
Within one year	$25,349	$22,139
Two to five years	24,828	31,007
	50,177	53,146
Less allowance for uncollectible contributions	(444)	(1,009)
Total Contributions Receivable	$49,733	$52,137

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 $19.7 million at June 30, 2010 ($20.2 million in 2009) 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, 2010 and 2009 is as follows (dollars in thousands):

	Balance 2009	Additions	Retirements/ Capitalization	Balance 2010
Capital Assets Not Being Depreciated:				
Land	$58,185	$1,251		$59,436
Capitalized Art Collections	57,806	201		58,007
Construction in Progress	208,665	120,148	$181,282	147,531
Total	324,656	121,600	181,282	264,974
Capital Assets Being Depreciated:				
Land Improvements	241,248	15,284		256,532
Buildings	1,969,469	192,736		2,162,205
Equipment	419,225	36,405	20,620	435,010
Total	2,629,942	244,425	20,620	2,853,747
Less Accumulated Depreciation:				
Land Improvements	156,452	18,490		174,942
Buildings	703,997	48,892		752,889
Equipment	312,555	25,327	20,137	317,745
Total	1,173,004	92,709	20,137	1,245,576
Net Capital Assets Being Depreciated	1,456,938	151,716	483	1,608,171
Total Capital Assets, net	$1,781,594	$273,316	$181,765	$1,873,145

During 2010, the university has net capitalized interest expense of $2.0 million (capitalized interest expense of $2.1 million and $0.1 million of interest income) in construction in progress in the accompanying statements of net assets.

	Balance 2008	Additions	Retirements/ Capitalization	Balance 2009
Capital Assets Not Being Depreciated:				
Land	$53,427	$4,758		$58,185
Capitalized Art Collections	57,116	690		57,806
Construction in Progress	86,568	165,612	$43,515	208,665
Total	197,111	171,060	43,515	324,656
Capital Assets Being Depreciated:				
Land Improvements	221,518	19,730		241,248
Buildings	1,927,056	43,793	1,380	1,969,469
Equipment	404,116	27,205	12,096	419,225
Total	2,552,690	90,728	13,476	2,629,942
Less Accumulated Depreciation:				
Land Improvements	138,799	17,653		156,452
Buildings	656,422	47,744	169	703,997
Equipment	299,675	23,738	10,858	312,555
Total	1,094,896	89,135	11,027	1,173,004
Net Capital Assets Being Depreciated	1,457,794	1,593	2,449	1,456,938
Total Capital Assets, net	$1,654,905	$172,653	$45,964	$1,781,594

During 2009, the university has net capitalized interest expense of $2.8 million (capitalized interest expense of $3.6 million and $0.8 million of interest income) 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, 2010 and 2009 (dollars in thousands):

	2010	2009
Compensated Absences	$52,277	$45,044
Vendors	47,972	49,917
Accrued Salaries and Benefits	26,843	21,506
Workers Compensation	12,897	10,957
Retainage	3,679	10,643
Interest Payable	6,624	4,110
Other Accrued Expenses	7,226	7,954
Total Accounts Payable and Accrued Expenses	$157,518	$150,131

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the years ended June 30, 2010 and 2009 is as follows (dollars in thousands):

	Balance 2009	Additions	Reductions	Balance 2010	Current Portion
Accounts Payable and Accrued Expenses	$150,131	$17,024	$9,637	$157,518	$140,324
Annuities Payable	6,181		154	6,027	894
Derivative Instruments	7,490	11,174		18,664	
Long-Term Liabilities	807,429	378	37,966	769,841	38,857
Total Noncurrent Liabilities	$971,231	$28,576	$47,757	$952,050	$180,075

	Balance 2008	Additions	Reductions	Balance 2009	Current Portion
Accounts Payable and Accrued Expenses	$122,676	$28,372	$917	$150,131	$132,232
Annuities Payable	7,153		972	6,181	912
Derivative Instruments		7,490		7,490	
Long-Term Liabilities	560,848	324,410	77,829	807,429	37,134
Total Noncurrent Liabilities	$690,677	$360,272	$79,718	$971,231	$170,278

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 was to 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 principal and interest, the full faith and credit of the university are pledged. Principal 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 principal 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 principal, 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 principal 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, 2007, 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 principal amount of $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. On March 18, 2009, the university issued additional taxable Series C General Obligation Commercial Paper in the amount of $8.2 million. These issuances were 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.

