NEW ISSUE -- BOOK-ENTRY ONLY

$168,000,000
THE GEORGE WASHINGTON UNIVERSITY
TAXABLE BONDS, SERIES 2012A

Dated: Date of Delivery **Due: September 15, 2017**

The George Washington University Taxable Bonds, Series 2012A (the "*2012A Bonds*") offered hereby under the hereinafter defined Indenture will be general unsecured obligations of The George Washington University (the "*University*"), issued pursuant to the provisions of an Indenture of Trust dated as of July 1, 2012 (the "*Indenture*"), between the University and The Bank of New York Mellon, as trustee (the "*Trustee*"). The 2012A Bonds are payable by the University and from certain funds and accounts created and administered under the Indenture. The 2012A Bonds are being issued to refund certain obligations of the University and to pay costs of issuance. See "**PLAN OF FINANCING**" and "**SECURITY FOR THE 2012A BONDS**."

Interest on the 2012A Bonds is payable on March 15 and September 15 of each year (each an "*Interest Payment Date*"), commencing September 15, 2012. The Record Date with respect to each Interest Payment Date is the first day of the month of each such Interest Payment Date, or, if such day is not a Business Day, the next succeeding Business Day. The 2012A Bonds are subject to optional redemption prior to maturity. See "**THE 2012A BONDS - Redemption**."

Interest on and profit, if any, on the sale of the 2012A Bonds are not excludable from gross income for federal income tax purposes. See "**TAX MATTERS**."

The 2012A Bonds are offered when, as and if issued and accepted by the Underwriters. Certain legal matters will be passed upon for the University by the Office of the Senior Vice President and General Counsel of the University, and by Ballard Spahr LLP, Washington, D.C., the University's Special Counsel, and for the Underwriters by Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, Underwriters' Counsel. It is expected that the 2012A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about July 2, 2012.

Barclays **J.P. Morgan** **Loop Capital Markets**

June 19, 2012

$168,000,000
THE GEORGE WASHINGTON UNIVERSITY
TAXABLE BONDS, SERIES 2012A

MATURITY: September 15, 2017

Interest Rate	Price	CUSIP*
1.827%	100%	372546AR2

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* Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the 2012A Bonds and the University does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2012A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2012A Bonds.

PROSPECTIVE BONDHOLDERS ARE ADVISED TO READ THIS ENTIRE OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO.

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE 2012A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THE OFFERING OF THE 2012A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2012A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson, or other person has been authorized by the University or the Underwriters to give any information or to make any representations with respect to the 2012A Bonds, other than those contained in this Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Certain information contained herein has been obtained from The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the University or the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale made herein 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. See "**CONTINUING DISCLOSURE**" herein. This Offering Memorandum is not to be construed as a contract or agreement between the University and the purchasers or holders of any of the 2012A Bonds.

This Offering Memorandum should be considered in its entirety and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

This Offering Memorandum contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors, including factors affecting the University's financial condition, could cause actual results to differ materially from those stated in the forward-looking statements.

THE 2012A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(A)(4) OF THE SECURITIES ACT OF 1933, AS AMENDED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT.

THE GEORGE WASHINGTON UNIVERSITY PRINCIPAL OFFICIALS

Steven Knapp	President
Louis H. Katz	Executive Vice President and Treasurer
Steven Lerman	Provost and Executive Vice President for Academic Affairs
Beth Nolan	Senior Vice President and General Counsel
Robert A. Chernak	Senior Vice Provost and Senior Vice President for Student and Academic Support Services

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SUMMARY OF THE OFFERING

Issuer	The George Washington University
Securities Offered	$168,000,000 Taxable Bonds, Series 2012A due on the date set forth on the cover page and inside cover page of this Offering Memorandum
Interest Accrual Dates	Interest will accrue from the date of delivery
Interest Payment Dates	March 15 and September 15 each year, commencing September 15, 2012
Redemption	The 2012A Bonds are subject to optional redemption prior to maturity by the University, on any Business Day, in whole or in part, at the Make-Whole Redemption Price, as further described herein. See "**THE 2012A BONDS — REDEMPTION**" herein
Settlement Date	On or about July 2, 2012
Authorized Denominations	$1,000 and integral multiples thereof
Form and Depository	The 2012A Bonds will be delivered solely in book-entry form through the facilities of DTC
Use of Proceeds	The University will use the net proceeds of this offering to refund all of the outstanding District of Columbia University Revenue Bonds (The George Washington University Issue), Series 1999B and District of Columbia University Revenue Bonds (The George Washington University Issue), Series 1999C on August 1, 2012 and to pay costs of issuance of the 2012A Bonds
Ratings	Moody's: "A1" S&P: "A+"

$168,000,000
THE GEORGE WASHINGTON UNIVERSITY
TAXABLE BONDS, SERIES 2012A

INTRODUCTION

This Offering Memorandum, which includes the cover page and Appendices attached hereto, is furnished by The George Washington University (the "*University*") to provide information regarding the University's Taxable Bonds, Series 2012A (the "*2012A Bonds*"). The 2012A Bonds are subject to optional redemption as described herein.

The 2012A Bonds are being issued (1) to refund the District of Columbia University Revenue Bonds (The George Washington University Issue), Series 1999B (the "*1999B Bonds*") and the District of Columbia University Revenue Bonds (The George Washington University Issue), Series 1999C (the "*1999C Bonds*") and (2) to pay costs of issuance. See "**PLAN OF FINANCING**."

The 2012A Bonds will be general unsecured obligations of the University. The University will issue the 2012A Bonds pursuant to an Indenture of Trust dated as of July 1, 2012 (the "*Indenture*") between the University and The Bank of New York Mellon, as trustee (the "*Trustee*"). No specific revenues of the University are pledged to the payment of the 2012A Bonds, and the 2012A Bonds are not secured by the pledge of any property, except to the extent of the Funds and Accounts held by the Trustee under the Indenture. The terms of the Indenture require payments by the University sufficient to pay the principal of and premium, if any, and interest on the 2012A Bonds and certain other amounts payable under the Indenture as the same become due. See "**SECURITY FOR THE 2012A BONDS**" and Appendix C – "**CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST**."

There follows in this Offering Memorandum descriptions of the University and the 2012A Bonds, together with summaries of the terms of the 2012A Bonds and of certain provisions of the Indenture. All summaries and references herein to the 2012A Bonds, to agreements and to documents do not purport to be comprehensive or definitive and are qualified in their entirety by references to the definitive forms thereof, and all references to the 2012A Bonds are further qualified by reference to the information with respect thereto contained in the Indenture. Prior to the delivery of the 2012A Bonds, copies of such documents are available for inspection at the offices of Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Public Finance Department. Subsequent to the issuance, sale and delivery of the 2012A Bonds, copies of such documents will be available at the designated corporate trust office of the Trustee. This Offering Memorandum should be read in its entirety, and no one subject discussed herein should be considered less important than any other by reason of its location in the text.

THE UNIVERSITY

The George Washington University is a private, nonsectarian, coeducational institution located in downtown Washington, DC, a few blocks from the White House. The University was established in 1821, when President James Monroe signed an Act of Congress giving Columbian College, as the University was then called, its first charter; in 1904, an Act of Congress changed the name to The George Washington University, acknowledging President Washington's dream of a great university in the nation's capital. The University is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Its principal campus is located in the Foggy Bottom neighborhood; additional facilities are located in the Mount Vernon area of Northwest Washington and in Loudoun County, Virginia near the community of Leesburg, Virginia.

As of fall 2011, the University has 21,124 full time equivalent students. The University consists of ten academic units. Eight schools offer both undergraduate and graduate degrees (the Columbian College of Arts and Sciences, the Elliott School of International Affairs, the School of Medicine and Health Sciences, the School of Engineering and Applied Science, the School of Business, the College of Professional Studies, the School of Public Health and Health Services, and the School of Nursing), and two schools offer graduate and professional degrees (the Law School and the Graduate School of Education and Human Development). The University's students come from every state in the nation and the District of Columbia, as well as many foreign countries.

Further information concerning the University is contained in Appendix A — "**THE GEORGE WASHINGTON UNIVERSITY**."

PLAN OF FINANCING

The University expects to use $167,447,472.60 of the funds received from the sale and delivery of the 2012A Bonds (representing the par amount of the 2012A Bonds less the Underwriters' discount of $552,527.40), together with other available funds of the University in the amount of $2,160,580.68, (1) to refund the 1999B Bonds and the 1999C Bonds and (2) to pay approximately $228,250 of the costs of issuance. On the date the 2012A Bonds are issued, an amount sufficient to pay the principal of and interest on the 1999B Bonds and the 1999C Bonds (calculated at the rate of the maximum rate of 12%) will be deposited with the Trustee and the Trustee will be instructed to transfer the actual amount sufficient to pay the principal of and interest on the 1999B Bonds and the 1999C Bonds to U. S. Bank National Association, the trustee for the 1999B Bonds and the 1999C Bonds, on July 31, 2012 to pay the redemption price of the 1999B Bonds and the 1999C Bonds (or to reimburse Bank of America, N.A. for draws on its direct-pay letter of credit used to pay such redemption price) on August 1, 2012 (the *"Redemption Date"*). U. S. Bank National Association has received instructions to call the 1999B Bonds and the 1999C Bonds for redemption on the Redemption Date to the extent funds are on deposit as described above.

SECURITY FOR THE 2012A BONDS

GENERAL

The 2012A Bonds will be unsecured general obligations of the University. No specific revenues of the University are pledged to the payment of the 2012A Bonds, and the 2012A Bonds are not secured by the pledge of any property, except the Funds and Accounts held by the Trustee under the Indenture as described in the next paragraph. The Indenture requires the University to make payments sufficient, together with other moneys available therefor, to pay when due the principal of and premium, if any, and interest on the 2012A Bonds and other amounts payable under the Indenture.

Pursuant to the Indenture, the University will pledge and assign to the Trustee for the benefit of the holders of the 2012A Bonds and the holders of any other outstanding Bonds all moneys, securities and obligations, including Permitted Investments (including the investment income from Permitted Investments) deposited with or held by the Trustee in trust in the Funds and Accounts created under the Indenture. No reserve fund is established under the Indenture, however, and no moneys, securities or obligations are expected to be deposited or held under the Indenture, except for deposits required for the payment of debt service on the 2012A Bonds. See "**PLAN OF FINANCING**" and Appendix C –

"**CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST – The Indenture** – *Creation of Funds and Accounts; Deposit of and Use of Moneys*."

Any attempt by the Trustee to enforce payment of the Indenture may be limited by bankruptcy proceedings and general principles of equity, which may restrict the ability of the Trustee to seek payment from property of the University. See Appendix C – "**CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST**."

ADDITIONAL INDEBTEDNESS AND OTHER INDEBTEDNESS

The University may issue Additional Bonds under the Indenture, without limitation as to amount.

The University reserves the right under the Indenture to incur Indebtedness, and to incur additional payment obligations with respect to any additional Indebtedness either as unsecured general obligations of the University, or as obligations for the payment of which specific revenue or property is pledged by the University. The Indenture does not restrict the ability of the University to grant security interests or liens to other creditors. Any such security interests or liens created might be enforceable even if enforcement would adversely affect the ability of the University to provide for payment of the 2012A Bonds.

The University currently has both secured and unsecured debt outstanding under several indentures and other documents separate and apart from the Indenture. See Appendix B – "**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GEORGE WASHINGTON UNIVERSITY FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010** – Consolidated Statements of Financial Position", "– Consolidated Statements of Unrestricted Activities" and " – Note 10 - Bonds and Notes Payable" and Appendix C – **"CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST – Certain Definitions**."

THE 2012A BONDS

GENERAL

The 2012A Bonds will mature on the date set forth on the cover page and inside cover page of this Offering Memorandum. The 2012A Bonds shall be issuable as fully registered bonds without coupons in denominations of $1,000 principal amount or integral multiples thereof. See "**BOOK-ENTRY ONLY SYSTEM**" for information concerning certain procedural transfer restrictions on the 2012A Bonds.

All payments of interest (other than on the applicable Stated Maturity Date), premium, if any, and principal of, the 2012A Bonds shall be paid through a securities depository, which shall initially be The Depository Trust Company ("*DTC*" and, together with any successor securities depository, the "*Securities Depository*") used in accordance with its normal procedures, which as of the date hereof are summarized under "**BOOK-ENTRY ONLY SYSTEM**." Payment of the principal of, and interest on, the 2012A Bonds on the applicable Stated Maturity Date shall be made upon the presentation and surrender of the bond described below.

INTEREST

The 2012A Bonds will bear interest at a fixed rate as set forth on the inside cover page of this Offering Memorandum. Interest on the 2012A Bonds will be initially payable on September 15, 2012 and semiannually thereafter on March 15 and September 15 of each year. Interest accrued on the 2012A Bonds shall be computed on the basis of a 360-day year, consisting of twelve 30-day months.

REDEMPTION

The 2012A Bonds are subject to redemption prior to maturity by written direction of the University, in whole or in part, on any Business Day, at the Make-Whole Redemption Price. The "*Make-Whole Redemption Price*" is the greater of (i) 100% of the principal amount of the 2012A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2012A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2012A Bonds are to be redeemed, discounted to the date on which the 2012A 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 (as defined below) plus 25 basis points, plus, in each case, accrued and unpaid interest on the 2012A Bonds to be redeemed to the redemption date. The "*Treasury Rate*" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2012A Bonds to be redeemed; 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.

PARTIAL REDEMPTION OF 2012A BONDS

Upon surrender of any 2012A Bond redeemed in part only, the University will execute (but need not prepare) and the Trustee will prepare or cause to be prepared, authenticate and deliver to the Holder thereof, at the expense of the University, a new 2012A Bond or 2012A Bonds of Authorized Denominations, equal in aggregate principal amount to the unredeemed portion of the 2012A Bond surrendered.

NOTICE OF REDEMPTION

Notice of redemption will be delivered by the Registrar, not less than 30 days prior to the redemption date, to the Bond Depository (or if the 2012A Bonds are no longer held by the Bond Depository, to the Owners of the 2012A Bonds at their addresses appearing on the bond registration books of the Registrar). The Registrar shall also give notice of redemption by certified mail to such information services as shall be designated by the University. Each notice of redemption shall state the date of such notice, the date of issue of the 2012A Bonds, the redemption date, the Make-Whole Redemption Price (or the method of calculating such price), the place or places of redemption (including the name and appropriate address or addresses of the Trustee) the maturity (including CUSIP number, if any), and, in the case of 2012A Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said 2012A Bonds the Make-Whole Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2012A Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2012A Bonds be then surrendered.

Failure by the Trustee to give notice as described above to any one or more of the information services designated by the University, or the insufficiency of any such notice will not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption to any one or more of the respective Owners of any 2012A Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was mailed.

The University may instruct the Trustee to provide conditional notice of redemption, which may be conditioned upon the receipt of moneys or any other event. If money is not received to complete the redemption, the redemption will not be made and the Trustee will give notice of such within a reasonable time after the last date on which money was to have been received in the same manner as notice of such redemption was given.

EFFECT OF REDEMPTION

Notice of redemption having been duly given as provided in the Indenture and as described above, and moneys for payment of the Make-Whole Redemption Price of, together with interest accrued to the date fixed for redemption on, the 2012A Bonds (or portion thereof) so called for redemption being held by the Trustee, on the date fixed for redemption designated in such notice, the 2012A Bonds (or portion thereof) so called for redemption shall become due and payable at the Make-Whole Redemption Price specified in such notice and interest accrued thereon to the date fixed for redemption, interest on the 2012A Bonds so called for redemption shall cease to accrue, said 2012A Bonds (or portion thereof) will cease to be entitled to any benefit or security under the Indenture, and the Holders of said 2012A Bonds will have no rights in respect thereof except to receive payment of said Make-Whole Redemption Price and accrued interest to the date fixed for redemption from funds held by the Trustee for such payment.

SELECTION OF 2012A BONDS FOR REDEMPTION

Whenever provision is made in the Indenture for the redemption of less than all of the 2012A Bonds, the Trustee shall select the 2012A Bonds to be redeemed from all 2012A Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner that is customary in the industry; provided, however, so long as a book-entry system is used for determining beneficial ownership of the 2012A Bonds, the Bond Depository shall select the 2012A Bonds to be redeemed in accordance with its rules and procedures.

BOOK-ENTRY ONLY SYSTEM

THE FOLLOWING INFORMATION HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS OFFERING MEMORANDUM. NEITHER THE UNIVERSITY NOR THE UNDERWRITERS GUARANTEE OR MAKE ANY REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS THEREOF.

The Depository Trust Company ("*DTC*"), New York, New York, will act as securities depository for the 2012A Bonds. The 2012A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2012A Bonds in the aggregate principal amount of the 2012A Bonds, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2012A Bonds, as DTC's partnership nominee, references herein to the owners or registered owners of the 2012A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2012A Bonds.

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 3.6 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 a Standard & Poor's rating of AA+. 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 2012A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2012A Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012A 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 2012A Bonds, except in the event that use of the book-entry system for the 2012A Bonds is discontinued.

To facilitate subsequent transfers, all 2012A 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 2012A 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 2012A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012A 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 2012A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2012A Bonds may wish to ascertain that the nominee holding the 2012A 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 Trustee and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 2012A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the 2012A 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 Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012A Bonds at any time by giving reasonable notice to the University or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The University takes no responsibility for the accuracy thereof.

LEGAL MATTERS

Certain legal matters will be passed upon for the University by the Office of the Senior Vice President and General Counsel of the University, and by Ballard Spahr LLP, Washington, D.C., the University's Special Counsel, and for the Underwriters by Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, Underwriters' Counsel.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the registered holders of the 2012A Bonds upon an event of default under the Indenture are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing law, the remedies provided under the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2012A Bonds will be qualified as to enforceability of the various legal instruments, limitations imposed by bankruptcy, reorganization, insolvency or similar laws affecting the rights of creditors generally and by judicial discretion applicable to equitable remedies and proceedings generally.

TAX MATTERS

THE MATERIAL UNDER THIS CAPTION "**TAX MATTERS**" CONCERNING THE TAX CONSEQUENCES OF OWNERSHIP OF THE 2012A BONDS, WAS WRITTEN TO SUPPORT THE MARKETING OF THE 2012A BONDS, AND EACH OWNER SHOULD SEEK ADVICE BASED ON THE OWNER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. THIS MATERIAL WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER**.**

INTRODUCTION

The following discussion summarizes the material United States federal income tax consequences generally applicable to the purchase, ownership and disposition of the 2012A Bonds by the beneficial owners thereof ("*Owners*"). The discussion is limited to the tax consequences to the initial Owners of the 2012A Bonds who purchase the 2012A Bonds at the issue price within the meaning of Section 1273 of the Internal Revenue Code of 1986 (the "*Code*") and does not address the tax consequences to subsequent purchasers of the 2012A Bonds. The discussion does not purport to be a complete analysis of all of the potential United States federal income tax consequences relating to the purchase, ownership and disposition of the 2012A Bonds, nor does this discussion describe any federal estate or gift tax consequences. Furthermore, the discussion does not address all aspects of taxation that might be relevant to particular purchasers in light of their individual circumstances. For instance, the discussion does not address the alternative minimum tax provisions of the Code or special rules applicable to certain categories of purchasers including dealers in securities or foreign currencies, insurance companies, regulated investment companies, real estate mortgage investment conduits, financial institutions, tax-exempt entities, Owners whose functional currency is not the United States dollar and, except to the extent discussed below, Foreign Owners (as defined below). The discussion does not address the special rules applicable to purchasers who hold the 2012A Bonds as part of a hedge, straddle, conversion, constructive ownership or constructive sale transaction or other risk reduction transaction.

The discussion is based on the provisions of the Code, the regulations of the Department of the Treasury, and administrative and judicial interpretations, all as in effect today and all of which are subject to change, possibly on a retroactive basis. The discussion assumes that the 2012A Bonds are held as capital assets within the meaning of Section 1221 of the Code.

TAX CHARACTER OF 2012A BONDS

Ballard Spahr LLP will deliver its opinion, subject to the assumptions and qualifications set forth therein, that under the Internal Revenue Code as presently enacted and construed, that the 2012A Bonds are indebtedness for federal tax purposes. This conclusion is based on the transaction documents, assuming compliance therewith, and the facts and circumstances of the transaction including the specific maturity date of the 2012A Bonds and the revenue sources of the issuer.

TAX CONSEQUENCES TO UNITED STATES OWNERS

Interest on the 2012A Bonds is taxable to a United States Owner as ordinary income at the time the interest accrues or is received in accordance with the United States Owner's method of accounting for United States federal income tax purposes. A "United States Owner" is an Owner of a 2012A Bond that is, for United States federal income tax purposes: (1) a citizen or resident of the United States, (2) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (3) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (4) a trust, the administration of which is subject to the primary supervision of a court within the United States and which has one or more United States persons with authority to control all substantial decisions, or a trust that was in existence on August 20, 1996 and has elected to continue to be treated as a United States trust. If a partnership (or an entity taxable as a partnership) holds the 2012A Bonds, the United States federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership.

Original Issue Discount. Any 2012A Bond issued at an issue price less than its principal amount will have "original issue discount," a portion of which will accrue as taxable income to the Owner in each taxable year in addition to taxation of regular stated interest, regardless of whether the Owner uses the cash or accrual method of accounting and regardless of the fact that the Owner receives no actual payment of the original issue discount until the maturity of the 2012A Bond. Taxation of original issue discount in this manner is subject to a de minimis exception based on the amount of the original issue discount in relation to the maturity of the 2012A Bond. Owners should consult their tax advisors regarding the accrual of original issue discount or amortization of any original issue premium and the effect of accruals or amortization on their tax basis for their 2012A Bonds.

Tax-Exempt Organizations. Income or gain from 2012A Bonds held by a tax-exempt organization will be subject to the tax on unrelated business taxable income if the 2012A Bonds are "debt-financed property" of the organization under Section 514(b) of the Code.

Sale, Exchange, Redemption or Retirement of the 2012A Bonds. In general, upon the sale, exchange, redemption or retirement of a 2012A Bond, a United States Owner will recognize capital gain or loss equal to the difference between the amount realized on such sale, exchange, redemption or retirement (not including any amount attributable to accrued but unpaid interest that the United States Owner has not already included in gross income) and such United States Owner's adjusted tax basis in the 2012A Bond. Any amount attributable to accrued but unpaid interest that the Owner has not already included in gross income will be treated as a payment of interest. A United States Owner's adjusted tax basis in a 2012A Bond generally will equal the cost of the 2012A Bond to such United States Owner, reduced by any principal payments received by such United States Owner and increased by any accrued but unpaid interest the United States Owner has included in taxable income.

BACKUP WITHHOLDING

Owners will be subject to "backup withholding" of Federal income tax in the event they fail to furnish a taxpayer identification number to the Paying Agent or there are other, related compliance failures.

TAX CONSEQUENCES TO FOREIGN OWNERS

Payments of interest on a 2012A Bond to an Owner that is not a United States Owner (a "*Foreign Owner*") are not subject to United States federal income tax or withholding tax, provided that:

the Foreign Owner is not actually or constructively a "10-percent shareholder" under Section 871(h) or 881(c)(3)(B) of the Code;

the Foreign Owner is not, for United States federal income tax purposes, a controlled foreign corporation with respect to which the Issuer is a "related person" within the meaning of Section 881(c)(3)(C) of the Code;

the Foreign Owner is not a bank receiving interest described in Section 881(c)(3)(A) of the Code;

the certification requirements under Section 871(h) or 881(c) of the Code and regulations (summarized below) are met; and

the 2012A Bond interest is not effectively connected with the conduct by the Foreign Owner of a trade or business in the United States under Section 871(b) or Section 882 of the Code.

In order to obtain the exemption from income and withholding tax, either (1) the Foreign Owner must provide its name and address, and certify, under penalties of perjury on Internal Revenue Service Form W-8BEN, W-8IMY or W-8EXP, as applicable, to the Issuer or its paying agent, as the case may be, that such Owner is a Foreign Owner or (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (*"Financial Institution"*) and holds a 2012A Bond on behalf of the Foreign Owner must certify, under penalties of perjury, to the Issuer or its paying agent that such certificate has been received from the Owner by it or by any intermediary Financial Institution and must furnish the University or its paying agent with a copy of the certificate. A certificate is effective only with respect to payments of interest made to the certifying Foreign Owner after issuance of the certificate in the calendar year of its issuance and the two immediately succeeding calendar years.

A Foreign Owner who does not satisfy the exemption requirements is generally subject to United States withholding tax on payments of interest or accrual of original issue discount. The tax rate is 30% unless there is a lower applicable treaty rate for which the certification requirements are met.

Interest on a 2012A Bond that is effectively connected with the conduct of a United States trade or business by the Foreign Owner is generally subject to United States federal income tax in the same manner as with a United States Owner, except to the extent otherwise provided under an applicable tax treaty. Effectively connected interest income received by a corporate Foreign Owner may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or lower applicable treaty rate). Effectively connected interest income will not be subject to withholding tax if the Foreign Owner delivers a properly completed Internal Revenue Service Form W-8ECI to the Issuer or its paying agent.

Sale, Exchange, Redemption or Retirement of the 2012A Bonds. In general, a Foreign Owner of a 2012A Bond will not be subject to United States federal income or withholding tax on the receipt of payments of principal on a 2012A Bond and will not be subject to United States federal income tax on any gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of such 2012A Bond unless:

the Foreign Owner is a nonresident alien individual who is present in the United States for 183 or more days in the taxable year of disposition and certain other conditions are met under Section 871(a)(2) of the Code;

the Foreign Owner is required to pay tax pursuant to the provisions of United States tax law applicable to certain United States expatriates; or

the gain is effectively connected with the conduct of a United States trade or business by the Foreign Owner (or pursuant to an applicable tax treaty is attributable to a United States permanent establishment of the Foreign Owner).

Other Matters. Special rules not discussed in this summary may apply to certain Foreign Owners that are classified for federal income tax purposes as a "controlled foreign corporation," "passive foreign investment company," "expatriate," "foreign personal holding company," or a corporation that accumulates earnings to avoid United States federal income tax.

State, Local and Foreign Taxes

Owners may be subject to state, local, or foreign taxes with respect to an investment in the 2012A Bonds. Prospective investors are urged to consult their tax advisors with respect to the state, local and foreign tax consequences of an investment in the 2012A Bonds.

ERISA

The Employee Retirement Income Security Act of 1974 ("*ERISA*") and the Code prohibit certain transactions between a qualified employee benefit plan under ERISA (an "*ERISA Plan*") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a 2012A Bond, could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax favored vehicles, such as Individual Retirement Accounts ("IRAs") and disqualified persons, and Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the issuer or the underwriter of the 2012A Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if 2012A Bonds are acquired by such plans or arrangements with respect to which the issuer or the underwriter is a party in interest or disqualified person. In all events, fiduciaries of ERISA Plans and plans subject to the above Code Sections, in consultation with their advisors, should consider the impact of ERISA and the Code on an investment in the 2012A Bonds.

LITIGATION

There is no legal action or other proceeding pending or, to the knowledge of the University, threatened: (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2012A Bonds; (ii) in any way questioning or affecting the validity of the 2012A Bonds or any actions of the University taken with respect to the issuance or sale thereof or questioning or affecting the powers of the University in a manner which would adversely affect the obligations of the University with respect to the 2012A Bonds; or (iii) in any way questioning or affecting the validity of the pledge or application of any money, revenues or security provided for the payment of the 2012A Bonds, the use of proceeds of the 2012A Bonds or the existence or powers of the University. For a discussion of pending litigation against the University, See Appendix A – "**THE GEORGE WASHINGTON UNIVERSITY – Litigation and Regulatory Issues**."

CONTINUING DISCLOSURE

Because the 2012A Bonds are not municipal securities the University is not required to undertake continuing disclosure with respect to the 2012A Bonds under Rule 15c2-12 promulgated by the Securities and Exchange Commission (the *"Rule"*). However, the University has agreed in the Indenture to make available to existing and potential holders of the 2012A Bonds information substantially identical to that required under an agreement executed to ensure compliance with the Rule by filing such information with the Electronic Municipal Market Access System (*"EMMA"*) maintained by the Municipal Securities Rulemaking Board to the extent the University is permitted to submit voluntary filings, or if at any time in the future, the University becomes obligated to make such filings. If at any time the University is neither permitted nor obligated to submit filings to EMMA, the University shall make available to existing and potential holders of the 2012A Bonds information substantially identical to that required under the Rule through any other system then reasonably available to the University, including, without limitation, voluntary filings through another regulatory system or posting information on an appropriately identified web site. Failure to provide the information described in this paragraph will not constitute an Event of Default under the Indenture.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the 2012A Bonds from the University. The Underwriters will be obligated to purchase all of the 2012A Bonds if any are purchased, and intend to make a bona fide offering of the 2012A Bonds to purchasers in accordance with applicable law at the prices set forth therein.

J.P. Morgan Securities LLC ("*JPMS*"), one of the Underwriters of the 2012A Bonds, has entered into a negotiated dealer agreement (the "*Dealer Agreement*") with Charles Schwab & Co., Inc. ("*CS&Co.*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS& Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of The George Washington University and its subsidiaries as of and for the years ended June 30, 2011 and June 30, 2010, included in Appendix B of this Offering Memorandum, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report, appearing herein.

RATINGS

The 2012A Bonds have been rated "A1" by Moody's Investors Service, Inc. ("*Moody's*") and "A+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("*S&P*"), on the basis of their respective evaluations of the financial condition and affairs of the University.

Any explanation of the significance of such ratings must be obtained from Moody's and S&P. No application has been made to any other rating agency in order to obtain additional ratings on the 2012A Bonds. The ratings are not a recommendation to buy, sell or hold the 2012A Bonds, and each rating should be evaluated independently. There is no assurance that such ratings will not be withdrawn or revised with respect to the 2012A Bonds downward by Moody's or S&P. Such action, if taken, could have an adverse effect on the market price of the 2012A Bonds.

MISCELLANEOUS

The University has furnished all information herein except as otherwise expressly stated. Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Offering Memorandum, nor any statement which may have been made orally or in writing with respect to this Offering Memorandum nor any statement made as described under "**CONTINUING DISCLOSURE**" is to be construed as a contract with any 2012A Bondholder.

The summaries of the provisions of the 2012A Bonds, the Indenture, and all other summaries herein and references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and are made subject to all of the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions of such documents.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions herein will be realized. To the extent statements made herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The information set forth in this Offering Memorandum should not be construed as representing all of the conditions affecting the University or the 2012A Bonds.

The University has approved the use and distribution of this Offering Memorandum in connection with the offering and sale of the 2012A Bonds.

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APPENDIX A

THE GEORGE WASHINGTON UNIVERSITY

CERTAIN INFORMATION CONCERNING THE UNIVERSITY

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APPENDIX A

THE GEORGE WASHINGTON UNIVERSITY

CERTAIN INFORMATION CONCERNING THE UNIVERSITY

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THE GEORGE WASHINGTON UNIVERSITY

This Appendix A contains information about The George Washington University (the "University") and its operations. Certain financial information with respect to the University is included in this Appendix A. The information should be read in connection with the University's consolidated financial statements, which are included in Appendix B and which, together with the notes thereto, should be read in their entirety.

I. GENERAL

The George Washington University is a private, nonsectarian, coeducational institution located in downtown Washington, DC, a few blocks from the White House. The University was established in 1821, when President James Monroe signed an Act of Congress giving Columbian College, as the University was then called, its first charter. In 1904, an Act of Congress changed the name to The George Washington University, acknowledging President Washington's dream of a great university in the nation's capital. The University is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Its principal campus is located in the Foggy Bottom neighborhood; additional facilities are located in northwest Washington and in Loudoun County, Virginia near the community of Leesburg, Virginia. (See **UNIVERSITY FACILITIES**.)

The University currently enrolls 21,124 full time equivalent students. The University consists of ten academic units. Eight schools offer both undergraduate and graduate degrees (the Columbian College of Arts and Sciences, the Elliott School of International Affairs, the School of Medicine and Health Sciences, the School of Engineering and Applied Science, the School of Business, the College of Professional Studies, the School of Public Health and Health Services, and the School of Nursing), and two schools offer graduate and professional degrees (the Law School and the Graduate School of Education and Human Development). (See **ACADEMIC AND RESEARCH PROGRAMS**.) The University's students come from every state in the nation and the District of Columbia, as well as many foreign countries.

The School of Medicine and Health Sciences (SMHS), School of Public Health and Health Services (SPHHS), School of Nursing (SON), and affiliated entities were formerly organized within an administrative unit known as the George Washington University Medical Center. In 2011, the University undertook a reorganization and adopted a "three dean model" under which SMHS, SPHHS, and SON would no longer operate under a single administrative unit, but would instead operate as three separate schools with their respective deans reporting directly and independently to the Provost.

The University also has principal affiliations with District Hospital Partners, L.P., which operates The George Washington University Hospital, and Medical Faculty Associates, Inc., which is the primary multi-specialty group practice and clinical faculty organization that performs medical education functions for the University.[1] The University also has affiliation agreements with Children's National Medical Center (pediatrics), INOVA Health Systems, The Veterans Administration and others in support of its educational and research missions. These relationships are overseen by the Interim Vice President for Health Affairs and Dean of SMHS.

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[1] In 1997, the University created The George Washington University Hospital (the "University Hospital") under a limited partnership agreement with Universal Health Systems whereby the University contributed certain assets in exchange for a 20% limited partnership interest in District Hospital Partners, L.P., which is responsible for the administration of the University Hospital. In 2000, the faculty practice plan affiliated with the University was incorporated as Medical Faculty Associates, Inc. In addition, The George Washington University Health Plan discontinued operations in 2002 by no longer insuring members and closing operations and, in 2006, received regulatory approval to liquidate.

II. GOVERNANCE AND ADMINISTRATION

A. Board of Trustees

The management, direction, and governance of the University are vested in the Board of Trustees. The Board of Trustees currently consists of 40 persons. The Bylaws of the University establish the Board membership as including the President of the University as an ex officio member, 20-35 Charter Trustees and seven Alumni Trustees. The Board elects Trustees for terms of four years. Two of the Alumni Trustees must be recent graduates and may serve one term of four years. The remaining five Alumni Trustees and Charter Trustees elected after January 1, 1992 may not serve more than three consecutive terms without stepping down for a minimum of one year, after which they are eligible for reelection. Charter Trustees elected prior to July 1, 1992 are eligible for reelection for successive terms until they reach 75 years of age. All Charter and Alumni Trustees are unable to continue serving as a Trustee following the end of the fiscal year during which they turn 75 years old. Persons are qualified to serve as Trustees without regard to race, color, creed, sex, national origin, place of residence, or membership in any class or category protected by applicable law. With the exception of the President of the University, no person who is an officer, faculty member, student or employee of the University, or is 75 years of age or older, is eligible to be elected as a Trustee.

CURRENT MEMBERS OF THE BOARD OF TRUSTEES

B. Executive Administration

Steven Knapp serves as President of the University. As President, Dr. Knapp is the chief administrative officer of the University. He is elected by the Board of Trustees and is responsible for implementing the policies of the Board of Trustees. Other administrative officers of the University are: Louis H. Katz, Executive Vice President and Treasurer; Steven Lerman, Provost and Executive Vice President for Academic Affairs and A. James Clark Professor for Civil and Environmental Engineering; Dr. Robert A. Chernak, Senior Vice Provost and Senior Vice President for Student and Academic Support Services and Beth Nolan, Senior Vice President and General Counsel.

Dr. Chernak will retire from his current position at the University on June 30, 2012. He will join the faculty and teach in the Graduate School of Education and Human Development.

Dr. Knapp, Mr. Katz, and Dr. Lerman are the senior administrative officers of the University. The following are brief biographical sketches of those officers:

Steven Knapp, President. Steven Knapp became the sixteenth president of the George Washington University in August 2007. His priorities include enhancing the University's partnerships with neighboring institutions, expanding the scope of its research, strengthening its worldwide community of alumni, enlarging its students' opportunities for public service, and leading its transformation into a model of urban sustainability. Dr. Knapp serves on the boards of directors of the Economic Club of Washington; the Greater Washington Urban League; the World Affairs Council - Washington, DC; and the National Symphony Orchestra and the boards of trustees of the Washington National Cathedral Foundation and Al Akhawayan University in Ifrane, Morocco. He also serves on the senior advisory board of the Northern Virginia Technology Council, the executive committee of the Council on Competitiveness, and the education committee of the Federal City Council. A specialist in Romanticism, literary theory, and the relation of literature to philosophy and religion, Dr. Knapp taught English literature at the University of California, Berkeley before serving as dean of arts and sciences and then provost of the Johns Hopkins University. He is a fellow of the American Academy of Arts and Sciences, a member of the Council on Foreign Relations, and a member of the Modern Language Association. He earned his doctorate and masters degrees from Cornell University and his Bachelor of Arts degree from Yale University

Louis H. Katz, Executive Vice President and Treasurer. In January 2003, Louis H. Katz was appointed Executive Vice President and Treasurer. He is the Chief Financial Officer of the George Washington University and has primary responsibility for the management of its financial, physical, information technology, and human resources. Mr. Katz has overall responsibility for the University's strategic, operating, and capital planning and budgeting. He is an advisor to the President and Board of Trustees in financial and strategic matters affecting the development and operations of the institution. Prior to his current appointment, Mr. Katz served as the University's Vice President and Treasurer for 12 years. He has over twenty-five years' experience in the management of academic institutions with medical centers. He is Chairman of the Board of Directors of District Hospital Partners, L.P. Before accepting his first position at the University in 1990, Mr. Katz served as Vice President for Administration and Treasurer at Tulane University from 1982 to 1990. Mr. Katz earned his Bachelor's degree in economics and finance in 1972 from Purdue University's Krannert School of Management. In 1986, he received a Master in Business Administration from Tulane University.

Steven Lerman, Provost and Executive Vice President for Academic Affairs. Steven Lerman became provost of the George Washington University in July 2010. Since he arrived at the University, Dr. Lerman has overseen a number of major initiatives. These include the reorganization of the University's three schools that formerly constituted the Medical Center, detailed planning for Science and Engineering Hall, and expanded partnerships with scholarly institutions around the world. Dr. Lerman joined the George Washington University from the Massachusetts Institute of Technology (MIT), where he served as vice chancellor and dean for graduate education. He brings to the University more than 35 years experience as a leader and scholar. He began his academic career at MIT as a student, earning a Bachelor of Science and a Master of Science in Civil Engineering and a Ph.D. in Transportation Systems Analysis. Dr. Lerman joined the MIT faculty in1975 as assistant professor and rose through the ranks, twice serving as chair of the faculty. His awards and honors include the Advisor of the Year Award from the National Association of Graduate and Professional Students, the Maseeh Teaching Award for best departmental teacher and the Class of 1922 Distinguished Professorship at MIT. At the University, Dr. Lerman holds the A. James Clark Chair in Civil and Environmental Engineering.