During fiscal year 2009, the university redeemed General Obligation Commercial Paper Series A and C for $0.2 million and $0.1 million, respectively, using university funds. In addition, as part of the issuance of General Obligation Bonds, 2009 Series F and 2009 Series G, the university also redeemed $80.2 million and $19.6 million of General Obligation Commercial Paper Series A and B, respectively.

During fiscal year 2010, the university issued and redeemed General Obligation Commercial Paper Series C for $4.4 million and $0.7 million, respectively, using university funds.

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2010 and 2009 is as follows (dollars in thousands):

	Balance 2009	Additions	Retirements	Balance 2010	Current Portion
General Obligation Bonds Payable	$641,268	$33	$28,650	$612,651	$30,553
Revenue Bonds Payable	920		920		
Lease Obligations	124,467	345	8,274	116,538	8,176
Notes Payable	1,831		122	1,709	128
Loans Payable	38,943			38,943	
Total Long-Term Liabilities	$807,429	$378	$37,966	$769,841	$38,857

	Balance 2008	Additions	Retirements	Balance 2009	Current Portion
General Obligation Bonds Payable	$364,805	$322,139	$45,676	$641,268	$28,618
Revenue Bonds Payable	24,494	116	23,690	920	120
Lease Obligations	130,656	2,155	8,344	124,467	8,273
Notes Payable	1,950		119	1,831	123
Loans Payable	38,943			38,943	
Total Long-Term Liabilities	$560,848	$324,410	$77,829	$807,429	$37,134

OTHER OBLIGATIONS OF THE UNIVERSITY

Notes Payable

Notes payable at June 30, 2010 and 2009 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 had an unsecured $20.0 million line of credit with a bank to be used for interim financing requirements for construction projects. This line of credit expired as of July 31, 2009.

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, 2010, the outstanding amount due on the loans was $0.6 million ($0.6 million in 2009).

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.

At June 30, 2010 and 2009, the outstanding balance of the NJCC CDE I and II loans remained at $38.9 million and $36.3 million, respectively.

Bonds Payable – General Obligation and Revenue

A summary of bonds issued and outstanding at June 30, 2010 and 2009 is as follows (dollars in thousands):

	Date of Series	Original Amount	Outstanding June 30, 2010	2009
Revenue Bonds:				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	$1,200		$330
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350		590
Total Revenue Bonds		3,550		920
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2013	Feb. 1, 1992	94,370	$14,580	18,850
2002 Series A, variable-rate, due serially to May 1, 2018	Feb. 1, 2002	110,000	65,300	69,100
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	56,880	65,100
Total General Obligation Refunding Bonds		315,690	136,760	153,050
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	16,165	16,165
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	43,465	44,480
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	15,255	16,735
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	80,700	82,620
2009 Series F, varying interest, due serially to May 1, 2031 and term bonds due May 1, 2039	Feb.10, 2009	233,105	227,510	233,105
2009 Series G, variable-rate, due serially to May 1, 2039	Apr. 29, 2009	80,000	78,580	80,000
Total General Obligation Bonds		524,635	461,675	473,105
Total Bonds		$843,875	$598,435	$627,075

The General Obligation Bonds Payable includes premium on bonds, net of bond discounts, of $14.2 million at June 30, 2010 ($15.1 million in 2009, premium on bonds, net of bond discounts) related to Series 1992 A, Series 1998 A, Series 2002 B, Series 2003 C, Series 2003 D, Series 2004 E, and Series 2009 F.

Revenue Bonds

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.

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 principal 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 2010, $0.3 million ($0.3 million in 2009) has been expensed leaving $2.5 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.