III. ACADEMIC AND RESEARCH PROGRAMS

A. Academic Units

The University includes ten academic units, with a full-time equivalent enrollment of 21,124 students as of fall 2011 at all of its sites in the District of Columbia and Virginia. The academic units are described below:

Columbian College of Arts and Sciences offers programs leading to the degrees of Associate in Arts, Bachelor of Arts, Bachelor of Science, Bachelor of Fine Arts, Master of Arts, Master of Fine Arts, Master of Forensic Sciences, Master of Public Administration, Master of Public Policy, Master of Science, Master of Philosophy, Master of Psychology, Doctor of Philosophy, and Doctor of Psychology.

The School of Medicine and Health Sciences offers programs leading to the degrees of Associate in Science, Bachelor of Science in Health Sciences, Master of Science in Health Sciences, Doctor of Physical Therapy, and Doctor of Medicine.

The Law School offers programs leading to the degrees of Juris Doctor, Master of Laws, and Doctor of Juridical Science.

The School of Engineering and Applied Science offers programs leading to the degrees of Bachelor of Science, Bachelor of Arts, Engineer, Applied Scientist, Doctor of Science, and Doctor of Philosophy, Doctor of Science.

The Graduate School of Education and Human Development offers programs leading to the degrees of Master of Arts in Education and Human Development, Master of Arts in Teaching, Master of Education, Education Specialist, and Doctor of Education.

The School of Business offers programs leading to the degrees of Bachelor of Accountancy, Bachelor of Business Administration, Master of Accountancy, Master of Business Administration, Master of Science in Finance, Master of Science in Information Systems Technology, Master of Science in Project Management, Master of Tourism Administration, and Doctor of Philosophy.

The Elliott School of International Affairs offers programs leading to the degrees of Bachelor of Arts, Master of Arts, Master of International Policy and Practice, and Master of International Studies.

The College of Professional Studies offers programs leading to the degrees of Associate in Professional Studies, Bachelor of Professional Studies, and Master of Professional Studies.

The School of Public Health and Health Services offers programs leading to the degrees of Bachelor of Science, Master of Science, Master of Public Health, Master of Health Services Administration, Specialist in Health Services Administration, and Doctor of Public Health.

The School of Nursing offers programs leading to the degrees of Bachelor of Science in Nursing, Master of Science in Nursing, Doctor of Nursing Practice Program.

B. Research Programs

The University has numerous programs of research and training that are supported by research grants and contracts. In fiscal year 2011, the University received $158 million in grants and contracts for research; $69 million relates to the School of Medicine and Health Sciences (SMHS), the School of Public Health and Health Services (SPHHS), or the School of Nursing (SON) programs. Grants and contracts expenditures to the University for sponsored research and training from governmental and private agencies during the five years ended June 30, 2011 are as follows (in thousands):

GRANTS AND CONTRACTS EXPENDITURES

Fiscal Years Ended June 30	Total Grants & Contracts Expenditures
2007	$142,606
2008	173,856
2009	161,707
2010	162,130
2011	157,935

Seventy-five percent of the total grant and contract activity for fiscal year 2011 related to federal sponsors. The various agencies within the Department of Health and Human Services (DHHS) comprise approximately 65.3% of the federal funding to the University. In addition, the University is classified as "RU/H: Research Universities (high research activity)" in the Carnegie Foundation for the Advancement of Teaching's classification of American universities.

Funds received by the University for research cover both direct and indirect costs of the projects. Details of indirect cost reimbursements are reached through negotiation with the University's cognizant audit agency DHHS. The University's current Federal Indirect Cost Recovery Rate (ICR) was renegotiated in 2011 and a final agreement with new rates was signed on July 5, 2011. The ICR is now 58.5% for the schools of the former Medical Center which includes SMHS, SPHHS, and SON, and 52.5% for the University. Rates have been negotiated through June 2015. Some federal grants, especially for sponsored instructional and educational services, carry a stipulated limit on ICR's. Federal research grants and contracts are only infrequently subject to such limits.

C. Employees, Faculty and Staff

The University has approximately 6,500 regular full-time and part-time employees (faculty and staff). In addition, the University has as many as 5,000 temporary employees, including student employees (some of whom are currently inactive). Fifty-three percent of the regular full-time faculty are tenured, and ninety-three percent have a doctorate or equivalent degree.

The University has collective bargaining agreements in effect with the following labor unions:

- Service Employees International Union (SEIU), Local 32 BJ (which will expire on December 31, 2013).

- Teamsters Local Union No. 639 (which expired on February 28, 2012). Contract has been extended through July 2012 and negotiations are currently in progress.
- International Union, Security, Police and Fire Professionals of America, and Its Amalgamated Local 294 (which will expire on February 28, 2015).
- Service Employees International Union (SEIU), Local 500 (which will expire on June 30, 2012). Negotiations are in progress.

These collective bargaining agreements cover approximately 1,300 employees of the University.

D. Accreditation

The George Washington University is accredited by its regional accrediting agency, the Middle States Association of Colleges and Schools. The University is on the approved list of the American Association of University Women and is a member of the College Board. The program leading to the doctor of medicine (M.D.) degree of the School of Medicine and Health Sciences is accredited by the Liaison Committee on Medical Education ("LCME").

E. Student Applications and Enrollment

Student full-time equivalent enrollment at the University for the past five academic years is set forth in the following table:

FULL-TIME EQUIVALENT ENROLLMENT[1]

Fall Semester	Under-Graduate	Graduate[2]	Law[3]	Medicine[4]	Non-Degree	Total
2007	9,969	6,135	1,851	1,803	350	20,108
2008	9,892	6,238	1,853	1,875	313	20,171
2009	9,916	6,484	1,825	1,956	323	20,504
2010	9,793	6,569	1,944	2,049	299	20,654
2011	9,905	6,870	1,945	2,176	228	21,124

Notes:

[1] Number of students is expressed as full-time credit hour loads.

[2] Excludes all Law School and School of Medicine and Health Sciences, School of Public Health and Health Services, and School of Nursing students.

[3] Includes J.D., L.L.M., and S.J.D. students.

[4] Includes M.D., Dr. P.H., Dr. NP. Dr. PT, Masters, M.D. special program and graduate certificate students in the School of Medicine and Health Sciences, School of Public Health and Health Services, and the School of Nursing.

Data on the number of applicants, acceptances and matriculants at the University during the past five academic years (as of fall semester census dates) are set forth in the following table:

APPLICANTS, ACCEPTANCES, AND MATRICULANTS

	2007-08	2008-09	2009-10	2010-11	2011-12
New Freshmen					
Applied	19,606	19,430	19,842	21,433	21,591
Accepted	7,197	7,261	7,292	6,793	7,124
% accepted	37%	37%	37%	32%	33%
Matriculated	2,137	2,461	2,592	2,393	2,241
% matriculated	30%	34%	36%	35%	31%
Graduate[1]					
Applied	12,718	12,645	14,300	15,856	16,335
Accepted	6,591	6,377	7,299	7,020	7,566
% accepted	52%	50%	51%	44%	46%
Matriculated	3,192	3,093	3,455	3,241	3,430
% matriculated	48%	49%	47%	46%	45%
Law[2]					
Applied	11,451	10,069	10,887	10,391	9,510
Accepted	2,500	2,668	2,767	2,714	2,871
% accepted	22%	26%	25%	26%	30%
Matriculated	770	799	777	858	685
% matriculated	31%	30%	28%	32%	24%
Graduate – Medical Center[3]					
Applied	2,289	3,230	3,418	3,631	4,163
Accepted	1,117	1,368	1,577	1,619	1,969
% accepted	49%	42%	46%	45%	47%
Matriculated	538	543	606	689	784
% matriculated	48%	40%	38%	43%	40%
Medicine (MD)					
Applied	10,213	10,315	10,557	10,588	10,625
Accepted	302	295	344	328	366
% accepted	3%	3%	3%	3%	3%
Matriculated	171	178	174	177	178
% matriculated	57%	60%	51%	54%	49%

As of May 12, 2012, the University has received 21,729 freshman applications for fall 2012.

Notes:

1 Excludes the Law School, the School of Medicine and Health Sciences, the School of Public Health and Health Services, and the School of Nursing.

2 Includes all graduate law programs: J.D., L.L.M., and S.J.D.

3 Includes all graduate programs in the School of Medicine and Health Sciences, the School of Public Health and Health Services, and the School of Nursing.

F. **Tuition and Fees**

Undergraduate tuition and fees for full-time study during the past five academic years are set forth in the following table:

UNDERGRADUATE STUDENT TUITION, FEES AND CHARGES

Academic Year	Tuition[1]	Fees[2]	Room and Board[3]	Total Cost
2007-08	$39,210	$30	$11,420	$50,660
2008-09	40,392	45	9,920	50,357
2009-10	41,610	45	10,120	51,775
2010-11	42,860	45	10,120	53,025
2011-12	44,103	45	10,325	54,473

Notes:
1 Tuition stated for first year students. Remains fixed until graduation, up to five years.
2 Fees are calculated based on a fifteen credit hour maximum per semester.
3 Beginning in the 2008-09 academic year, Room and Board fees for approximately 1,000 students were reduced with priority given on a financial need basis.

Professional school tuition during the past five academic years is shown in the following table:

TUITION FOR FULL-TIME STUDY AT PROFESSIONAL SCHOOLS

Academic Year	Law	Medicine
2007-08	$38,198	$44,555
2008-09	40,100	45,892
2009-10	42,205	47,269
2010-11	43,999	48,687
2011-12	45,750	49,661

G. Financial Aid

The University estimates that during the academic year 2011-2012, approximately 65% of all undergraduates receive some form of financial assistance. The table which follows provides detail regarding undergraduate financial aid.

	2006-07	2007-08	2008-09	2009-10	2010-11
University Aid	$116,318,253	$115,669,383	$121,685,826	$142,343,473	$147,892,185
Federal Aid[1]	5,196,273	5,654,949	5,877,392	7,870,179	7,582,447
Student Loan	39,971,810	37,575,192	37,223,572	30,799,975	36,405,679
Parent Loan	29,028,336	27,235,887	22,700,610	23,453,961	21,264,680
Federal Work/Study[2]	3,669,885	3,343,604	3,414,684	4,642,734	4,988,779
Tuition Remission	2,480,112	2,758,018	2,970,680	2,619,612	1,383,770
TOTAL	$196,664,669	$192,237,033	$193,872,764	$211,729,934	$219,517,540

Notes:

1 Federal Aid includes approximately 25% University matched funds.

2 Federal Work/Study figures are amounts awarded, not amounts earned, and include approximately 30% University matched funds.

IV. UNIVERSITY FACILITIES

The University operates three campuses: the Foggy Bottom Campus and the Mount Vernon Campus, located in the District of Columbia, and the Virginia Science and Technology Campus, located in Loudoun County, Virginia. The Foggy Bottom Campus is located in downtown Washington, DC, three blocks west of the White House, within the Foggy Bottom and West End neighborhoods. The Foggy Bottom Campus is made up of approximately 45 acres of land and is generally bounded by Pennsylvania Avenue on the north, 19th Street on the east, F Street on the south and 24th Street on the west. The campus is comprised of a variety of structures from historic row houses to modern, newly constructed buildings. The redevelopment of the former University Hospital site, Square 54, via ground leases to Boston Properties is complete and the project, now known as "The Avenue," is open. The project's retail space is 100% leased, the office building is 95% leased, and the project's approximately 335 residential apartment units are nearly 99% leased. In fall 2011, the University completed extensive renovations of two major campus facilities: a $43 million transformation of The Charles E. Smith Athletic Center and a complete interior renovation of a residence hall, Lafayette Hall, including new elevators, life safety systems, and reconfiguration of rooms, and exterior upgrades to windows, roof, and masonry.

In addition, there are currently five projects outlined in the *2007 Foggy Bottom Campus Plan* (the "2007 Campus Plan") which are at various stages of development. General information about the 2007 Campus Plan can be found at "http://neighborhood.gwu.edu/campusdev/CampusPlan.cfm", which is provided for information only and is not incorporated by reference. The Science and Engineering Hall is a state-of-the art building that will offer teaching and research laboratories for science and engineering disciplines in the University's Columbian College of Arts and Sciences and the School of Engineering and Applied Science. The eight-story building will provide for approximately 400,000 square feet above grade as well as an additional 100,000 square feet in two below-grade program levels and approximately 379 parking spaces. The building will nearly double the amount of space currently available to the University's science and engineering disciplines. Project construction began in spring 2011 with demolition of existing buildings on site, and the project is scheduled for a late 2014 completion. The Law Learning Center and Garage project will provide a total of 450 parking spaces (four levels underground plus surface parking) and one level of program space for academic use, all below grade. After receiving final approval from the Zoning Commission, construction began in late summer 2011 and completion is anticipated in late 2012. The new home for the University's School of Public Health and Health Services will have eight floors above grade and two below. The building's prominent location on Washington Circle will provide a new front door to the western side of the campus and consolidate the school's activities from its disparate locations and create a signature building and singular identity for the School. The Zoning Commission approved this project in summer 2011 and construction activities began in spring 2012. The project is scheduled to be completed in late 2013. The 2100 Pennsylvania Avenue project, on Square 75, combines the campus plan approved development site with redevelopment of adjacent University-owned property to allow for a new proposed 11-story building in the 2100 block of Pennsylvania Avenue with 255,500 square feet of commercial office space. The University intends for the project to be redeveloped by a development partner to allow the University to leverage its investment real estate to create revenue to support the academic mission. The project was recently filed with the Zoning Commission for approval. Following approval by the Zoning Commission, the University anticipates selecting a developer in mid-2013 and transitioning the site to the selected developer in early-2014. The GW Museum, on Square 102, announced in early March 2011, calls for construction of a University museum (the "GW Museum"), which will include galleries and space for academic and scholarly activities. Pending final review by the Zoning Commission this summer, construction for the GW Museum is anticipated to begin in fall 2012 with completion in late 2013.

In addition to the five campus plan related projects noted above, the University is undertaking a number of significant renovation projects throughout its campuses. The first renovation is to develop a Law Clinic at what was formerly 2000, 2002, and 2004 G Street. This project will deliver student work spaces, departmental and program offices, five seminar rooms, a moot court, and securely separated public space for clinic clients with interview rooms. This restoration of three historic townhouses will provide ADA access (including elevator, ramp, and bathrooms) and will connect all three structures into one accessible unit. Construction began in fall 2011 and completion is scheduled in advance of the spring 2013 semester. The second renovation is in Ross Hall. This project provides for renovation of approximately 35,000 square feet of space on the fifth and sixth floors of Ross Hall, including modern research space for the new Research Center for Neglected Diseases of Poverty and infrastructure upgrades to building systems. The project is partially funded by a grant from the National Institutes of Health. Construction began spring 2012 and will continue through late 2013. The third renovation is of the Gelman Library. This full renovation of the library's second floor will create both a Learning Commons (including electronic resources such as wireless integration, laptop bars, resource librarians, group study and student collaboration spaces) and also a dynamic new entry from Kogan Plaza, creating a new 'front door' for the building. Construction is scheduled to begin in summer 2012 and is anticipated to be phased over the next three years, with specific timing to be determined as design and scope details are finalized.

The Mount Vernon campus, located in northwest Washington, DC, is comprised of approximately 26 acres of land and is improved with a variety of academic and residence hall buildings. The campus offers a variety of course offerings and several special programs, including the Women's Leadership programs and graduate programs in interior design and forensic science, are located on this campus. The transformation of the existing Ames Hall, an academic facility, began in fall 2010 and was completed in late 2011. The project included renovation of the existing building and the addition of approximately 38,000 square feet to create a modern academic building with state-of-the-art classrooms and offices, numerous student breakout rooms and lounges, an auxiliary food service area, and a University Police Department substation. In fall 2010, the University opened a new undergraduate residence hall and campus life facility, West Hall, which includes 287 beds and two levels of residential/campus life and building support space including a campus dining facility.

The Virginia Science and Technology Campus is located in Loudoun County, Virginia. The Virginia campus is comprised of approximately 122 acres of land and features three buildings used for academic, research, and administrative functions, as well as a fourth building that is under long-term lease to the National Transportation Safety Board Academy. The University also owns approximately 50,000 square feet of administrative office space in a nearby office condominium building which will house administrative functions. The University also plans to construct a conservation facility on the Virginia Campus to support the

GW Museum, and an Academic Incubation Facility to support program growth. These facilities are anticipated to be constructed together in a joint building, and the project is currently in the early stages of planning.

In addition to these campus locations, the University offers programs at three educational centers in Alexandria, VA, Arlington, VA and Newport News, VA and educates students in various corporate/government sites located throughout the United States and abroad.

The University is committed to sustainability, and targets for new buildings and renovations to obtain Leadership in Environmental and Energy Design ("LEED") certification of at least a silver level. Projects and renovations that recently achieved gold level ratings include The Avenue, Lafayette Hall, Charles E. Smith Center, West Hall, Ames Hall, and South Hall. Projects and renovations that are registered for LEED gold certification include the Law Clinic, the Science and Engineering Hall, and the 2100 Pennsylvania development site, and the new School of Public Health and Health Services building. The Law Learning Center, the GW Museum, and the Conservation and Academic Incubation facility on the Virginia Science and Technology Campus are targeted for LEED silver certification or better.

The University has historically included health related educational, research, and clinical facilities located on the main campus. In August 2002, the newly constructed University Hospital building was opened. The 371-bed facility, built and operated by District Hospital Partners, L.P., a limited partnership in which the University has a 20% interest, continues to serve as a teaching hospital. The University Hospital is built on land owned by the University and leased to District Hospital Partners, L.P. and is located on the block between 23rd and 24th Streets from Eye Street to Washington Circle. The University Hospital will revert to the University at the conclusion of this long-term lease. The University committed $8.5 million towards the University Hospital's construction; this contribution allows the University to occupy the 6th floor of the University Hospital, which is a relationship that will extend until March, 2014. At that time, the University will receive compensation for the unamortized portion of those construction costs.

V. FINANCES

A. Financial Condition

1. Discussion and Financial Statements

The University presents its consolidated financial statements ("Consolidated Financial Statements") in accordance with the Generally Accepted Accounting Principles in the United States. The financial statements are divided into three major net asset classes: Unrestricted, Temporarily Restricted, and Permanently Restricted. The following tables provide a summary of changes in Total Net Assets for the five fiscal years ended June 30, 2007-11, derived from the audited Consolidated Financial Statements of the University. The financial information below for fiscal years 2011 and 2010 should be read in conjunction with the University's Consolidated Financial Statements as of June 30, 2011 (see **APPENDIX B**). For a complete description of the University's significant accounting policies, see the Notes to the Consolidated Financial Statements. (The consolidated financial position of the University is presented in the audited Statement of Financial Position as of June 30, 2011.) Except as disclosed herein, since June 30, 2011, there has been no material adverse change in the consolidated financial condition or consolidated changes in net assets of the University.

Based on management's preliminary unaudited analysis for the nine months ended March 31, 2012, the University expects to report operating financial results consistent with prior year trends.

2. Summary of Consolidated Financial Activity

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IN THOUSANDS)
as of June 30,

	2007	2008	2009	2010	2011
ASSETS					
Cash and cash equivalents	$ 58,870	$ 84,317	$ 214,105	$ 200,478	$ 257,182
Accounts receivable, net	33,458	34,155	31,900	45,819	67,658
Pledges receivable, net	27,548	28,347	41,302	36,022	45,400
Loans and notes receivable, net	33,439	32,024	32,435	29,486	28,728
Investments	1,536,858	1,620,536	1,366,943	1,504,526	1,703,944
Physical properties, net	897,692	908,788	990,394	1,038,107	1,060,619
Other assets	37,352	28,752	34,415	42,834	46,661
TOTAL ASSETS	$ 2,625,217	$ 2,736,919	$ 2,711,494	$ 2,897,272	$ 3,210,192
LIABILITIES					
Accounts payable and accrued expenses	$ 125,549	$ 134,830	$ 139,256	$ 144,576	$ 170,152
Insurance reserves	12,306	10,525	10,722	8,013	6,373
Bonds and notes payable	793,087	783,070	972,981	1,013,878	1,102,119
Refundable deposits and advances	101,398	71,442	70,338	70,199	70,904
TOTAL LIABILITIES	1,032,340	999,867	1,193,297	1,236,666	1,349,548
NET ASSETS	1,592,877	1,737,052	1,518,197	1,660,606	1,860,644
TOTAL LIABILITIES AND NET ASSETS	$ 2,625,217	$ 2,736,919	$ 2,711,494	$ 2,897,272	$ 3,210,192

CONDENSED CONSOLIDATED STATEMENTS OF ACTIVITIES (IN THOUSANDS)
for the Fiscal Years Ended June 30,

	2007	2008	2009	2010	2011
REVENUES					
Student tuition and fees, net	$ 460,497	$ 479,691	$ 500,740	$ 506,969	$ 538,618
Grants and contracts	149,312	181,061	169,582	172,562	167,891
Contributions, net	46,178	37,881	59,052	29,396	46,658
Investment income (loss), net	262,768	180,929	(160,455)	237,310	292,177
Auxiliary enterprises	85,085	86,580	92,056	91,810	96,903
Other income	73,477	79,108	74,222	88,729	77,540
TOTAL REVENUES	1,077,317	1,045,250	735,197	1,126,776	1,219,787
EXPENSES					
Instructional and general	707,538	782,817	825,619	858,430	895,822
Auxiliary enterprises	76,319	80,170	84,944	88,360	92,598
Independent operations	37,959	40,281	42,783	39,484	39,104
TOTAL EXPENSES	821,816	903,268	953,346	986,274	1,027,524
Extinguishment of debt	(7,020)	-	-	-	-
Change in accounting principle	(13,280)	-	-	-	-
Postretirement related changes	-	2,193	(706)	1,907	7,775
Changes in net assets	235,201	144,175	(218,855)	142,409	$200,038
Net assets, beginning of year	1,357,676	1,592,877	1,737,052	1,518,197	1,660,606
Net assets, end of year	$ 1,592,877	$ 1,737,052	$ 1,518,197	$1,660,606	$1,860,644

3. Outstanding Indebtedness

As of March 31, 2012, the University had indebtedness outstanding of $1,390,349,000 including secured, unsecured, and non-recourse debt reflecting the issuance on March 27, 2012 of the University's $300,000,000 Taxable Bonds, (the "2012 Bonds"). The University expects to apply the proceeds of the 2012A Bonds to the redemption of the Series 1999B Bonds and 1999C Bonds as further described in the front part of this Offering Memorandum.

The University will have approximately $1,390,451,000 of outstanding indebtedness, including secured, unsecured, and non-recourse debt after the issuance of the 2012A Bonds and after the redemption of the Series 1999B Bonds and Series 1999C Bonds.

4. Physical Properties

The net book values of the University's land, buildings, improvements, furniture, and equipment are set forth in the following table:

INVESTMENT IN PHYSICAL PROPERTIES, NET OF ACCUMULATED DEPRECIATION (IN THOUSANDS)

As of June 30,	Land[1]	Buildings and Improvements[2]	Furniture and Equipment	Total
2007	$140,586	$668,555	$88,551	$897,692
2008	136,430	690,008	82,350	908,788
2009	137,403	772,739	80,252	990,394
2010	139,353	819,184	79,570	1,038,107
2011	139,353	842,688	78,578	1,060,619

Notes:
1 Includes land held for future use.
2 Includes construction in progress at fiscal year-end.

5. Contributions

Net contributions to the University for the five fiscal years ended June 30, 2007-11, are set forth in the following table:

CONTRIBUTIONS, NET[1] (IN THOUSANDS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Unrestricted	$15,960	$15,319	$17,432	$12,308	$12,107
Temporarily Restricted	24,023	20,786	39,885	15,757	34,047
Permanently Restricted	6,195	1,776	1,735	1,331	504
TOTAL CONTRIBUTIONS, NET	$46,178	$37,881	$59,052	$29,396	$46,658

Note:
1 Pledge revenues are included for all years. Includes donated gifts in kind.

B. Endowment

The values of the University's endowment and investment fund assets, net of liabilities, and the endowment payout are set forth in the following table:

INVESTMENT PORTFOLIO
(IN MILLIONS)

As of June 30,	All Investments	Endowment Net Fair Value	Total Endowment Payout
2007	$1,537	$1,147	$46
2008	1,621	1,256	49
2009	1,367	1,011	58
2010	1,505	1,144	63
2011	1,704	1,331	64

As of March 31, 2012, the unaudited net fair value of the Endowment is approximately $1.3 billion. The goal of the Endowment is to preserve and enhance its purchasing power while providing a relatively predictable and stable source of income to meet the needs that endowment funds were established to support. Specific investment objectives, to be realized over complete market cycles, are: (1) to achieve an average annual rate of return, net of investment management fees and expenses, of at least 5% above inflation, and (2) to control portfolio risk such that portfolio volatility is consistent with the broad equity market.

The Investment Committee of the Board of Trustees is responsible for the oversight of the Pooled Endowment. The committee establishes guidelines for investment of the Pooled Endowment, including target asset allocation, and reviews the performance of the portfolio to ensure that the goals and objectives of the Pooled Endowment are achieved.

Asset allocation policy is the cornerstone of a disciplined, consistent and diversified approach to achieving the Endowment's investment objectives. The Pooled Endowment's long-term target asset allocation is approved by the Investment Committee of the Board of Trustees. The portfolio is periodically rebalanced to the target weightings for each asset class. The Pooled Endowment's long time horizon and need to provide resources for current spending as well as preserve purchasing power calls for a bias towards equity and equity-like asset classes. The target allocation for the Pooled Endowment does not include investment real estate, Cheney Cardiovascular Fund, Katzen Cancer Center Fund, Ramsey Student Investment Fund, and Phillips Student Investment Fund:

Asset Class	Target Allocation Range
Global Equity	30-70%
Strategic Equity	0-35%
Fixed Income/Government	0-15%
Fixed Income/Credit	0-40%

1. Investment Real Estate

The University has a portfolio of investment properties that are valued as part of its endowment investment portfolio. These assets include two class-A office buildings and two hotels as well as other real estate investments generally adjacent to the Foggy Bottom campus. As of June 1, 2012 the two class-A office buildings had occupancy levels of 99% (2100 Pennsylvania Avenue) and 91% (2000 Pennsylvania Avenue). Rent levels are comparable to the prior year. Other real estate investments include two 60-year ground leases to Boston Properties for the redevelopment of Square 54, the former site of the University Hospital, which was executed in February 2008. The parcel of land, located in the center of Foggy Bottom at the convergence of Pennsylvania Avenue, Washington Circle, and Eye and 23rd Streets, NW, provides a mix of retail, residential, and office uses, including a grocery store, immediately adjacent to the Foggy Bottom-GWU Metrorail station.

C. Fundraising

In fiscal years 2010 and 2011, the University raised \$74 million and \$100 million, respectively, in cash, pledges, and deferred commitments. Total cash in the form of pledge payments and new commitments averaged approximately \$79 million per year over the past two years. Unrestricted gifts totaled \$3.7 million for the fiscal year ending June 30, 2011. The University is investing in fundraising and fundraising staff. During 2012, the University expects its fundraising and alumni relations staff to approximate 200 employees.

VI. MANAGEMENT'S DISCUSSION OF CONSOLIDATED OPERATIONS

The University engages in multi-year planning and budgeting for its academic programs and activities, as well as for the administrative and capital structures which support those programs and activities. The process integrates academic programming, fiscal, and facilities planning. Program priorities are reviewed annually, along with enrollment, revenue, and operating expense assumptions. Detailed budgets are then prepared at the department level, and submitted through the deans and vice presidents to the Executive Vice President and Treasurer and then to the President. Throughout this process, the University's facilities requirements are reviewed and incorporated into a capital budget for the coming year; the University conducts a comprehensive space utilization review process to support the capital budget process. The University's Board of Trustees, through its various committees, is consulted regularly throughout the annual planning and budgeting process. Operating and capital budgets are formally presented and recommended to the Board's Committee on Finance and Audit for its review prior to presentation to the Board of Trustees for consideration and approval.

The University's Board of Trustees and executive management team recognize this is a unique time of opportunity for the University to improve against its peer institutions. They have outlined strategic metrics to measure improvement in these three areas: 1) Student Selectivity; 2) Research Productivity; and 3) Quality of Faculty. Specific and measurable five year goals have been established for each area. Significant progress is being made in many of these areas. An example of recent success includes the addition of Nobel Prize winner, Ferid Murad, to the University faculty community in spring 2011. Led by Provost Steve Lerman, the University community is updating the strategic plan, which will help guide the University for the next decade.

With respect to student demand, total undergraduate applications and enrollment at the University have remained strong through fall 2011. During this time there has been an increase in the quality of matriculants as defined by high school class rankings and SAT scores. The geographic diversity of the undergraduate population has increased as well, with a higher proportion of students from outside the mid-Atlantic states. A strong applicant pool for fall 2012 indicates that the quality of matriculants will continue to improve. One critical factor to this sustained improvement has been the University's continued commitment to affordability (i.e. the freshman tuition discount rate has increased from 28.5% for freshmen entering in fall 2007 to 35.2% for freshmen entering in fall 2011). Graduate applications also continue to increase, improving the quality of students enrolled in those programs as well.

Taking advantage of the University's strong financial position during the current economic state also presents an opportunity to improve research productivity and the quality of faculty and staff. In the fall of 2009, President Knapp announced a plan to increase the University's investment in academic learning, research, and the student experience by $60 million per year. He appointed select, high level individuals from across the University, including faculty and staff, to serve on an Innovation Task Force to lead this effort. The plan is to build up to the annual $60 million goal by fiscal year 2015. This funding will come from three components: increasing the productivity of the University's research and instructional programs; finding savings in business processes; and raising new funds from philanthropic sources (only a portion of new gifts, equivalent to the endowment rate of payout – approximately 5%, will be counted towards the $60 million goal). In other words, the University will increase the rate of fundraising and the efficiency and productivity of the University's programs until, at fiscal year 2015, it has reached the level of an additional $60 million per year (i.e., from that point onward) to invest in academic and research priorities. In its first three years, the University-wide initiative has identified in excess of $40 million in recurring savings and revenue enhancements toward the initiative's goal. In fiscal year 2012, $11 million was budgeted for investments in Academic Excellence, Student Academic Experience, Faculty and Research. In fiscal year 2013 approximately $13 million will be budgeted, for investments in these priorities.

From June 30, 2005 to March 31, 2012, the market value of the University's total endowment assets grew from $823 million to $1.3 billion, an increase of 58%. The University benefited from strong global equity markets and a well-positioned asset allocation during this period. More recently, the University has worked to further diversify its portfolio to control overall risks that have arisen from the collapsing global financial markets. A key focus of the University's investment risk analysis remains on liquidity. As of March 31, 2012, approximately $478 million (58.6%) of the University's Total Pooled Endowment, which does not include investment real estate, Cheney Cardiovascular Fund, Katzen Cancer Center Fund, Ramsey Student Investment Fund, and Phillips Student Investment Fund, had maturities of one year or less.

Additionally, the University had approximately $525 million in operating cash as of June 12, 2012, which includes cash raised through the issuance of the 2012 Bonds. The University continues to operate with positive cash flows, and has been able to fund many capital projects with operating cash over the past several years.

The net operating results of the District Hospital Partners L.P. since its inception have resulted in a good financial position and positive cash flow for the partnership. The partnership began paying quarterly distributions, starting with the period ending December 2008. The first payment was received in July 2009, and to date, the University has received approximately $17 million in cash.

The University holds two 60-year ground leases with a private developer for the development of Square 54 ("The Avenue"), the former site of GW Hospital. The project has created a dynamic urban town center with a mix of retail, residential, and office use at a key transit-oriented development site located on Pennsylvania Avenue. Payments to the University began in February 2008 at a fixed rate for the first four years during development and construction of the project. In February 2012, these payments began escalating in accordance with the lease terms. As of June 1, 2012, total payments to the University have totaled $41 million. This revenue has been reserved separately from the University's operating budget and is designated to the construction costs of the Science and Engineering Hall.

The University's progress over the last decade has been the result of the investments it has made in its programs and facilities. To sustain this progress, the University will focus on the three strategic metrics mentioned herein: Student Selectivity; Research Productivity; and Quality of Faculty. We will continue to evaluate and, where necessary, adjust our investment strategies in response to shifting market conditions.

For several years, the University has internally financed capital projects with cash generated through operating surpluses and "non-borrowing" capital and investing activities, while maintaining the discipline to continue charging debt service to those projects and their respective operating budgets. As referenced in **SECTION IV.**

UNIVERSITY FACILITIES, the University's investment in its physical infrastructure continues with ambitious plans to build state of the art facilities. Additionally, as of March 1, 2012, the Series 2002 A/B Bonds (approximately $173 million outstanding at an interest rate of 5.095%) are callable in March 2013. While the University is well positioned with sufficient resources and flexibility to support the upcoming needs and prospects, management recognizes that the current interest rate environment offers the University a remarkable opportunity to convert its only remaining variable, tax-exempt debt at a low fixed rate cost.

VII. LITIGATION AND REGULATORY ISSUES

The University is a defendant in certain pending civil suits. Based upon information currently available, management believes that any liability resulting therefrom will not materially affect the financial position or changes in net assets of the University.

VIII. INSURANCE AND SELF-INSURANCE PROGRAM

The University procures and maintains commercial insurance covering the four key types of risk to which it is exposed: 1) liability for bodily injury and property damage (i.e. general liability, professional liability, automobile liability, and excess liability); 2) liability for executive risks (i.e. trustees and officers liability, employment practices liability, and cyber liability); 3) loss of or damage to University property (i.e. property, crime, and fine arts); and 4) workers' compensation. This insurance is either required by law or considered by the University to be prudent and customary for an institution of higher education of its size and character. Reserves are established to cover loss within the deductibles and retention of the University's insurance program. The only key exposure not covered by the University's insurance program is medical professional liability involving licensed health care professionals in hospitals (i.e. residents) which is instead covered under by Medical Faculty Associates' Professional Liability insurance program covering malpractice claims made after October 1, 2007 with a retroactive date of July 1, 2000; and an actuarially determined amount held by the University covering malpractice claims made prior to October 1, 2007.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE GEORGE WASHINGTON UNIVERSITY FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

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THE GEORGE WASHINGTON UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

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Report of Independent Auditors

To the President and Board of Trustees of
The George Washington University:

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of unrestricted activities, consolidated statements of activities, and consolidated statements of cash flows present fairly, in all material respects, the consolidated financial position of The George Washington University and its subsidiary (the University) at June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

September 14, 2011

PricewaterhouseCoopers LLP, 1800 Tysons Boulevard, McLean, VA 22102-4261
T: (703) 918 3000, F: (703) 918 3100, www.pwc.com/us

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON DC

Consolidated Statements of Financial Position
As of June 30, 2011 and 2010
(in thousands)

	2011	2010
ASSETS		
Cash and cash equivalents	$ 257,182	$ 200,478
Deposits with trustees	3,032	2,075
Accounts receivable, net	67,658	45,819
Inventory and prepaid expenses	10,018	11,762
Pledges receivable, net	45,400	36,022
Investments	1,703,944	1,504,526
Loans and notes receivable, net	28,728	29,486
Physical properties, net:		
Land and buildings	982,041	958,537
Furniture and equipment	78,578	79,570
Other assets	33,611	28,997
Total assets	$ 3,210,192	$ 2,897,272
LIABILITIES		
Accounts payable and accrued expenses	$ 170,152	$ 144,576
Deferred revenue:		
Tuition and other deposits	28,640	31,420
Grants and contract payments	14,065	10,922
Insurance reserves	6,373	8,013
Bonds and notes payable	1,102,119	1,013,878
Funds advanced for student loans	28,199	27,857
Total liabilities	1,349,548	1,236,666
NET ASSETS		
Unrestricted net assets (deficit):		
Unrestricted operating	(23,470)	(21,869)
Unrestricted capital and investing	1,413,948	1,273,858
Total unrestricted	1,390,478	1,251,989
Temporarily restricted	248,976	193,243
Permanently restricted	221,190	215,374
Total net assets	1,860,644	1,660,606
Total liabilities and net assets	$ 3,210,192	$ 2,897,272

The accompanying notes are an integral part of these consolidated financial statements.

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON DC

Consolidated Statements of Unrestricted Activities
Years Ended June 30, 2011 and 2010
(in thousands)

	2011			2010		
	Operating	Capital and Investing	Total Unrestricted	Operating	Capital and Investing	Total Unrestricted
REVENUE						
Student tuition and fees	$ 747,836	$ -	$ 747,836	$ 709,757	$ -	$ 709,757
Less: University funded scholarships	(209,218)		(209,218)	(202,852)	64	(202,788)
Net student tuition and fees	538,618	-	538,618	506,905	64	506,969
Grants and contracts						
Program funds	145,593	657	146,250	151,846	-	151,846
Indirect cost recoveries	21,641	-	21,641	20,716	-	20,716
Investment income (loss)	226	97,422	97,648	(14)	60,728	60,714
Investment real property rents and appreciation	-	134,612	134,612	-	145,373	145,373
Change in value of split interest agreements	-	135	135	-	33	33
Auxiliary enterprises	96,903	-	96,903	91,810	-	91,810
Contributions, net	11,652	455	12,107	11,459	849	12,308
Net assets released from restrictions	5,919	29,838	35,757	4,071	35,602	39,673
Affiliated medical center agreements	46,926	2,832	49,758	46,219	2,832	49,051
Other income	24,417	3,345	27,762	23,908	15,748	39,656
Total revenue	891,895	269,296	1,161,191	856,920	261,229	1,118,149
EXPENSES						
Salaries and wages	465,124	-	465,124	438,521	-	438,521
Fringe benefits	104,843	-	104,843	96,525	-	96,525
Purchased services	162,408	603	163,011	167,543	810	168,353
Supplies	13,376	18	13,394	13,800	59	13,859
Equipment	10,434	1,158	11,592	10,293	3,593	13,886
Bad debt	491	-	491	1,606	-	1,606
Occupancy	57,212	68,431	125,643	54,979	59,530	114,509
Investment real property expense	-	38,167	38,167	-	38,833	38,833
Scholarships and fellowships	18,130	-	18,130	16,493	-	16,493
Communications	5,252	-	5,252	5,128	-	5,128
Travel and training	22,085	11	22,096	19,326	4	19,330
Interest	-	31,236	31,236	21	27,722	27,743
Other	24,206	4,339	28,545	25,294	6,194	31,488
Total expenses	883,561	143,963	1,027,524	849,529	136,745	986,274
OTHER INCREASES (DECREASES) IN NET ASSETS						
Debt service and mandatory purposes	(50,250)	50,250	-	(48,245)	48,245	-
Endowment support	52,112	(53,383)	(1,271)	51,513	(52,491)	(978)
Capital expenditures	(17,629)	17,629	-	(18,764)	18,764	-
Postretirement related changes	-	7,775	7,775	-	1,907	1,907
Support/investment	5,832	(7,514)	(1,682)	8,545	(14,354)	(5,809)
Total other changes in net assets	(9,935)	14,757	4,822	(6,951)	2,071	(4,880)
INCREASE (DECREASE) IN NET ASSETS	(1,601)	140,090	138,489	440	126,555	126,995
NET ASSETS (DEFICIT) AT THE BEGINNING OF THE YEAR	(21,869)	1,273,858	1,251,989	(22,309)	1,147,303	1,124,994
NET ASSETS (DEFICIT) AT THE END OF THE YEAR	$ (23,470)	$ 1,413,948	$ 1,390,478	$ (21,869)	$ 1,273,858	$ 1,251,989

The accompanying notes are an integral part of these consolidated financial statements.