The General Obligation Bonds, 2009 Series F, were issued in the Amount of $233.1 million of February 10, 2009. The bonds were issued under the terms of 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 Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), and a Sixth supplemental Indenture of Trust, dated as of February 1, 2009, by and between the university and the Trustee (the sixth supplemental Indenture, and together with the Master Indenture, the Indenture). The 2009 Series F Bonds were issued for (i) the refinancing of Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the university, (iii) the refunding of certain outstanding bonds of the university, and (iv) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of the bonds.

The General Obligation Bonds, 2009 Series G, were issued in the amount of $80.0 million on April 29, 2009. The bonds are secured under the provisions of 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, 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 Statues Annotated (the Act), and the Indenture. The 2009 Series G Bonds were issued 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 these bonds.

All bonds bear interest at fixed-rates with the exception of 2002 Series A and 2009 Series G, which bear interest at a variable-rate. With the intention of lowering its effective interest rate related to 2002 Series A and Series 2009 G, the university entered into swap agreement with JP Morgan Chase, Merrill Lynch, and Bank of New York. (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 SIFMA/LIBOR 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 fiscal years 2010 and 2009:

	Terms	2010	Terms	2009
Interest rate swap				
Fixed payment to counterparty	Fixed	3.96%	Fixed	3.96%
Variable payment from counterparty	SIFMA	-0.29%	SIFMA,BMA	-0.36%
Net interest rate swap payments		3.67%		3.60%
Variable rate bond coupon payments		0.10%		0.15%
Synthetic interest rate		3.77%		3.75%

The following is the synthetic rate, related to the 2009 Series G Bonds, at the end of fiscal year 2010:

	Terms	Merrill Lynch	Terms	Bank of New York
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	-0.54%	SIFMA	-0.29%
Net interest rate swap payments		3.54%		3.53%
Variable rate bond coupon payments		0.10%		0.10%
Synthetic interest rate		3.64%		3.63%

The following is the synthetic rate, related to the 2009 Series G Bonds, at the end of fiscal year 2009:

	Terms	Merrill Lynch	Terms	Bank of New York
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	-0.67%	SIFMA	-0.36%
Net interest rate swap payments		3.41%		3.46%
Variable rate bond coupon payments		0.25%		0.25%
Synthetic interest rate		3.66%		3.71%

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
2011	$24,260	$21,482	$5,395	$144	$5,176	$56,457
2012	23,620	20,412	5,655	139	4,980	54,806
2013	24,840	19,222	5,815	133	4,775	54,785
2014	19,305	18,140	11,580	127	4,564	53,716
2015	19,455	17,226	11,945	115	4,141	52,882
2016-2020	80,640	74,177	42,780	400	14,257	212,254
2021-2025	64,870	58,127	11,870	281	9,934	145,082
2026-2030	77,705	41,263	14,410	217	7,664	141,259
2031-2035	75,785	21,842	17,595	138	4,898	120,258
2036-2040	44,075	5,644	16,835	43	1,520	68,117
Total	$454,555	$297,535	$143,880	$1,737	$61,909	$959,616

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

EXTINGUISHMENT OF DEBT

As of June 30, 2010, the university had extinguished $0.9 million of the Revenue Bonds, 1967 Series E and F, using university funds.

As of June 30, 2009, the university had extinguished $23.6 million of the Revenue Bonds, 1997 Series U, and $23.8 million of the General Obligation Bonds, Series 1998A, with a portion of the proceeds of the 2009 Series F Bonds. As of June 30, 2009, the university had outstanding $16.2 million of General Obligation Bonds, Series 1998A, dated November 1, 1998.

CAPITALIZED LEASE OBLIGATIONS

Facilities Authority

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, 2010, the university had a capital lease obligation of $44.3 million ($46.5 million in 2009).

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, 2010, the university had a capital lease obligation of $12.4 million ($14.5 million in 2009).

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, 2010, this liability was $33.4 million ($35.2 million in 2009). 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, 2010, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to $5.9 million ($6.2 million in 2009). 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 principal 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, 2010, the university had a capital lease obligation of $28.3 million ($28.8 million in 2009).