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON DC

Consolidated Statements of Activities
Years Ended June 30, 2011 and 2010
(in thousands)

	2011				2010			
	Total Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Total Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
REVENUE								
Student tuition and fees	$ 747,836	$ -	$ -	$ 747,836	$ 709,757	$ -	$ -	$ 709,757
Less: University funded scholarships	(209,218)	-	-	(209,218)	(202,788)	-	-	(202,788)
Net student tuition and fees	538,618	-	-	538,618	506,969	-	-	506,969
Grants and contracts								
Program funds	146,250	-	-	146,250	151,846	-	-	151,846
Indirect cost recoveries	21,641	-	-	21,641	20,716	-	-	20,716
Investment income (loss)	97,648	55,478	11	153,137	60,714	29,198	12	89,924
Investment real property rents and appreciation	134,612	-	-	134,612	145,373	-	-	145,373
Change in value of split interest agreements	135	987	3,306	4,428	33	153	1,827	2,013
Auxiliary enterprises	96,903	-	-	96,903	91,810	-	-	91,810
Contributions, net	12,107	34,047	504	46,658	12,308	15,757	1,331	29,396
Net assets released from restrictions	35,757	(35,757)	-	-	39,673	(39,673)	-	-
Affiliated medical center agreements	49,758	-	-	49,758	49,051	-	-	49,051
Other income	27,762	-	20	27,782	39,656	-	22	39,678
Total revenue	1,161,191	54,755	3,841	1,219,787	1,118,149	5,435	3,192	1,126,776
EXPENSES								
Salaries and wages	465,124	-	-	465,124	438,521	-	-	438,521
Fringe benefits	104,843	-	-	104,843	96,525	-	-	96,525
Purchased services	163,011	-	-	163,011	168,353	-	-	168,353
Supplies	13,394	-	-	13,394	13,859	-	-	13,859
Equipment	11,592	-	-	11,592	13,886	-	-	13,886
Bad debt	491	-	-	491	1,606	-	-	1,606
Occupancy	125,643	-	-	125,643	114,509	-	-	114,509
Investment real property expense	38,167	-	-	38,167	38,833	-	-	38,833
Scholarships and fellowships	18,130	-	-	18,130	16,493	-	-	16,493
Communications	5,252	-	-	5,252	5,128	-	-	5,128
Travel and training	22,096	-	-	22,096	19,330	-	-	19,330
Interest	31,236	-	-	31,236	27,743	-	-	27,743
Other	28,545	-	-	28,545	31,488	-	-	31,488
Total expenses	1,027,524	-	-	1,027,524	986,274	-	-	986,274
OTHER INCREASES (DECREASES) IN NET ASSETS								
Endowment support	(1,271)	(349)	1,620	-	(978)	(241)	1,219	-
Postretirement related changes	7,775	-	-	7,775	1,907	-	-	1,907
Support/investment	(1,682)	1,327	355	-	(5,809)	5,730	79	-
Total other changes in net assets	4,822	978	1,975	7,775	(4,880)	5,489	1,298	1,907
INCREASE (DECREASE) IN NET ASSETS	138,489	55,733	5,816	200,038	126,995	10,924	4,490	142,409
NET ASSETS AT THE BEGINNING OF THE YEAR	1,251,989	193,243	215,374	1,660,606	1,124,994	182,319	210,884	1,518,197
NET ASSETS AT THE END OF THE YEAR	$ 1,390,478	$ 248,976	$ 221,190	$ 1,860,644	$ 1,251,989	$ 193,243	$ 215,374	$ 1,660,606

The accompanying notes are an integral part of these consolidated financial statements.

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON DC

Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010
(in thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 200,038	$ 142,409
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated assets	(406)	(2,646)
Depreciation, amortization and accretion expenses	66,999	59,849
Provision for bad debt	641	1,606
Net unrealized (gains) on investments	(162,783)	(165,473)
Net realized (gains) losses on investments	(51,479)	8,875
(Increase) decrease in operating assets:		
Accounts receivable	(22,497)	(15,484)
Prepaids and other current assets	1,744	(2,376)
Pledges receivable	(9,378)	5,280
Deposits with trustees	(957)	994
Other assets	(5,340)	(9,071)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	18,700	8,586
Tuition and other deposits	(2,780)	(143)
Grants and contract deferred revenue	3,143	(455)
Insurance reserves, net	(1,640)	(2,709)
Change in value of split interest agreements	(4,428)	(2,013)
Contributions restricted for long-term investment	(5,430)	(5,365)
Net cash provided by operating activities	24,147	21,864
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(226,445)	(204,966)
Proceeds from sales and maturity of investments	248,703	228,316
Purchases and renovations of land and buildings	(62,192)	(86,899)
Additions of furniture and equipment	(21,375)	(21,727)
Decrease in other loans and notes receivable	776	2,908
Net cash (used in) investing activities	(60,533)	(82,368)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from contributions restricted for long-term investment	5,430	5,365
Principal payments and refinancing of bonds and notes payable	(11,817)	(96,345)
Proceeds from borrowings and refinancing of bonds and notes payable	100,000	138,000
Payments of debt issuance costs	(865)	(602)
Increase in refundable advances from the U.S. Government	342	459
Net cash provided by financing activities	93,090	46,877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,704	(13,627)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	200,478	214,105
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 257,182	$ 200,478
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 43,049	$ 43,561
Income tax payments	-	93
Gross value of additions to capital leases	2,331	1,245

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - The University

The George Washington University (the University) is a private, not-for-profit institution of higher education based in Washington, D.C. The University provides education and training services, primarily for students at the undergraduate, graduate, and postdoctoral levels, and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the U.S. Government. The University's revenues are predominantly derived from student tuition, room, and other fees. The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and reporting practices prescribed for not-for-profit entities. The consolidated statements include the accounts of The George Washington University and its wholly owned subsidiary, Mount Vernon College, a tax-exempt Section 501(c)(3) supporting organization of the University. Significant intercompany transactions and balances have been eliminated.

CASH AND CASH EQUIVALENTS

Short-term investments with maturities at dates of purchase of three months or less are classified as cash equivalents, except that any such investments purchased with funds on deposit with bond trustees or with funds held in trust are classified as Deposits with trustees and investments purchased by endowment fund investment managers are classified as Investments. Cash equivalents include short-term U.S. Treasury securities, other short-term, highly liquid investments, and collateralized interest-bearing repurchase agreements that are carried at fair value.

The total cash and cash equivalents maintained at financial institutions exceeds the amount guaranteed by federal agencies and, therefore, bears risk. The University has not experienced any loss due to this risk.

DEPOSITS WITH TRUSTEES

Deposits with trustees consist of debt service prepaid interest and rental property cash reserves required under certain debt issuance agreements. These cash deposits are recorded at cost which approximates fair value.

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions received for capital projects, endowment funds, or student loans and contributions under split-interest agreements or perpetual trusts are reported as capital and investing unrestricted revenues, temporarily restricted revenues, or permanently restricted revenues according to donor-imposed restrictions. All other contributions are reported as operating revenues unless the donor has otherwise restricted the contributions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Promises to give with payments to be received after one year from the date of the financial statements are discounted. For promises to give received prior to July 1, 2008, the discount rate was the risk-free rate of return at the date of the gift. For promises to give received on or after July 1, 2008, payments expected to be received more than one year from the balance sheet date are discounted at a risk-adjusted rate approximating the market rates for unsecured borrowing as required by fair value measurement accounting standards. Allowance is made for uncollectible contributions based upon management's judgment after analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

SELF-INSURANCE

The University has a liability included as Insurance reserves based upon the estimated cost of asserted and unasserted malpractice claims for Residents in the University's Graduate Medical Education training program prior to 2007 and those of the Medical Faculty Associates (MFA) prior to their separate incorporation in 2000. Currently, malpractice claims for both groups are covered under professional liability insurance provided by the MFA. Due to the subjective nature of these claims, the amount of the ultimate settlement will vary from management's estimates, which are based on an independent actuarial review. The reserves for claims have been discounted at an average rate of 4.56% and 4.75% for the years ended June 30, 2011 and 2010, respectively.

INVESTMENTS

Investments may include some cash and cash equivalents held by endowment investment managers for a specific purpose.

All investment income (loss) is included in unrestricted revenues, temporarily restricted revenues, or permanently restricted revenues depending on donor restrictions. Accumulated appreciation in endowment funds with donor-restricted corpus is classified as temporarily restricted net assets until appropriated for spending under the Board of Trustees' spending policy. At the time of appropriation, the amount of investment income necessary to satisfy the Board of Trustees' spending policy for the endowment fund and related purpose restrictions, if applicable, is reflected as a Net assets released from restriction, which reduces temporarily restricted net assets and increases unrestricted capital and investing net assets. Drawdowns of these funds to cover operating expenses are shown in the Other Increases (Decreases) in Net Assets section of the Consolidated Statements of Activities as Endowment support. Any excess of income earned over the approved spending amount is retained in unrestricted, temporarily restricted, or permanently restricted net assets depending on donor restrictions.

Split-Interest Agreements

The University manages, as trustee, gift annuities, pooled-life income funds, and charitable remainder trusts. Gift annuities consist of non-trust assets donated to the University in exchange for a fixed payment for the life of the beneficiary(s). Gift annuity assets are recorded at their fair value. Pooled life income funds are donated funds received by the University in which the donor receives or assigns a life income. The funds are pooled by the University and are assigned a specific number of units in the pool. The beneficiary(s) is paid the amount of income earned on the donor's assigned units. Pooled life income funds are recorded at their fair value. Charitable remainder trusts consist of trust assets donated to the University in exchange for a percentage of fair value-based payment for the life of the beneficiary(s). Charitable remainder trust assets are recorded at their fair value. These assets are included in Investments (Note 5). The associated liabilities to beneficiaries are calculated based on various actuarial assumptions and are recorded in Accounts payable and accrued expenses (Note 9).

The University's beneficial interests in perpetual trusts held by third parties are shown at fair value of the underlying assets, which approximates the discounted present value of the anticipated cash flows. The University's beneficial interests in charitable remainder trusts held by third parties are shown at present value which is calculated using the fair value of the trust assets at the measurement date, discounted based on various actuarial assumptions impacting the timing of cash flows. These beneficial interests are included in Investments (Note 5).

ACCOUNTS RECEIVABLE

Accounts receivable are reported at net realizable value. Accounts are written off against the allowance for doubtful accounts when determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the University's historical experience and periodic review of individual accounts. The University does not accrue interest on these accounts.

LOANS RECEIVABLE

Loans receivable are primarily related to federal student financial aid programs and are carried at face value, less an allowance for doubtful accounts, of $0.13 million and $0.15 million at June 30, 2011 and 2010, respectively. The allowance for doubtful accounts is estimated based on the University's historical experience and periodic review of individual accounts. The majority of the University's loans receivable represents amounts due under federally guaranteed programs; therefore no reserves are recorded for the portion subject to guarantees. The interest rates on these loans range from 3% to 9%. Maturity dates range up to 10 years, but with potential cancellations and deferrals to points beyond that range, calculation of an average term to maturity is not practicable. The carrying value of loans receivable approximates fair value.

REFUNDABLE ADVANCES FROM THE U.S. GOVERNMENT

Funds provided by the U.S. Government under the Federal Perkins and Health Professions Student Loan Programs are loaned to qualified students and may be loaned again after collection. These funds are ultimately refundable to the U.S. Government.

PHYSICAL PROPERTIES

Land is stated at cost or appraised value at date of donation; buildings and furniture and equipment are stated at cost. Buildings and furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the assets. Construction in progress costs are included in Land and buildings on the Consolidated Statements of Financial Position. These costs are not depreciated until the buildings or renovations are placed into service. Interest cost incurred during construction is capitalized as part of the cost of capital projects. Equipment under capital leases is included in assets and liabilities at the value of future minimum lease payments discounted by the University's incremental borrowing rate.

NET ASSET CLASSES

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

Permanently restricted - Net assets subject to donor-imposed restrictions stipulating that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted - Net assets subject to donor-imposed restrictions that may be or will be met either by actions of the University and/or by the passage of time.

Unrestricted - Net assets that are not subject to donor-imposed restrictions.

Revenues from sources other than contributions or investment income are reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, except contributions that impose restrictions that are met in the same fiscal year they are received are included in unrestricted revenues. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as releases from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire or construct long-lived assets are considered met in the period in which the assets are acquired or placed in service.

The University follows a practice of classifying its revenues and expenses within unrestricted net assets as capital and investing or operating. Items classified as capital and investing include accounts and transactions related to endowment funds and plant facilities, except for donor-restricted contributions to endowment principal and plant. Substantially all of the net assets classified as unrestricted in the Consolidated Statements of Financial Position have been invested in property and equipment, consolidated endowment pool, or are designated for specific uses.

OTHER INCREASES (DECREASES) IN NET ASSETS

Other increases (decreases) in net assets include the following:

Debt service and mandatory purposes - Transfers from operating net assets to capital and investing net assets are for principal and interest payments.

Endowment support - Transfers of University investment income to provide support for operating activities based on the spending policy of the Board of Trustees.

Capital expenditures - Transfers from operating net assets to capital and investing net assets are for equipment purchases.

Postretirement related changes - Recognition in unrestricted net assets of changes in the actuarial liability for postretirement benefit plans other than net periodic benefit cost, as well as amortization of changes recognized in prior years from unrestricted net assets to expenses as a component of the net periodic benefit cost.

Support/investment - Other transfers among operating net assets, capital and investing net assets, and temporarily/permanently restricted net assets.

GUARANTEES AND INDEMNIFICATIONS

The University may enter into service agreements with service providers in which it agrees to indemnify the service provider against certain losses and liabilities arising from the service provider's performance under the agreement. Generally such indemnification obligations do not apply in situations in which the service provider is grossly negligent, engages in willful misconduct, or acts in bad faith.

The indemnifications serve to place the University in a liability position no different than if it had performed the services for itself. The University was not aware of any liability under such service agreements as of June 30, 2011 and 2010.

LEGALLY RESTRICTED BALANCES

The University's federal loan programs have cash restricted as to their use of $3.0 million and $2.1 million as of June 30, 2011 and 2010, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ in material amounts in the near term.

TUITION, FEES, AND SCHOLARSHIPS

The University recognizes unrestricted revenues from student tuition and fees within the fiscal year in which the academic term is predominantly conducted. Deferred tuition and fees are included in Deferred revenue: Tuition and other deposits in the Consolidated Statements of Financial Position.

Tuition discounts in the form of scholarships and grants-in-aid, including those funded by the endowment, research funds, and gifts, have been reported as a reduction of tuition revenues. A tuition discount represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Cash payments to students, excluding compensation, are reported as Scholarships and fellowships expense in the Consolidated Statements of Activities.

OCCUPANCY

The University uses the category of Occupancy to group costs associated with depreciation and maintenance of physical property. Occupancy expense includes depreciation, rent, utilities, insurance, taxes, repairs, and maintenance.

RECLASSIFICATIONS TO PRIOR YEAR FINANCIAL STATEMENTS

Certain prior year amounts have been reclassified to conform to the current year's presentation.

SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through September 14, 2011, which is the date the financial statements were issued, noting no events which affect the financial statements as of June 30, 2011.

Note 3 - Accounts Receivable

Accounts receivable, and the related allowance for doubtful accounts, are summarized as follows as of June 30:

(in thousands)	**2011**	**2010**
Grants and contracts	$20,383	$15,149
Student tuition and fee accounts	15,137	13,767
Medical resident FICA tax refund receivable	26,886	13,225
Due from hospital limited partnership	3,646	2,997
Due from affiliation agreements	3,345	2,999
Other	1,031	1,160
Allowance for doubtful accounts	(2,770)	(3,478)
Total	$67,658	$45,819

As of June 30, 2010, the University recorded a $13.2 million receivable from the Internal Revenue Service (IRS) for refund of FICA taxes paid and related interest on medical resident salaries between 1995 and 2005. The IRS has agreed that medical residents qualified for the student exception from FICA taxes before new regulations went into effect in 2005. As of June 30, 2011, the University recorded an additional $13.1 million representing the residents' portion of the tax refunds and interest plus an additional amount for accrued interest on the University's portion of the refund. The residents' portion of the tax refund plus accrued interest thereon is included in Accounts payable and accrued expenses (Note 9).

Note 4 - Pledges Receivable

Pledges receivable are summarized as follows as of June 30:

(in thousands)	**2011**	**2010**
Unconditional promises expected to be collected in:		
Less than one year	$19,673	$19,797
One year to five years	31,508	20,572
More than five years	1,956	999
Subtotal	53,137	41,368
Allowance for uncollectible pledges	(3,410)	(2,880)
Unamortized discount to present value	(4,327)	(2,466)
Total	$45,400	$36,022

Pledges receivable expected to be fulfilled more than one year from the date of the financial statements are recorded at fair value at the date of the gift, discounted at 1.01% - 5.16%, with the discount amortized over the life of the pledge.

At June 30, 2011 and 2010, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately $120 million and $109 million, respectively. These intentions and conditional promises are not recognized as assets and, if received, will generally be restricted for specific purposes stipulated by the donors, primarily endowments for faculty support, scholarships, or general operating support of a particular department or division of the University.

Note 5 - Investments

Investments are summarized as follows as of June 30:

(in thousands)	2011	2010
Cash and cash equivalents	$59,312	$31,813
Equity - domestic convertible bonds	55,122	43,915
Equity - global	333,602	270,747
Equity - index options	-	6,723
Equity - strategic (private, long-term)	265,960	238,604
Fixed income - asset-backed securities	17,950	11,872
Fixed income - corporate debt securities	53,907	57,106
Fixed income - credit funds	66,401	77,640
Fixed income - municipal bonds	4,335	2,519
Fixed income - mutual funds	3,326	1,270
Real estate	748,688	679,338
Split-interest agreements - GW as trustee	11,214	10,122
Split-interest agreements - trusts held by others	24,922	22,183
Deferred compensation plan assets	18,333	13,971
Other	40,872	36,703
Total	$1,703,944	$1,504,526

Investments are managed by a diverse group of investment managers. Managers may utilize hedging strategies or invest in financial instruments with off-balance sheet risk. Management has estimated that the risk associated with derivatives is not material to the University as of June 30, 2011 and 2010, and therefore has not been accounted for in the financial statements.