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2010 are as follows (dollars in thousands):

Year	Facilities Authority HECIP	Facilities Authority DSTF (2001A)	Facilities Authority DSTF (2001B)	Housing Authority	Hospital Sublease	Certificates of Participation	Total
2011	$4,455	$2,040	$33	$3,666	($653)	$1,863	$11,404
2012	4,455	2,040	33	3,665	(652)	1,858	11,399
2013	4,457	2,039	32	3,660	(652)	1,860	11,396
2014	4,462	2,040	32	3,664	(652)	1,860	11,406
2015	4,458	2,040	33	3,669	(653)	1,864	11,411
2016-2020	22,278	2,040	32	18,322	(3,261)	9,290	48,701
2021-2025	16,574			10,991	(1,959)	9,268	34,874
2026-2030						9,239	9,239
2031-2035						9,196	9,196
2036-2040						5,496	5,496
Total Lease Payments	61,139	12,239	195	47,637	(8,482)	51,794	164,522
Less Amount Representing Interest	16,833			14,266	(2,554)	23,454	51,999
Present Value of Lease Payments	$44,306	$12,239	$195	$33,371	($5,928)	$28,340	$112,523

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, 2010, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately $3.3 million ($4.9 million in 2009). 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 reported at fair value on the Statements of Net Assets.

Objective of the swaps:
The university has entered into four separate pay-fixed, receive-variable interest rate swaps in order to protect against adverse changes in cash flows caused by variable prices, costs, rates, or terms that cause future prices to be uncertain.

For the years ended June 30, 2010 and 2009, the university had the following derivative instruments outstanding (dollars in thousands):

Derivative Instrument	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
JP Morgan & Co.	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2002 Series A	$65,300	2/4/2002	5/1/2018	Pay 3.96%; receive SIFMA swap index	($7,115)
Merrill Lynch	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A,C and GOB 2009 Series G	100,000	5/1/2008	11/1/2038	Pay 4.08%; receive 100% USD-LIBOR-BBA (3 mo)	(7,152)
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2009 Series G	20,430	5/1/2007	5/1/2027	Pay 3.82%; receive SIFMA swap index	(2,052)
UBS	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series C	13,500	5/1/2007	11/1/2017	Pay 5.13%; receive 100% USD-LIBOR-BBA (1 mo)	(2,345)
Total			$199,230				($18,664)

Derivative Instrument	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
JP Morgan & Co.	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2002 Series A	$69,100	2/4/2002	5/1/2018	Pay 3.96%; receive SIFMA swap index	($6,141)
Merrill Lynch	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A,C and GOB 2009 Series G	100,000	5/1/2008	11/1/2038	Pay 4.08%; receive SIFMA/100% USD-LIBOR-BBA (3 mo)	1,523
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2009 Series G	21,115	5/1/2007	5/1/2027	Pay 3.82%; receive SIFMA swap index	(1,188)
UBS	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series C	13,500	5/1/2007	11/1/2017	Pay 5.13%; receive 100% USD-LIBOR-BBA (1 mo)	(1,684)
Total			$203,715				($7,490)

The JP Morgan & Co. swap has an optional termination provision in which they will have the right, but not the obligation to terminate the swap transaction in whole on each day that the daily weighted average of the Municipal Swap Index for any immediately preceding rolling consecutive 180 day period within the exercise period is more than 7.0% per annum. The exercise period began on November 1, 2004 and is up to, but excluding, the termination date of May 1, 2018. The date on which JP Morgan exercises its right to terminate the transaction is defined as the optional termination date. If JP Morgan exercises its right to terminate the transaction, the counterparty shall pay two business days after the optional termination date the fixed amount for the period from and including the last fixed rate payer payment date to but excluding the optional termination date, and JP Morgan will pay two business days after the optional termination date the floating amount for the period from and including the last floating rate payer payment date to but excluding the optional termination date. Upon payment and receipt of these amounts, neither party shall have any further payment obligations related to this transaction.

The fair value of the JP Morgan swap will not require collateralization unless JP Morgan is downgraded by Moody's and S&P below a B category rating. The collateral shall consist of direct obligation of or ones which are guaranteed by the United States of America with a market value at least equal to 102 percent of the market value of the swap. The university has not put up collateral, because the JP Morgan credit rating has not dropped below a B category rating.