Investment income includes the following for the years ended June 30:

(in thousands)	2011	2010
Interest and dividends	$10,176	$8,892
Net gains on investments carried at fair value	138,938	77,559
Net gains on investments carried at other than fair value	12,370	10,499
Administrative expenses	(8,347)	(7,026)
Total	$153,137	$89,924

Investment real property rents and appreciation consists of the following for years ended June 30:

(in thousands)	2011	2010
Real property rents	$65,602	$63,969
Net unrealized appreciation	69,010	81,404
Total	$134,612	$145,373

The University holds two ground leases with a private developer for the redevelopment of Square 54, the former site of the GW Hospital. The project has created a dynamic urban town center with a mix of retail, residential, and office uses at a key transit-oriented development site located on Pennsylvania Avenue. The lease terms call for escalating payments in subsequent years and rental income is recognized on a straight-line basis over the life of the arrangement and is included in Investment real property rents and appreciation.

This treatment results in a lease receivable accumulating in the early years of the lease term which will be relieved in the latter years when the lease payments exceed the income recognized. As of June 30, 2011 and 2010, lease receivables of $23.9 million and $16.7 million are included in Other assets in the Consolidated Statements of Financial Position.

The University holds a 28.56% interest in the Columbia Plaza Limited Partnership, whose income and distributions are accounted for under the equity method, which is included in Real estate at $24.8 million and $23.6 million as June 30, 2011 and 2010, respectively. The University also holds a 20% interest in District Hospital Partners, L.P., accounted for under the equity method, which is included in Other investments, valued at $28.8 million and $23.7 million as of June 30, 2011 and 2010, respectively.

Note 6 - Fair Value

The University determines fair value in accordance with fair value measurement accounting standards. These standards establish a framework for measuring fair value and a fair value hierarchy based on the observability of inputs used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The three broad levels of fair value hierarchy established by the standard are as follows:

- Level 1 - Quoted prices in active markets for identical assets as of the reporting date.
- Level 2 - Quoted prices in markets that are not active or other pricing inputs that are either directly or indirectly observable as of the reporting date.
- Level 3 - Prices or valuation techniques in which one or more significant inputs or significant value drivers are unobservable as of the reporting date. The determination of fair value for these financial instruments requires one or more inputs subject to significant management judgment or estimation.

Assets Measured at Fair Value on a Recurring Basis

The following table identifies the portion of assets which are reported at fair value and are subject to the hierarchy outlined above as of June 30:

(in thousands)	2011		2010	
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments
Items reported at fair value	$251,173	$1,635,741	$193,740	$1,442,252
Items not subject to fair value reporting	6,009	68,203	6,738	62,274
Total	$257,182	$1,703,944	$200,478	$1,504,526

Items not subject to fair value reporting include cash deposits, two limited partnership investments where the University's interest exceeds 20% accounted for under the equity method of accounting, intangible assets, and insurance contracts.

For items reported at fair value, the following table summarizes the valuation of financial instruments by pricing observability levels as of June 30:

(in thousands)	2011			
	Level 1	Level 2	Level 3	Total
Cash equivalents at fair value	$251,173	$ -	$ -	$251,173
Investments:				
Cash equivalents	57,430	138	-	57,568
Equity - domestic convertible bonds	-	55,122	-	55,122
Equity - global	136,138	129,983	66,691	332,812
Equity - strategic (private, long-term)	-	-	265,960	265,960
Fixed income - asset-backed securities	-	17,950	-	17,950
Fixed income - corporate debt securities	-	53,907	-	53,907
Fixed income - credit funds	-	59,303	7,098	66,401
Fixed income - municipal bonds	-	4,335	-	4,335
Fixed income - mutual funds	3,326	-	-	3,326
Real estate	-	-	723,891	723,891
Split-interest agreements - GW as trustee	11,214	-	-	11,214
Split-interest agreements - trusts held by others	-	-	24,922	24,922
Deferred compensation plan assets	6,863	8,075	3,395	18,333
Total investments reported at fair value	214,971	328,813	1,091,957	1,635,741
Total assets reported at fair value	$466,144	$328,813	$1,091,957	$1,886,914

(in thousands)	2010			
	Level 1	Level 2	Level 3	Total
Cash equivalents at fair value	$193,740	$ -	$ -	$193,740
Investments:				
Cash equivalents	29,327	1,343	-	30,670
Equity - domestic convertible bonds	-	43,915	-	43,915
Equity - global	48,374	179,954	41,564	269,892
Equity - index options	6,723	-	-	6,723
Equity - strategic (private, long-term)	-	-	238,604	238,604
Fixed income - asset-backed securities	-	11,872	-	11,872
Fixed income - corporate debt securities	-	57,106	-	57,106
Fixed income - credit funds	-	59,696	17,944	77,640
Fixed income - municipal bonds	-	2,519	-	2,519
Fixed income - mutual funds	1,270	-	-	1,270
Real estate	-	-	655,765	655,765
Split-interest agreements - GW as trustee	10,122	-	-	10,122
Split-interest agreements - trusts held by others	-	-	22,183	22,183
Deferred compensation plan assets	4,127	7,008	2,836	13,971
Total investments reported at fair value	99,943	363,413	978,896	1,442,252
Total assets reported at fair value	$293,683	$363,413	$978,896	$1,635,992

In general, for Level 2 and Level 3 investments, the University utilizes the investment manager of the asset to provide a valuation estimate based on previously disclosed techniques and processes which have been reviewed for propriety and consistency with consideration given to asset type and investment strategy. In addition, the University may also use established processes for determining the fair value of such securities which reflect the University's own assumptions to value the assets as well. Management makes best estimates based on information available. The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

- Cash equivalents - Cash equivalents include cash deposits in investment funds and short-term U.S. Treasury securities, and other short-term, highly liquid investments which are actively traded. Cash equivalents as of June 30, 2011, also include a bank repurchase agreement valued at $5.1 million collateralized by bank-owned securities issued by the U.S. Government or agencies thereof. Cash equivalents are priced using independent market prices in the primary trading market and are classified as either Level 1 or Level 2 based on the availability of quotes for identical or similar assets, respectively.

- Equity investments - Equity investments include, but are not limited to, separately held accounts, shares in hedge funds, and limited partnership holdings. These assets, which are grouped by investment objective, consist of both publicly traded and privately held securities, diversified globally.

    - Publicly traded securities - These investments generally include derivatives, convertible bonds, and global equity holdings. Securities traded on an active exchange are priced using unadjusted market quotes for identical assets and are classified as Level 1. Securities that trade inactively, or that have comparable traded assets - that trade in either active or inactive markets - are priced using available quotes and other market data that are observable as of the reporting date, and are classified as Level 2.

    - Privately held securities - These investments generally include strategic equity, as well as some global equity holdings. These funds are privately held and trade infrequently, if at all. The valuations are calculated by the investment manager based on valuation techniques that take into account each fund's underlying assets and include traditional valuation methods such as the market, cost, and income approaches. The valuation policies adopted by the manager are reviewed by the University for propriety, consistency, compliance, and completeness. Funds that are valued at net asset value (NAV) or similar measure, are redeemable in the near term, and require no adjustment to the manager-provided valuation are classified as Level 2. Limited partnerships and other nonredeemable funds are classified as Level 3. No active market exists for these assets and their valuations are based on unobservable and/or significantly adjusted inputs. Additionally, there is rarely any option to transfer or withdraw from these funds prior to their termination. Inputs used to determine fair value are based upon the best available information provided by the partnerships/funds and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Circumstances that may cause the University to make adjustments to the manager-provided valuations include but are not limited to valuations calculated on accounting bases other than U.S. GAAP and other quantifiable events not taken into account by the investment manager in the reported NAV.

- Fixed income securities - These assets include, but are not limited to, asset-backed securities, corporate debt, investment funds with fixed income portfolios, and municipal bonds. These assets are primarily valued using market prices, such as broker quotes, for the same or similar instruments; as these securities typically trade in less active markets, they are categorized as Level 2, except for investment funds that are not publicly traded which are categorized as Level 3.

- Real estate - Real estate investment properties are valued based on results from an independent appraisal and a professional third-party market valuation. To determine fair value in cases where the two valuation methods yielded resulting values within 5%, the University adopted the average of the two values as the fair value. In cases where the variance between the two valuations was greater than 5%, the University considered the ranges of values provided by the valuators and made certain assumptions with respect to future property cash flow expectations and risk pricing in the form of income capitalization rates and discount rates. Valuation adjustments represent management's assumptions of how a market participant would view the properties, and are based on the range of future cash flows and risk pricing presented in the appraisals and professional valuations. Assets are included in Level 3 as significant unobservable inputs and management's judgment is used in the valuation process.

- Split-interest agreements - Assets received under split-interest agreements from donors where the University serves as trustee are categorized as Level 1 based on the observability of pricing inputs to the underlying investments held in those trusts. For arrangements where the University is a beneficiary of a trust held by a third party, the asset represents the University's beneficial interest in future cash flows and is valued using a discounted cash flow analysis based on the assumed timing and duration of those cash flows. Because this involves significant judgment and estimation, the valuations of these beneficial interests are included in Level 3.

- Deferred compensation plan assets - Assets purchased under deferred compensation arrangements include mutual funds, insurance company pooled separate accounts, and variable annuities and are categorized as Level 1, Level 2, or Level 3 based on the observability of pricing inputs for the investment vehicles. Funds that are publicly traded are categorized as Level 1, while Level 2 assets include funds which are not publicly traded, but have established NAV or are based on quoted prices for similar assets. Level 3 assets include annuity contracts issued by insurance companies.

The University adopted the updated GAAP valuation standard related to investment funds that do not have a readily determinable fair value effective July 1, 2009. The guidance allows the fair value measurements for these funds to be based on reported NAV if certain criteria are met, and establishes additional disclosures related to these investment funds. Accordingly, the fair values of the following investment funds have been estimated using reported NAV:

(in thousands)	2011				2010
Category of Investment	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period	Fair Value
Equity - global	$195,760	$7,000	Weekly to annually	2 to 120 days	$220,522
Equity - strategic (private, long-term)	265,960	176,042	Redemption not permitted during life of fund	N/A	238,604
Fixed income - credit funds	66,400	-	Monthly to semi-annually	10 to 90 days	77,640
Total	$528,120	$183,042			$536,766

- Equity - global - These funds are primarily composed of publicly traded developed and emerging-market stocks, long/short equity, market neutral equity, short-biased equity, equity hedges with options, futures or swaps, global macro, Master Limited Partnerships (MLP's), Real Estate Investment Trusts (REITS), exchange-traded funds, convertible bonds and preferred stock. Approximately 9% of these are in liquidation and distributions are anticipated over the next 1-5 years as the underlying assets are sold. Approximately 16% of these assets are currently locked up for up to 1 year.

- Equity - strategic (private, long-term) - These assets are primarily composed of long term lock-up funds to include private equity, venture capital, oil and gas, land, controlling distressed debt, infrequently traded small-capitalization and micro-capitalization securities. Distributions from the majority of these investments are received through the liquidation of the underlying assets. It is estimated that approximately 62% of the underlying assets will be liquidated within 10 years.

- Fixed income - credit funds - These funds are primarily composed of bank loans, levered loans, debtor-in-possession (DIP) loans, liquid distressed debt, loan origination, high-yield bonds, emerging-market debt, and asset-backed securities. Approximately 11% of these assets are in liquidation with distributions anticipated over the next 3-5 years as the underlying assets are sold. Approximately 66% of these assets may become subject to gate provisions of up to 12 months.

Changes in Level 3 Assets – for year ended June 30:

(in thousands)	2011					
	Equity – global	Equity - strategic (private, long-term)	Fixed income - credit funds	Real estate	Split- interest agreements - trusts held by others	Deferred compensation plan assets
Beginning of year	$41,564	$238,604	$17,944	$655,765	$22,183	$2,836
Net realized/unrealized gains (losses)	10,921	53,739	(145)	68,126	2,707	72
Net purchases, sales, issuances, settlements and other	9,185	(26,383)	(10,701)	-	32	487
Net transfers to Level 3	5,021	-	-	-	-	-
End of year	$66,691	$265,960	$7,098	$723,891	$24,922	$3,395
Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2011	$9,988	$25,902	$3,373	$68,126	$2,707	$ -

(in thousands)	2010					
	Equity - global	Equity - strategic (private, long-term)	Fixed income - credit funds	Real estate	Split- interest agreements - trusts held by others	Deferred compensation plan assets
Beginning of year	$16,723	$197,704	$51,750	$571,806	$21,696	$ -
Net realized/unrealized gains	2,269	15,532	1,426	81,404	1,412	-
Net purchases, sales, issuances, settlements and other	(2,891)	21,663	(24,131)	2,555	(925)	470
Net transfers to (from) Level 3	25,463	3,705	(11,101)	-	-	2,366
End of year	$41,564	$238,604	$17,944	$655,765	$22,183	$2,836
Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2010	$2,798	$12,896	$10,575	$81,404	$1,080	$ -

Transfers into and out of Level 3 are typically the result of a change in the observability of significant valuation inputs required by various models. There were no transfers between Level 1 and Level 2 for the years ending June 30, 2011 and 2010.

Realized/unrealized gains (losses) on Level 3 assets included in changes in net assets are reported in revenues for the year ended June 30 as follows:

(in thousands)	2011		
	Investment income	Investment real property rents and appreciation	Change in value of split-interest agreements
Total net gains included in changes in net assets	$63,631	$69,010	$2,707
Change in net unrealized gains relating to assets still held at June 30	$38,379	$69,010	$2,707

in thousands)	2010		
	Investment income	Investment real property rents and appreciation	Change in value of split-interest agreements
Total net gains included in changes in net assets	$19,227	$81,404	$1,412
Change in net unrealized gains relating to assets still held at June 30	$26,269	$81,404	$1,080

Note 7 - Endowment

The University's Endowment (Endowment) includes approximately 1,150 individual endowment funds, as well as the real estate investment properties. The Endowment provides stable financial support to a wide variety of programs and activities in perpetuity, playing a critical role in enabling the University to achieve its mission. Programs supported by the Endowment include scholarships, chairs and professorships, fellowships, research activities, and libraries. The Endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the University has approved management's interpretation of the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA) as enacted by the Council of the District of Columbia. UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. The classification of temporarily restricted net assets includes funds donated to the University under an agreement permitting the Board to expend below the original value of the gift in periods of deficient earnings.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization

Endowment funds are categorized in the following net asset classes as of June 30:

	2011		2010	
(in thousands)	Donor-restricted Endowment Funds	Board-designated Endowment Funds	Donor-restricted Endowment Funds	Board-designated Endowment Funds
Unrestricted	$ (2,056)	$949,315	$ (7,023)	$823,590
Temporarily restricted	199,421	-	145,358	-
Permanently restricted	184,420	-	181,656	-
Total endowment funds	$381,785	$949,315	$319,991	$823,590

Changes in endowment funds by net asset classification for the year ended June 30 are summarized as follows:

(in thousands)	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$816,567	$145,358	$181,656	$1,143,581
Investment return:				
Investment income	25,116	3,660	-	28,776
Net appreciation (realized and unrealized)	152,579	56,046	-	208,625
Administrative expenses	(4,907)	(3,440)	-	(8,347)
Total investment return	172,788	56,266	-	229,054
Contributions	2,751	16,060	1,238	20,049
Appropriations of assets for expenditure	(45,295)	(18,535)	-	(63,830)
Reinvestment of payout and internal transfers to endowments	448	272	1,526	2,246
Endowment net assets, end of year	$947,259	$199,421	$184,420	$1,331,100

(in thousands)	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$710,337	$124,947	$175,909	$1,011,193
Investment return:				
Investment income	20,606	1,948	-	22,554
Net appreciation (realized and unrealized)	131,535	30,019	-	161,554
Administrative expenses	(4,257)	(2,769)	-	(7,026)
Total investment return	147,884	29,198	-	177,082
Contributions	893	9,053	4,605	14,551
Appropriations of assets for expenditure	(44,241)	(18,555)	-	(62,796)
Reinvestment of payout and internal transfers to endowments	1,694	715	1,142	3,551
Endowment net assets, end of year	$816,567	$145,358	$181,656	$1,143,581

Endowments with Eroded Corpus

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $2.1 million and $7.0 million as of June 30, 2011 and 2010, respectively.

Return Objectives and Risk Parameters

The goal of the Endowment is to preserve and enhance its purchasing power while providing a relatively predictable and stable source of income to meet the needs that endowment funds were established to support. While it is the University's goal to maintain purchasing power in practice, it is not the University's accounting policy to accommodate purchasing power adjustments by classifying any additional portion of net appreciation as permanently restricted. Specific investment objectives, to be realized over complete market cycles, are: (1) to achieve an average annual rate of return, net of investment management fees and expenses, of at least 5% above inflation, and (2) to control portfolio risk such that portfolio volatility is consistent with the broad equity market.

Strategies Employed for Achieving Objectives

Asset allocation policy is the cornerstone of a disciplined, consistent, and diversified approach to achieving the Endowment's investment objectives. The Endowment's long-term target asset allocation is approved by the Investment Committee of the Board of Trustees. The portfolio is periodically rebalanced to the target weightings for each asset class. The Endowment's long time horizon and need to provide resources for current spending as well as preserve purchasing power calls for a bias towards equity and equity-like asset classes.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University's Board of Trustees establishes a spending policy that determines how endowment distributions are made. The spending policy is designed to balance current and future spending requirements by ensuring that a portion of investment return is distributed for current expenditure with the remainder reinvested to shield against inflation. The payout rate is approved annually by the Board of Trustees as part of the budget process. Currently, spending increases in the payout are capped by the change in the Consumer Price Index for the Washington, DC metro area, adjusted for new gifts received during the year. The annual payout is intended to approximate 5% of the average fair value of the endowment. In establishing this policy, the University considered the long-term expected return on its endowment.

Note 8 - Physical Properties

Physical properties are summarized as follows as of June 30:

(in thousands)	**2011**	**2010**
Land	$139,353	$139,353
Buildings	1,204,737	1,124,781
Construction in progress	90,397	103,274
Building under capital lease	6,527	6,527
Accumulated depreciation	(458,973)	(415,398)
Total	$982,041	$958,537
Furniture and equipment	$117,076	$138,475
Library and collections	88,722	82,080
Equipment under capital leases	23,636	21,350
Accumulated depreciation	(150,856)	(162,335)
Total	$78,578	$79,570

The value of buildings includes the addition of capitalized interest of approximately $1.2 million and $3.1 million as of June 30, 2011 and 2010, respectively.

Furniture and equipment expenditures for the years ended June 30 totaled:

(in thousands)	**2011**	**2010**
Capitalized	$20,993	$21,835
Expensed	11,592	13,886
Total	$32,585	$35,721

Depreciation expense is summarized as follows as of June 30:

(in thousands)	**2011**	**2010**
Buildings	$43,575	$34,080
Furniture and equipment	19,110	19,431
Equipment under capital leases	2,591	2,971
Total	$65,276	$56,482

GAAP related to conditional asset retirement obligations requires that the fair value of the liability for an asset retirement obligation (ARO) be recognized in the period in which it is incurred and the settlement date is estimable, even if the exact timing or method of settlement is unknown. The ARO is capitalized as part of the carrying amount of the long-lived asset retroactively to the time at which legal or contractual regulations created the obligation. The ARO for the University is primarily associated with the cost of removal and disposal of asbestos and lead paint. There were no asset retirement obligations capitalized for the year ended June 30, 2011 and 2010. Accumulated depreciation totaled \$0.5 million and \$0.4 million as of June 30, 2011 and 2010, respectively. The ARO liability is included in Accounts payable and accrued expenses (Note 9).

Accretion expense for the ARO was \$0.21 million and \$0.09 million as of June 30, 2011 and 2010, respectively. Depreciation expense for the ARO was \$0.04 million and \$0.06 million for the years ended June 30, 2011 and 2010, respectively, and is included in building depreciation expense.