Fair Value:
As of June 30, 2010, the swaps had a total negative fair value of $18.7 million (negative fair value of $7.5 million in 2009). The fair value was provided by the counterparties and derived from proprietary models based on estimates about relevant future market conditions.

Credit Risk:
As of June 30, 2010 and 2009, 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. The credit ratings for each of the counterparties are as follows:

Derivative Instrument	2010 Counterparty Credit Rating	2009 Counterparty Credit Rating
JP Morgan & Co.	AA-	A+
Merrill Lynch	AAA	A
Bank of New York	AA	AA-
UBS	A+	A+

Basis Risk:
The pay-fixed receive-variable swaps expose the university to basis risk should the rates resulting from the Securities Industry and Financial Markets Association Index (SIFMA), formerly BMA Municipal Swap Index, for the GOB 2002 Series A and the GOB Series 2009 G swaps, 100% of USD-LIBOR-BBA (1 month and 3 month) for GOB Series 2009 G, GOCP Series A and C swaps 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, 2010, 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 $702.1 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	Total Project Funding		
	Received at June 30, 2010	Additional Funding Required at June 30, 2010	Estimated Total Cost
Borrowing	$113,046	$454,835	$567,881
State Bond Issues and Capital Appropriations	18,335		18,335
Gifts and Other Sources	95,206	20,651	115,857
Total	$226,587	$475,486	$702,073

The university leases certain space used in general operations. Rental expense was approximately $4.4 million in 2010 ($4.1 million in 2009). The leases are non cancelable and have been classified as operating leases which are expected to expire through 2034. Minimum annual rental commitments approximate the following (dollars in thousands):

Year	Amount
2011	$3,868
2012	2,841
2013	2,050
2014	1,571
2015	1,010
2016-2020	315
2021-2025	296
2026-2030	241
Total	$12,192

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 2010 aggregated $43.2 million ($42.5 million in 2009) of which $7.3 million ($12.1 million in 2009) 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, 2010 was $168.2 million ($170.8 million in 2009).

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 enrolled in PERS prior to November 2, 2008, are eligible for retirement at age 60 with no minimum years of service required. Members enrolled in PERS on or after November 2, 2008, are eligible for retirement at age 62 with no minimum years of service required. Members enrolled in PERS prior to July 1, 2007, who have 25 years or more of credited service may also select early retirement without penalty at age 55 and receive full retirement benefits. Members enrolled in PERS on or after July 1, 2007, may select early retirement with an allowance reduction for each month prior to the normal retirement age as specified by the NJ Division of Pensions and Benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Members enrolled in PERS after May 21, 2010, must work 35 hours or more per week. An employee is eligible for PERS membership based upon only one position and requires the retirement system to designate the position providing the higher or highest compensation for the member from among any concurrently held positions. This positions will be used as the basis for eligibility for membership, service credit, the compensation base for pension contributions, and for other pension calculations. The formula and definition of compensation to be used to calculate service, early and deferred retirement for these members changes as well. The formula for service, early and deferred retirement will be calculated as years of service, divided by 60, times the final average salary. Final average salary means the average annual compensation for the last five years of service, or any five fiscal years of membership that provide the largest possible benefit to the member or the member's beneficiary. This definition will also be used to calculate survivor pension benefits and death benefit payments, when available, to beneficiaries. The PERS members are eligible for retirement at age 62 with no minimum years of service required.

Contributions — Covered university employees were required by PERS to contribute 5.5% of their annual compensation during fiscal years 2010 and 2009. 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, 2010 was $528.4 million ($507.1 million in 2009).

Faculty, part-time lecturers, 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 2010. 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 Rutgers University 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.

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 implemented Government Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for the fiscal year ended 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 benefits plan liability is 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, and paid leave bank days) 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 $38.8 million at June 30, 2010 ($37.8 million in 2009). 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 $7.4 million at June 30, 2010 ($7.2 million in 2009) which is included in accounts payable and accrued expenses in the accompanying statements of net assets.

The university also recorded a liability for paid leave bank days in the amount of $6.1 million at June 30, 2010, which is included in accounts payable and accrued expenses in the accompanying statement of net assets. Employees may begin using these days on July 1. 2010, and continue for the duration of employment with the university. Once these days are exhausted, the employee will not be eligible for any additional days.

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 14.8% 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 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, 2010 for these items is $12.9 million ($11.0 million in 2009). The reserve balance recorded at June 30, 2010 is $15.0 million ($13.8 million in 2009). 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 the 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 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).

The transaction, which occurred during the fiscal year 2009 related to the NMTC program, involved the university's purchase of property designated as Unit No. B-1B of One Washington Park Condominium for $22.0 million from the QALICB.

NOTE 17 – SUBSEQUENT EVENT

In November 2010, the university will issue General Obligation Bonds, 2010 Series H (Federally Taxable – Build America Bonds), in the aggregate amount of $391.4 million, General Obligation Bonds, 2010 Series I (Tax-Exempt), in the aggregate amount of $108.6 million, and General Obligation Bonds, 2010 Series J (Federally Taxable) in the amount of $8.4 million. Collectively, they will be known as the 2010 Series Bonds.

The 2010 Series Bonds are being issued to (i) finance and/or refinance a portion of the construction of various capital projects of the university, (ii) provide for the refinancing of (a) certain outstanding commercial paper of the university and (b) the current and/or advance refunding of all or a portion of certain outstanding bonds of the university, (iii) finance the termination fee with respect to an interest rate swap agreement in connection with certain outstanding bonds, and (iv) finance costs of issuance with respect to the 2010 capital projects.

Rutgers, The State University of New Jersey

University Administrative Officers

Richard L. McCormick, Ph.D.
President

Philip Furmanski, Ph.D.
Executive Vice President for Academic Affairs

Jonathan R. Alger, J.D.
Senior Vice President and General Counsel

Bruce C. Fehn, B.S., C.P.A.
Senior Vice President for Finance and Administration

Gregory S. Blimling, Ph.D.
Vice President for Student Affairs

Raphael J. Caprio, Ph.D.
Vice President for Continuing Studies

Steven J. Diner, Ph.D.
Chancellor, Newark

Leslie A. Fehrenbach, B.S.
Secretary of the University

Carol P. Herring, B.A.
President of the Rutgers University Foundation and
Executive Vice President for Development and Alumni Relations

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Vice President for University Relations

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Tim Pernetti, M.C.I.S.
Director of Intercollegiate Athletics

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Nancy S. Winterbauer, Ed.D.,
Vice President for University Budgeting

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

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APPENDIX C

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

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

The statements made herein concerning the Master Indenture and the Eighth Supplemental Indenture are summaries and do not purport to be complete. Such statements use certain terms defined in the Master Indenture and the Eighth Supplemental Indenture and are qualified in their entirety by reference to the detailed provisions of the Master Indenture and the Eighth 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 Eighth 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, 2010), 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 November 3, 2010 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, 2010 Series H (Federally Taxable – Build America Bonds) and the General Obligation Bonds, 2010 Series I (Tax-Exempt), 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.

ARRA Act: shall mean The American Recovery and Reinvestment Act of 2009.

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 Index: shall mean, at the option of the University, either (i) the index or interest rate as may be submitted in writing to the Trustee by a firm of investment bankers or a financial advisory firm selected by the University to whom the Trustee makes no reasonable objection, as the index or interest rate reasonably reflecting the terms and provisions of the Indebtedness in question, or (ii) with respect to federally tax-exempt borrowing, the Bond Buyer "Revenue Bond Index," as then published most recently by *The Bond Buyer,* New York, New York or the "MMD Index" as published by Municipal Market Data for bonds having a like maturity and rating category.

Bond Proceeds Fund: shall mean that fund established pursuant to the 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 Eighth Supplemental Indenture to execute any such Certificate of Determination for the purpose of determining certain matters with respect to the 2010 Series H Bonds and the 2010 Series I Bonds, subject to and in compliance with all applicable requirements of the Indenture and the Eighth Supplemental Indenture.