The University receives financial assistance awards from external sponsors to perform educational, research and development, training, and other activities. The assistance from external sponsors can be in the form of grants, contracts, and other agreements that may fund salaries and wages, fringe benefits, supplies, facilities, and the acquisition of property. Property acquired that meets the capitalization criteria is recorded as an asset of the University and depreciated in accordance with the University's depreciation policy. For property acquired on federally funded awards, relevant federal requirements regulate the disposition of property at the conclusion of the award.

Note 9 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30:

(in thousands)	**2011**	**2010**
Accrued building construction payable	\$14,553	\$9,666
Accrued interest payable	13,298	10,330
Accrued other liabilities	15,201	14,806
Accrued payroll and related liabilities	63,402	51,115
Accumulated postretirement liability	18,902	24,547
Asset retirement obligation	1,724	1,638
FICA refund due to medical residents	13,065	-
Split-interest agreements	6,219	6,346
Trade payables	13,265	14,876
Other payables	10,523	11,252
Total	\$170,152	\$144,576

Note 10 - Bonds and Notes Payable

Bonds and notes payable consist of the following as of June 30:

(in thousands)	Final Scheduled Maturities	2011 Ending Interest Rate	2011 Amount Outstanding	2010 Amount Outstanding
Tax-exempt bonds:				
1999 Series B/C	9/15/2029	Variable 0.09%	$167,730	$167,730
2001 Series A	9/15/2031	Fixed 5.104%	50,305	51,082
Taxable bonds:				
2002 Series A/B	9/15/2032	Fixed 5.095%	176,600	180,200
2007 Series General Obligation	2/01/2017	Fixed 5.3%	50,000	50,000
2009 Series General Obligation	2/01/2019	Fixed 6.0%	200,000	200,000
2010 Series General Obligation	9/15/2020	Fixed 4.53%	131,240	138,000
2011 Series General Obligation	9/15/2021	Fixed 4.452%	100,000	-
Non-recourse debt:				
Notes payable – secured by real estate	3/11/2017	Fixed 5.9%	200,000	200,000
Notes payable – secured by real estate	5/11/2014	Fixed 5.703%	9,977	10,273
Notes payable – secured by real estate	7/11/2015	Fixed 4.955%	15,612	15,925
Unsecured notes payable	5/01/2021	Fixed 3-5%	655	668
Total			$1,102,119	$1,013,878
Estimated fair value at June 30			$1,159,858	$1,058,742

Fair values for debt were determined by discounting the future stream of payments using interest rates currently available to the University.

In March 2011, the University issued $100 million in Series 2011 taxable, fixed-rate bonds. The proceeds will provide funding for general University purposes including capital projects.

In June 2010, the University issued $138 million in Series 2010 taxable, fixed rate bonds. Approximately $85.2 million of the proceeds were used to pay off the principal on the 1999 Series A bonds and $2.8 million of the proceeds were used to pay the optional redemption premium, accrued interest, and costs of issuance. The remainder will provide funding for general University purposes including capital projects.

The University has three renewable available lines of credit with various banks totaling $175 million. These lines of credit have variable interest rates and expire at various times 2011 and 2012. There were no amounts outstanding under lines of credit at June 30, 2011 or 2010.

In conjunction with a line of credit renewal during fiscal 2010, the University agreed to maintain a portion of its working capital on deposit with the bank in return for more favorable pricing on the line of credit. Under this arrangement, commonly known as a compensating balance requirement, the University must maintain a minimum average daily balance of $4.0 million in deposits during the term of the line of credit. As of June 30, 2011 and 2010, the University was in compliance with this requirement.

The agreements for certain debt issuances require the University to deposit and maintain specified amounts in trustee-controlled accounts as repair and maintenance reserves. In satisfaction of these requirements, $3.0 million and $2.1 million were included in Deposits with trustees at June 30, 2011 and 2010, respectively. Other assets include unamortized debt issuance costs of $7.3 million and $7.6 million as of June 30, 2011 and 2010, respectively.

Interest expense included the following items for the years ended June 30:

(in thousands)	Expense Category	**2011**	**2010**
Bonds/notes payable	Interest	$31,045	$27,397
Rental property	Investment real property	14,781	14,797
Capital leases	Interest	191	346
Total		$46,017	$42,540

As of June 30, 2011, principal payments are due on bonds and notes payable in accordance with the following schedule:

Fiscal Year Ending June 30 *(in thousands)*	
2012	$12,455
2013	13,185
2014	23,116
2015	14,554
2016	29,352
Thereafter	1,009,457
Total	$1,102,119

The $167.7 million of 1999 Series B/C bonds are weekly variable-rate demand bonds. In the event the bonds are redeemed, the bonds will be remarketed or the University will use the bonds' letter of credit facility to complete the redemption. If any of the tendered bonds are not successfully remarketed, the obligation under the letter of credit will convert to a three-year term loan due in equal semiannual installments. This series of events could result in maturity of the debt obligation earlier than is reflected in the debt maturity schedule above.

The 2002 Series A/B bonds have a fixed interest rate through March 2013. At the end of the fixed rate period, the University, in consultation with its remarketing agent, will determine a new interest rate mode and execute the appropriate conversion. The scheduled principal payments reflected in the debt maturity schedule above are not affected by an interest rate mode conversion.

Note 11 - Commitments and Contingencies

The University is a defendant in certain pending civil suits. Based upon information currently available, management believes that any liability resulting therefrom will not materially affect the financial position or changes in net assets of the University.

Amounts received and expended by the University under various federal and state programs are subject to audit by government agencies. Management believes that adjustments, if any, which might result from such audits would not have a significant impact upon the consolidated financial position or changes in net assets of the University.

The University leases certain office, academic, residential, and administrative facilities under non-cancelable operating leases expiring at various dates through 2025. Rent expense under operating leases totaled $26.2 million and $24.7 million for the years ended June 30, 2011 and 2010, respectively. The aggregate minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30 *(in thousands)*	
2012	$21,890
2013	21,828
2014	20,330
2015	13,532
2016	12,898
Thereafter	28,119
Total	$118,597

The University has entered into capital leases on equipment for academic and administrative purposes. Minimum lease payments under capital leases and the present value of the net minimum lease payments are as follows:

Fiscal Year Ending June 30 *(in thousands)*	
2012	$2,019
2013	1,372
2014	283
2015	57
Minimum lease payments	3,731
Less amount representing interest	(136)
Total	$3,595

Capital leases payable are recorded as trade payables in Accounts payable and accrued expenses (Note 9).

Note 12 - Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

Permanently restricted - Net assets subject to donor-imposed restrictions stipulating that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted - Net assets subject to donor-imposed restrictions that may be or will be met either by actions of the University and/or by the passage of time.

Temporarily and permanently restricted net assets consist of the following at June 30:

(in thousands)	**2011**		**2010**	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Building funds	$3,729	$ -	$3,027	$ -
Endowment funds:				
Instruction & academic support	131,989	118,321	98,098	116,466
Student aid	63,852	64,501	44,160	63,592
Building funds	981	632	793	632
Other endowments	2,599	966	2,307	966
	199,421	184,420	145,358	181,656
Loan funds	-	3,587	-	3,742
Pledges:				
Instruction & academic support	12,844	447	10,370	378
Student aid	9,699	337	5,582	204
Building funds	5,340	186	4,420	161
Other pledges	4,036	127	5,764	210
	31,919	1,097	26,136	953
Split-interest agreements	3,023	27,051	2,380	23,988
Other	10,884	5,035	16,342	5,035
Total	$248,976	$221,190	$193,243	$215,374

Note 13 - Program and Supporting Activities Expense

The Consolidated Statements of Activities include the following program and supporting activity expenses for the years ended June 30:

(in thousands)	**2011**	**2010**
Instruction and academic support	$533,052	$500,554
Research and research support	143,254	147,803
Auxiliary enterprises	92,598	88,360
Student services	86,878	82,995
Institutional support	111,128	107,114
Independent operations	39,104	39,484
Student aid	21,510	19,964
Total	$1,027,524	$986,274

Independent operations include expenses associated with the University's investment real estate operations.

Costs related to the maintenance and operation of physical plant of $161.6 million and $150.6 million for the years ended June 30, 2011 and 2010, respectively include depreciation of plant assets and interest on plant debt. These costs are allocated among program and supporting activities based upon periodic inventories of facility square foot usage; interest on plant debt is based on the percentage of actual interest expense attributable to properties.

Technology costs of $56.1 million and $56.0 million for the years ended June 30, 2011 and 2010, respectively, are allocated to academic and institutional support based upon relative benefits provided to academic and administrative users of the services. Technology costs include expenses associated with the operation and maintenance of administrative systems, campus network and telecommunications systems, computing labs, and related support for students and faculty.

Note 14 - Retirement Plans and Postretirement Benefits

Full-time and regular part-time faculty and staff are eligible for participation in the University's defined contribution retirement program. The program is administered by the University. Independent vendors receive contributions for the plan for investment purposes and process distributions from the plan. Any present or future employee who completes two years of service becomes eligible to participate in the program.

The plan consists of both a noncontributory and a matching component. All eligible participants receive a contribution equal to 4% of their base salary. In addition, for those employees electing to participate in the matching portion of the program, the University contributes an additional amount equal to 1½% for each 1% of eligible compensation contributed by the employee, but not to exceed an amount equal to 6% of the participant's eligible compensation. Participants are immediately fully vested in both types of the University's contributions. Eligible participants direct the investment of contributions made on their behalf. For eligible participants who do not provide investment direction for contributions, the University contributions are invested in a Qualified Default Investment Alternative based on the expected year of retirement. University contributions to the retirement plan amounted to $31.2 million and $27.9 million for the years ended June 30, 2011 and 2010, respectively.

The University provides health care and life insurance benefits to certain retired employees. These employees become eligible for benefits after meeting age and service requirements.

GAAP for postretirement benefit plans requires the recognition of the funded status of a defined benefit postretirement plan on the Consolidated Statements of Financial Position. An overfunded plan is recognized as an asset and an underfunded plan is recognized as a liability. The unamortized transition obligation and net actuarial gains or losses as well as subsequent changes in the funded status are recognized as Postretirement related changes in the Consolidated Statement of Activities. The University's policy is to fund postretirement benefits as payments are made.

The net periodic postretirement benefit costs for the years ended June 30, 2011 and 2010 consist of the following:

(in thousands)	**2011**	**2010**
Service cost - benefits earned during the year	$892	$817
Interest cost on accumulated benefit obligation	1,247	1,458
Amortization of net actuarial loss	897	1,146
Amortization of transition obligation	231	231
Net periodic benefit cost	$3,267	$3,652

The following table sets forth the postretirement benefit plan's funded status and the amount of accumulated postretirement benefit plan costs for the years ended June 30, 2011 and 2010 (using a measurement date of June 30):

(in thousands)	**2011**	**2010**
Change in Accumulated Postretirement Benefit Obligation:		
Accumulated postretirement benefit obligation at beginning of year	$24,547	$23,867
Service cost	892	817
Interest cost	1,247	1,458
Net actuarial (gain)/loss	(6,647)	(530)
Plan participants' contributions	1,349	1,460
Medicare subsidy	265	266
Benefits paid	(2,751)	(2,791)
Accumulated postretirement benefit obligation at end of year	18,902	24,547
Change in Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	-	-
Plan participants' contributions	1,349	1,460
Employer contributions	1,137	1,065
Medicare subsidy	265	266
Benefits paid	(2,751)	(2,791)
Fair value of plan assets at end of year	-	-
Funded Status at End of Year - Accumulated postretirement liability reflected in the Consolidated Statements of Financial Position in Accounts payable and accrued expenses	$(18,902)	$(24,547)
Amounts not Recognized in Net Periodic Benefit Cost:		
Net actuarial loss	$1,191	$8,735
Transition obligation	920	1,151
Total	$2,111	$9,886

The following discount rates were used in calculating the above benefit obligations and net periodic benefit costs at June 30:

	2011	**2010**
Net periodic benefit cost	5.20%	6.25%
Postretirement benefit obligation	5.50%	5.20%

The following changes were recognized in unrestricted net assets for the year ended June 30, 2011:

(in thousands)	
Current year net actuarial gain	$6,647
Amortization of net actuarial loss	897
Amortization of transition obligation	231
Total	$7,775

A portion of the transition obligation totaling $0.23 million is expected to be amortized from unrestricted net assets into net periodic benefit cost for the year ended June 30, 2012.

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. The liability calculation as of June 30, 2011 above assumes an 8.0% increase in health care costs for the year ended June 30, 2012, with the rate decreasing by 0.5% annually for the next six years to an ultimate trend rate of 5.0% thereafter. The liability calculation as of June 30, 2010, assumed a 7.5% increase in health care costs for the year ended June 30, 2011, with the rate of increase decreasing by 0.5% annually for the next five years to an ultimate trend rate of 5.0% thereafter. A one percentage point change in these health care cost trend assumptions would have the following impact on the reported amounts for fiscal years ended June 30:

(in thousands)	**2011**	**2010**
Effect of a 1% increase:		
Postretirement benefit obligation	$942	$2,862
Net periodic benefit cost	232	342
Effect of a 1% decrease:		
Postretirement benefit obligation	$(2,283)	$(2,437)
Net periodic benefit cost	(193)	(284)

The following benefit payments, which reflect expected future service, are expected to be paid over the next 10 fiscal years ending June 30:

(in thousands)	Before Medicare Subsidy	Medicare Subsidy	Net of Medicare Subsidy
2012	$1,539	$265	$1,274
2013	1,584	-	1,584
2014	1,572	-	1,572
2015	1,541	-	1,541
2016	1,458	-	1,458
2017 – 2021 (total)	5,898	-	5,898

Note 15 - Related Parties

MEDICAL FACULTY ASSOCIATES, INC.

The University has an Academic Affiliation Agreement with Medical Faculty Associates, Inc. (MFA). Under the agreement, MFA provides clinical teaching, research, and administrative services to the University. In addition, MFA leases certain office space, uses operational services, and provides academic support. Affiliated Medical Center agreements revenue of approximately $10.3 million and $9.4 million was reported for the years ended June 30, 2011 and 2010, respectively. Approximately $23.8 million and $21.1 million in purchased services from the MFA were reported under various captions for the years ended June 30, 2011 and 2010, respectively. The University had an outstanding receivable balance due from MFA of $1.4 million and $1.0 million as of June 30, 2011 and 2010, respectively. The University had an outstanding payable balance due to MFA of $0.7 million and $0.4 million as of June 30, 2011 and 2010, respectively.

DISTRICT HOSPITAL PARTNERS, L.P.

The University has a 20% limited partnership interest in District Hospital Partners, L.P. (DHP), which owns and operates the GW Hospital and provides support to the University's Medical Center in developing and maintaining the Medical Center's academic programs and research. The University's investment in DHP is recorded on the equity basis of accounting. The University's share of the partnership's profits for the years ended June 30, 2011 and 2010 was approximately $9.0 million and $7.4 million, respectively.

As of June 30, 2010, the University held a $7.9 million intangible asset, net of accumulated amortization of $14.8 million, related to its interest in DHP. Amortization of intangible costs was approximately $1.1 million for the year ended June 30, 2010. Effective July 1, 2010, the University adopted updated GAAP related to the discontinuance of amortization for goodwill and certain intangibles which became applicable to the University on that date. Upon adoption of this guidance, the University ceased the amortization of the intangible asset. The University evaluated the carrying value of the intangible asset in conjunction with the related DHP partnership and determined there was no impairment to the intangible asset as of June 30, 2011.

The University and DHP have executed several agreements, which reimburse or compensate the University for providing services or personnel to assist in the continued operations of the GW Hospital. Affiliated Medical Center agreements revenue of approximately $27.1 million was reported for both years ended June 30, 2011 and 2010. The receivable from DHP for the unpaid balance of these services is $3.6 million and $3.0 million as of June 30, 2011 and 2010, respectively. Approximately $0.2 million in purchased services from the GW Hospital were reported under various captions for both years ended June 30, 2011 and 2010.

APPENDIX C

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

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APPENDIX C

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a summary of the Indenture. This summary does not purport to set forth all of the provisions of such document, to which reference is made for the complete and actual terms thereof.

CERTAIN DEFINITIONS

Certain terms used in the Indenture are defined below unless otherwise defined herein or the context clearly indicates otherwise. When and if such terms are used in this Offering Memorandum they shall have the meanings set forth below. Any capitalized term used in this Offering Memorandum regarding the Indenture and not defined herein shall have the meaning given such term by the Indenture.

"Accounts" means the accounts created under the Indenture.

"Additional Bonds" means any bonds issued by the University pursuant to the Indenture subsequent to the Series 2012A Bonds.

"Authenticating Agent" means The Bank of New York Mellon, or any successor of or agent of the Authenticating Agent, appointed pursuant to the Indenture.

"Beneficial Owners" means when the Bonds are held by a Bond Depository, the owner of any Bonds which are held for such owner by a Bond Depository in the form of a Global Certificate.

"Board" means the University's board of trustees or other board or group of individuals in which all of the powers of the University for the management of corporate assets are vested.

"Bond Depository" means The Depository Trust Company, its successors and assigns, and any other securities depository which meets the qualifications set forth in the Indenture.

"Bond" or "Bonds" means the Series 2012A Bonds and any Additional Bonds issued from time to time under the Indenture.

"Bond Payment Date" means any Interest Payment Date and any other date on which the principal, premium (if any) or interest on the Bonds is to be paid to the Owners thereof (whether at maturity thereof, or by acceleration of maturity or after notice of redemption or purchase or prepayment or otherwise).

"Bondholder" or "Holder" or "Holder of Bonds" or "holder of Bonds" or "Owner" or "Owner of Bonds" or "owner of Bonds" means the person in whose name any Bond is registered on the registration books maintained by the Registrar pursuant to the Indenture.

"Business Day" means any day other than a Saturday, Sunday or other day on which (a) the New York Stock Exchange or (b) banks located in New York, New York, the District or in any of the cities of the Principal Offices or drawing office, as applicable, of the Trustee, are authorized by law, regulation or execution order or obligated to be closed.

"Certificated Bonds" means the Bonds authorized to be authenticated and delivered pursuant to the Indenture.

"Closing Date" or "Closing" or "Issuance Date" means with respect to any Series of Bonds, the date of original issuance and delivery of such Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable regulations (whether proposed, temporary or final) under the Code and the statutory predecessor of the Code, and any official rulings and judicial determinations under the foregoing applicable to the Bonds.

"Commission" means the Securities and Exchange Commission.

"Counsel" means any attorney or attorneys duly admitted to practice law before the highest court of any state or the District and acceptable to the University who have regularly engaged in the practice of law as their primary occupation for at least five (5) years and none of whom are officers, full time employees, directors or members of the University.

"Debt Service Fund" means the Debt Service Fund created under the Indenture.

"Default" and "Event of Default" means any "Default" or "Event of Default" under the Indenture.

"Defeasance Securities" means any of the following:

(a) Cash.

(b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs").

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself.

(d) Only the interest component of Resolution Funding Corp. (REFCORP) REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.

(e) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

(f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

(i) U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership

(ii) Farmers Home Administration (FmHA)

Certificates of beneficial ownership

(iii) Federal Financing Bank

(iv) General Services Administration

Participation certificates

(v) U.S. Maritime Administration

Guaranteed Title XI financing

(vi) U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

"Determination Letter" means, collectively, the letters dated June 30, 1971, and August 24, 2009, issued by the Internal Revenue Service to the University recognizing the University as an organization described in Section 501(c)(3) of the Code (except for taxation of unrelated business taxable income under Section 511 of the Code) which is exempt from federal income taxation under Section 501(a) of the Code and which is not a "private foundation" as defined in Section 509 of the Code.