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

Commercial Paper: shall mean any indebtedness of the University issued from time to time under the Commercial Paper Resolution, adopted by the Board of Governors of the University on June 15, 2006, with the advice and consent of Board of Trustees of the University on June 15, 2006, as the same may be supplemented and amended.

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

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.

Direct Payments: shall mean a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series H Bonds. Direct Payments do not constitute a full faith and credit guarantee of the United States Government but are required to be paid by the United States Treasury under ARRA.

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

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

Eighth Supplemental Indenture: shall mean the Eighth Supplemental Indenture of Trust, dated as of November 1, 2010, between the University and the Trustee, authorizing the issuance of the 2010 Series Bonds.

EMMA: shall mean the Electronic Municipal Market Access system for municipal securities disclosures.

Extraordinary Event: shall mean, as determined by the University, a material adverse change that has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of ARRA, pertaining to "build America bonds") or there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections or any other determination by the Internal Revenue Service or the United States Treasury.

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.

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.

Interest Payment Date: means for the 2010 Series Bonds, May 1 and November 1 of each year.

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.

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.

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 and the Trustee.

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).

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).

Prior Bonds: shall mean collectively, all or a portion of the (i) General Obligation Bonds, 1998 Series A, issued under and pursuant to an Indenture of Trust, dated as of May 1, 1987, as supplemented, by and between the University and First Fidelity Bank (predecessor to U.S. Bank National Association, as trustee; (ii) the General Obligation Bonds, 2002 Series B, General Obligation Refunding Bonds, 2003 Series C and General Obligation Bonds, 2003 Series D, each of which was issued under and pursuant to the Indenture and (iii) certain outstanding Commercial Paper.

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 F Bonds.

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 the fifteenth day of each April and October.

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.

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.

Securities Depositories: shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax - (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax - (215) 496-5058; or successor entities, or, in accordance with the then current applicable guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories or any such other depositories as the University may designate in writing to the Trustee.

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.

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.

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 Eighth 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 Agreement: shall mean a certain ISDA Master Agreement, dated as of September 14, 2001, by and between the University and Morgan Guaranty Trust Company of New York (now known as JPMorgan Chase Bank National Association), as swap provider.

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.

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.

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.

Treasury Rate: shall mean, as of any redemption date of a particular 2010 Series H Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519)) that has become publicly available seven Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of such 2010 Series H Bond; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

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.

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.

2010 Capital Projects: shall mean the projects to be financed and/or refinanced, in whole or in part, with the proceeds of the 2010 Series H Bonds, as described in Exhibit A attached to the Eighth Supplemental Indenture.

2010 Projects: shall mean, collectively, the 2010 Capital Projects and the 2010 Refunding Projects.

2010 Refunding Projects: shall mean the refunding, in whole or in part, of the Prior Bonds, with a portion of the proceeds of the 2010 Series I Bonds.

2010 Series Bonds: shall mean, collectively, (i) the University's $390,990,000 aggregate principal of Rutgers, The State University General Obligation Bonds, 2010 Series H (Federally Taxable – Build America Bonds), and (ii) the University's $40,830,000 aggregate principal of Rutgers, The State University General Obligation Bonds, 2010 Series I (Tax-Exempt), issued, executed, authenticated and delivered under the Master Indenture and the Eighth Supplemental Indenture.

2010 Series H Bonds: shall mean the University's $390,990,000 aggregate principal of Rutgers, The State University General Obligation Bonds, 2010 Series H (Federally Taxable – Build America Bonds), issued, executed, authenticated and delivered under the Master Indenture and the Eighth Supplemental Indenture.

2010 Series I Bonds: shall mean the University's $40,830,000 aggregate principal of Rutgers, The State University General Obligation Bonds, 2010 Series I (Tax-Exempt), issued, executed, authenticated and delivered under the Master Indenture and the Eighth 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 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).

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.

Notwithstanding the foregoing and anything to the contrary to the Indenture, with respect to the 2010 Series H Bonds, the amount set aside for each Sinking Fund Installment shall be applied (together with amounts accumulated therein with respect to interest on the 2010 Series H 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 Series H 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, reducing all subsequent Sinking Fund Installments on a pro rata basis, or (ii) the redemption of such 2010 Series H Bonds, if then redeemable by their terms. If there is any redemption or purchase of 2010 Series H Bonds for which Sinking Fund Installments have been established, any such purchases will reduce all subsequent Sinking Fund Installments on a pro rata basis.

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)

APPENDIX D

PROPOSED FORM OF OPINION OF HAWKINS DELAFIELD & WOOD LLP, BOND COUNSEL TO THE UNIVERSITY

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Hawkins Delafield & Wood LLP
One Gateway Center, Newark, New Jersey 17102

November __, 2010

Rutgers, The State University
New Brunswick, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $390,990,000 aggregate principal amount of General Obligation Bonds, 2010 Series H (Federally Taxable-Build America Bonds) (the "2010 Series H Bonds") and $40,830,000 principal amount of General Obligation Bonds, 2010 Series I (Tax-Exempt) (the "2010 Series I Bonds", and collectively with the 2010 Series H Bonds, the "2010 Series 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 2010 Series 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"), by and between the University and U.S. Bank National Association (successor to First Union National Bank), as trustee (the "Trustee"), as supplemented and amended, including as supplemented by an Eighth Supplemental Indenture of Trust, dated as of November 1, 2010 (the "Eighth Supplemental Indenture," together with the Master Indenture, the "Indenture"). The Eighth Supplemental Indenture authorizes the issuance of and terms of the 2010 Series Bonds. The resolution adopted by the Board of Governors on October 7, 2010 and the resolution adopted by the Board of Trustees of the University on September 30, 2010 (collectively, the "Resolutions"), authorized the University to enter into the Eighth 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 of $431,820,000 for the financing and/or refinancing of the 2010 Projects and the refunding of the Prior Bonds, as set forth in the Eighth Supplemental Indenture.

The 2010 Series 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 November, 2010, of the University authorized by the Resolutions and the Indenture (the "Certificate of Determination").

The 2010 Series 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 Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2010 Series I Bonds in order that interest on the 2010 Series I 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 2010 Series I 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 2010 Series I 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 Eighth Supplemental Indenture, and the Eighth 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 2010 Series Bonds and the execution thereof have been duly authorized and the 2010 Series 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 2010 Series I Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) such interest on the 2010 Series I Bonds is not treated as a preference item in calculating 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. Interest on the 2010 Series I Bonds is exempt from the gross income of individuals under the New Jersey Gross Income Tax Act.

7. Under existing statutes and court decisions, interest on the 2010 Series H Bonds is includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code. Interest on the 2010 Series H Bonds is exempt from the gross income of individuals under the New Jersey Gross Income Tax Act. This opinion is not intended or provided by Bond Counsel to be used, and cannot be used by an owner of 2010 Series H Bonds, for the purpose of avoiding penalties that may be imposed on the owner of such 2010 Series H Bonds. Each owner of the 2010 Series H Bonds should seek advice based on its particular circumstances from an independent tax advisor.

The foregoing opinion is qualified only to the extent that the enforceability of the 2010 Series 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).

In rendering the opinions in paragraph 6 and 7 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 relating to the 2010 Series Bonds, the Arbitrage and Use of Proceeds Certificate and the Eighth Supplemental Indenture, each delivered on the date hereof, with respect to matters affecting the non-inclusion of interest on the 2010 Series I 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 2010 Series I Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the 2010 Series I 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.

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 2010 Series 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 2010 Series I Bonds, or under State and local tax law.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Eighth 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 or seven above have not been met, or (iii) review any legal matters incident to the authorization, issuance, validity and tax exemption of the 2010 Series 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 2010 Series Bonds.

We have examined an executed 2010 Series H Bond numbered HR-1 and an executed 2010 Series I Bond numbered IR-1, and, in our opinion, the form of each said Bond and its execution is regular and proper.

Very truly yours,

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RUTGERS, THE STATE UNIVERSITY (THE STATE UNIVERSITY OF NEW JERSEY) • GENERAL OBLIGATION BONDS, 2010 SERIES H AND SERIES I

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