"District" means the District of Columbia and its successors and assigns.

"DTC", "Depository", "Bond Depository" or "Securities Depository" means The Depository Trust Company, of New York, New York and/or its nominee, Cede & Co. or any successors, Substitute Depositories or assigns thereof in whose name or names the Global Certificates shall be registered on the books of the Registrar and its successors and assigns.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Fiscal Year" means a period of 12 consecutive months ending on June 30, or on such other date, specified by the Board, of which the Trustee is given written notice.

"Funds" means, collectively, the funds and accounts created under the Indenture.

"Global Certificate" means when the Bonds are held by a Bond Depository, the Bonds in the form of one (1) Global Certificate representing the aggregate principal amount of Bonds due on a maturity date which shall be registered in the name of such Bond Depository.

"Indenture" means the Indenture of Trust, dated as of July 1, 2012, between the University and the Trustee, and any and all amendments, modifications and supplements thereto.

"Independent" means any Person not an employee or officer of the University or its affiliates.

"Interest Account" means the account by that name in the Debt Service Fund established pursuant to the Indenture.

"Interest Payment Date" means:

(i) each March 15 or September 15, provided, however, that if any such date is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day with the same effect as if such interest payment was made on the original interest payment date; and

(ii) the Stated Maturity Date and any other date on which any Bond service charges shall be due and payable, whether at maturity, upon acceleration, call for redemption or otherwise.

"Mail" or "Notice" or "notice" or "Notice by Mail" means mail by first class prepaid postage to Owners of the Bonds at the addresses shown in the registration books maintained pursuant to the Indenture or delivery of all notices or instruments in accordance with the Indenture to the University, the Trustee, the Paying Agent, the Registrar, the Rating Agency or the Bond Depository. Any notice to Owners given by mail shall be deemed given and received when delivered by the Registrar to the United States Postal Service, or its successor, postage prepaid. In case, by reason of suspension of regular mail service or by reason of any other cause, it shall be impracticable to give such notice by Mail, then such notification as shall be made with the approval of the Registrar shall constitute a sufficient notification for every purpose under the Indenture.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

"1999B Bonds" shall mean the $83,865,000 District of Columbia University Revenue Bonds (The George Washington University Issue), Series 1999B issued under and pursuant to the 1999B Indenture.

"1999B Indenture" shall mean the Indenture of Trust dated as of December 1, 1999 between the District of Columbia and the Prior Trustee, as amended and supplemented by the Second Supplemental Indenture of Trust dated as of December 1, 1999 and the Sixth Supplemental Indenture of Trust dated as of November 1, 2008, each between the District of Columbia and the Prior Trustee.

"1999B Letter of Credit" shall mean the direct-pay letter of credit maintained by Bank of America, N.A. with respect to the 1999B Bonds.

"1999C Bonds" shall mean the $83,865,000 District of Columbia University Revenue Bonds (The George Washington University Issue), Series 1999C issued under and pursuant to the 1999C Indenture.

"1999C Indenture" shall mean the Indenture of Trust dated as of December 1, 1999 between the District of Columbia and the Prior Trustee, as amended and supplemented by the Third Supplemental Indenture of Trust dated as of December 1, 1999 and the Seventh Supplemental Indenture of Trust dated as of November 1, 2008, each between the District of Columbia and the Prior Trustee.

"1999C Letter of Credit" shall mean the direct-pay letter of credit maintained by Bank of America, N.A. with respect to the 1999C Bonds.

"Outstanding" or "outstanding" means, except as provided in the Indenture, when used with reference to Bonds, as of any particular date, all Bonds, authenticated and delivered under the Indenture, as applicable, except:

(i) any Bond canceled by the Registrar or the Trustee, as applicable, (or delivered to the Registrar or Trustee for cancellation, as applicable) at or before such date;

(ii) any Bond for the payment, redemption or purchase and cancellation of the principal and interest on which provision shall have been made as provided in the Indenture; and

(iii) any Bond paid or in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the Indenture.

"Paying Agent" means The Bank of New York Mellon, or any successor corporation of or agent of the Paying Agent, substituted in its place in accordance with the Indenture and its successors.

"Permitted Investments" means the following obligations:

(a) Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) U.S. Export-Import Bank (Eximbank)

Direct obligations or fully guaranteed certificates of beneficial ownership

(ii) Rural Economic Community Development Administration (formerly the Farmers Home Administration)

Certificates of beneficial ownership

(iii) Federal Financing Bank

(iv) Federal Housing Administration Debentures (FHA)

(v) General Services Administration

Participation certificates

(vi) Government National Mortgage Association (GNMA)

GNMA - guaranteed mortgage-backed bonds

GNMA - guaranteed pass-through obligations

(vii) U.S. Maritime Administration

Guaranteed Title XI financing

(viii) U.S. Department of Housing & Urban Development

Project Notes

Local Authority Bonds

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System

Senior debt obligations;

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")

Participation Certificates

Senior debt obligations;

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae")

Mortgage-backed securities and senior debt obligations;

(iv) Resolution Funding Corp. (REFCORP) obligations; and

(v) Farm Credit System

Consolidated systemwide bonds and notes;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAA-m; or AA-m and if rated by Moody's rated Aaa, AA1 or AA2 (including investments for which the Trustee serves as investment adviser or manager);

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including EIF and SAIF;

(g) Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements;

(h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A1" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the highest rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A1" or "A" or better by S&P; and

(k) Repurchase agreements for 30 days or less provided such agreements follow the criteria described below.

(i) Repurchase agreements with a dealer bank or securities firm which are:

a. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's, or

b. Banks rated "A" or above by S&P and Moody's.

(ii) The written repurchase contract must include acceptable securities:

a. Acceptable securities are:

(1) Direct U.S. governments, or

(2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA and FHLMC).

(iii) The collateral must be delivered to the trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustees is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(iv) Valuation of Collateral

a. The securities must be valued weekly, marked to market at current market price plus accrued interest.

b. The value of collateral must be equal to 104% of the amount of cash transferred to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

"Person" or "person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

"Pre-Refunded Municipal Obligations" has the meaning set forth in paragraph (e) of the definition of Defeasance Securities.

"Principal Account" means the account by that name in the Debt Service Fund established pursuant to the Indenture.

"Principal Office" means the office maintained by any person for the transaction of business or such other office as shall be designated by such person in writing to the Trustee, the Paying Agent, the Registrar, the Authenticating Agent and the University, and specifically shall mean the office or offices with respect to:

(i) the Trustee, the office designated in the Indenture or such other office as is designated in writing to the Paying Agent, the Registrar, the Authenticating Agent and the University;

(ii) the Paying Agent, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the Registrar, the Authenticating Agent and the University;

(iii) the Authenticating Agent, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the Registrar and the University;

(iv) the Registrar, the office designated in the Indenture or such office as is designated in writing to the Trustee, the Paying Agent, the Authenticating Agent and the University; and

(v) the University, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the Paying Agent, the Authenticating Agent and the Registrar.

"Prior Bond Redemption Fund" shall mean the fund of that name established pursuant to the Indenture.

"Prior Bond Redemption Date" shall mean August 1, 2012, the redemption date of the Prior Bonds.

"Prior Bonds" shall mean, collectively, the 1999B Bonds and the 1999C Bonds.

"Prior Indenture" shall mean, collectively, the 1999B Indenture and the 1999C Indenture.

"Prior Trustee" shall mean U.S. Bank National Association, as trustee for the Prior Bonds.

"Purchase Contract" means the Contract of Purchase for the Series 2012A Bonds, dated June 19, 2012, between the University and Barclays Capital Inc., on behalf of itself and the other the Underwriters, or any other purchase contract relating to the purchase of Additional Bonds.

"Rating Agency" means S&P, Moody's or any other securities rating agency that shall have assigned a rating with respect to the Bonds upon the application of the University, which rating is in effect at the time in question, and the successors and assigns of any such rating agencies, and the term "Rating Agencies" shall mean all of the foregoing, collectively.

"Record Date" shall mean, with respect to each Interest Payment Date, the first day of the month of such Interest Payment Date, or, if such day shall not be a Business Day, the next succeeding Business Day.

"Redemption Fund" means the fund by that name established pursuant to the Indenture.

"Redemption Price" means, when used with respect to a Bond or any portion thereof, the principal amount of such Bond or portion thereof and premium (if any).

"Registrar" means The Bank of New York Mellon, or any successor of or agent of the Registrar, appointed in accordance with the Indenture and their respective successors.

"Resolution" means the resolution adopted by the Board authorizing the issuance of the Series 2012A Bonds, or any resolution adopted by the Board in connection with the issuance of Additional Bonds.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Series" means the Bonds issued at any one time or otherwise issued as one series under the provisions of the Indenture, and shall refer severally to the Series 2012A Bonds and any Series of Additional Bonds.

"Series 2012A Bonds" means the $168,000,000 The George Washington University Taxable Bonds, Series 2012A, issued pursuant to the Indenture.

"Special Record Date" means the special record date established by the Trustee pursuant to the Indenture for the purpose of paying principal and interest to Bondholders upon an Event of Default.

"Stated Maturity Date" or "Stated Maturity" means with respect to the Series 2012A Bonds, the maturity date or dates specified in the Indenture, and with respect to any Additional Bonds, the maturity date or dates specified in the applicable Supplemental Indenture.

"Subsidiary" means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or a state thereof which is directly or indirectly controlled by, or under common control by the same Person as, the University or any other Subsidiary. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of a majority of its voting securities, the right to designate or elect a majority of the members of its board or directors or other governing board or body or the power or right to direct the management and policies of a Person by contract or otherwise.

"Substitute Depository" means a Depository appointed pursuant to the Indenture and qualified in accordance with the provisions of the Indenture to replace a predecessor Bond Depository but shall not include a successor of any Bond Depository.

"Supplemental Indenture" means any instrument entered into by the University and the Trustee executed and delivered in accordance with the terms and provisions of the Indenture for the purpose of amending, modifying or supplementing the Indenture.

"Trust Estate" means, at any particular time, all cash and securities now or hereafter held in the Funds and Accounts, all moneys, securities and obligations, including Permitted Investments (including the investment income from Permitted Investments) which at such time are deposited or are required to be deposited with, or are held or are required to be held by or on behalf of, the Trustee in trust under any of the provisions of the Indenture, created or established under the Indenture and all investment earnings on the Funds and Accounts and all other property of every name and nature which is now pledged, assigned or transferred, or which may from time to time in the future be pledged assigned or transferred, to the Trustee, by delivery or by writing of any kind, as and for security under the Indenture, except for moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with the Indenture, and funds held pursuant to the Indenture for Bonds which have not been presented for payment.

"Trustee" means The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York, as trustee under the Indenture, its successors in trust and its and their assigns, and any co trustee appointed and serving under the Indenture.

"UCC" means the Uniform Commercial Code as in effect in the District.

"Underwriters" means Barclays Capital Inc., J.P. Morgan Securities LLC and Loop Capital Markets LLC.

"University" means The George Washington University, an institution of higher education and body corporate organized and existing under a Special Act of Congress of the United States of America, and its successors and assigns.

"University Representative" means the Executive Vice President and Treasurer of the University and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the University then authorized by the Executive Vice President and Treasurer to perform such act or discharge such duty in writing reciting that such authorization is effective pursuant to the by laws of the University then in effect accompanied by a written certificate of the Secretary of the Board of the University furnished to the Trustee containing the specimen signature of such person.

"Value" means with respect to funds held as part of any fund or account under the Indenture, shall be determined as of the end of each month and as otherwise required under the Indenture and shall mean the value of any investments calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times):

the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the University in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; and

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest.

THE INDENTURE

The following is a summary of certain provisions of the Indenture. Such summary does not purport to be complete or definitive and reference is made to the Indenture for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this summary and not otherwise defined under "Definitions of Certain Terms in the Indenture."

Pledge. In order to secure the payment of the principal of, and interest and premium, if any, on the Series 2012A Bonds and any Additional Bonds issued under the Indenture either at their maturity or prior redemption according to their tenor and effect and to secure the performance and observance by the University of all the covenants and obligations expressed or implied in the Indenture and in the Bonds, the University conveys, transfers, assigns and pledges the Trust Estate to, and grants a security interest in the Trust Estate to the Trustee and to its successors in trust and assigns, forever, such conveyance, transfer, assignment, pledge and security interest to be effective without the recording of the Indenture or any other instrument.

Payments with Respect to the Series 2012A Bonds. The University will make payments which shall be sufficient to pay the principal of, purchase price, or premium, if any, and interest on, the Series 2012A Bonds, on the dates, in the amounts, at the times and in the manner provided in the Indenture and in the Series 2012A Bonds, whether at maturity, upon acceleration, upon redemption or otherwise. The obligation of the University to make payments for deposit into the Interest Account of the Debt Service Fund for the payment of interest on the Series 2012A Bonds on the Interest Payment Date and into the Principal Account of the Debt Service Fund and the Redemption Fund for payment of principal of, and premium, if any, on the Series 2012A Bonds on the date for payment, as required pursuant to the Indenture, shall be reduced by the amount of moneys in the Debt Service Fund or the Redemption Fund, as applicable, available for such purposes. The University shall pay to the Trustee, at the Trustee's Principal Office, all payments payable by the University pursuant to the Indenture.

In the event that the University fails to make any payments described above with respect to the payment of the Series 2012A Bonds required by the Indenture, the item or installment in default will continue as an obligation of the University until the amount in default is fully paid.

Covenants of the University. As a further inducement to any Holder from time to time to purchase the Bonds, the University covenants, among other things, to:

(i) duly and punctually make all payments required by the Indenture and the Bonds on the dates, at the times, at the place and in the manner provided in the Indenture and in the Bonds when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning thereof;

(ii) maintain its existence as a non profit institution of higher education and to not take any action or omit to take any action or permit any circumstance within its control to arise or continue if such action, omission or circumstance will result in a modification, revocation or termination of its status as an organization described in Section 501(c)(3) of the Code which is not a "private foundation" as defined in Section 509(a) of the Code, or its classification as an organization organized and operated exclusively for educational or charitable purposes and not for pecuniary profit within the meaning of the Securities Act of 1933, as amended;

(iii) subject to certain exceptions, maintain its perpetual corporate existence by Special Act of Congress, in good standing, and its qualification to do business in the District, and will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, provided that the University may, so long as no Event of Default exists or would exist by reason thereof without violating the agreement contained in this paragraph, consolidate with or merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve, provided that (1) the surviving, resulting or transferee legal entity, as the case may be, shall be a legal entity organized and existing under the laws of the United States of America or of the District or of one of the states of the United States of America, shall be qualified to do business in the District, and, if not the University, shall assume in writing all of the obligations of the University under the Indenture and the Bonds, in which event the University shall be released, concurrently with and contingent upon such assumption, from all liability under the Indenture and the Bonds and (2) such consolidation, merger or transfer is in accordance with the terms and conditions of the Indenture;

(iv) keep and maintain full and accurate books and records and provide full and prompt access thereto, excluding confidential records, to the Trustee upon reasonable request therefor;

(v) maintain or obtain when needed, all necessary permits, licenses, certifications, accreditations and other governmental authorizations necessary to conduct its operations substantially as they are presently conducted or as they may in the future, be conducted;

(vi) maintain insurance coverage on the properties of the University with reputable insurance companies duly qualified to conduct business in the District in amounts and against risks customarily insured against by institutions similarly situated, including but not limited to insurance covering business interruption, property and liability. The University may, at its option, fulfill its insurance obligations, in whole or in part, through self-insurance;

(vii) at all times cause its business to be carried on and conducted in an efficient manner and its properties to be maintained, preserved and kept in reasonably good repair, working order and condition with all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing in the Indenture shall be construed: (a) to prevent the University from ceasing to operate any portion of its properties, if in the judgment of the University it is advisable not to operate the same for the time being; or if the University intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such a sale or other disposition; or (b) to obligate the University to retain, preserve, repair, renew or replace any property, leases, rights, privileges or licenses no longer used or useful in the conduct of its educational and charitable purposes and operations;

(viii) promptly pay all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or against its properties; provided, however, that the University shall have the right to contest in good faith by appropriate proceedings any such taxes, governmental charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof if such delay or deferral shall be permitted by applicable law and shall not materially adversely affect the ability of the University to perform its obligations under the Indenture;

(ix) be and remain in compliance in all material respects with all applicable provisions of ERISA; and

(x) provide certain annual financial information and certain material event notices to Holders; provided that failure by the University to satisfy this covenant shall not be an Event of Default on the Bonds under the Indenture.

Certificated Bonds. When Bonds are no longer held by a Bond Depository or Substitute Depository, upon the conditions specified in the Indenture, the University shall direct that Certificated Bonds be issued in lieu of Global Certificates. In such event, the Global Certificates shall be canceled and disposed of by the Trustee in accordance with its customary procedures. The Trustee shall notify the Paying Agent, the Authenticating Agent and the University of the cancellation and disposition of such Global Certificates specifying such Global Certificates by number, and the University shall thereupon execute and the Authenticating Agent shall authenticate and deliver Certificated Bonds. Upon the issuance of Certificated Bonds, the Trustee and the Authenticating Agent may require payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to the issuance of such Certificated Bonds. The execution by the University of any Certificated Bonds shall constitute full and due authorization of such Certificated Bonds. Certificated Bonds shall be entitled to the same benefits under the Indenture as Global Certificates.

Books. The University shall cause books for the registration and registration of transfer of the Bonds as provided in the Indenture to be kept by the Registrar. The Registrar shall maintain and keep, at the Principal Office of the Registrar, books for the registration and registration of transfer of Bonds, which at all reasonable times shall be open for inspection by the University, the Trustee and the Paying Agent. Upon presentation of any Bond entitled to registration or registration of transfer at the Principal Office of the Registrar, the Registrar shall register or register the transfer of the Bond in the registration books, under such reasonable regulations, as the Registrar may prescribe. The Registrar shall make all necessary provisions to permit the exchange or registration and transfer of Bonds at the Principal Office of the Registrar.

Transfer and Exchange. The Bonds shall be transferred and exchanged as provided in the Indenture, provided that the Trustee and Registrar shall not register the transfer or exchange of any Bonds subject to redemption during the period beginning at the opening of business 15 days prior to the mailing of a notice of redemption of such Bonds to be redeemed or those Bonds as to which notice of redemption has been given in accordance with the Indenture unless the transferee of the Bond to be transferred or exchanged delivers to the Registrar a written acknowledgement of such call for redemption and agrees in writing to be bound by such call for redemption.

Nonpresentment of Bonds. In the event any Bond is not presented for payment when principal of such Bond becomes due, either at maturity or at the date fixed for redemption of the Bond, or otherwise, or if any interest check is not cashed, if sufficient funds to pay such Bond or interest has been made available by the University to the Trustee or the Paying Agent for the benefit of the Owner of the Bond, all liability of the University to the Owner of the Bond for the payment of such Bond, or interest, as the case may be, will forthwith cease, terminate and be completely discharged, upon which event it will be the duty of the Trustee to segregate such funds and to hold such segregated funds in trust, uninvested and without liability for interest on such funds, for the benefit of the Owner of such Bond or interest, as the case may be, who will thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond or interest, as the case may be, provided that any money deposited with the Trustee for the payment of the principal of, and premium, if any, on, or interest on, any Bond and remaining unclaimed for two (2) years (or such shorter period of time as is then specified by the law governing unclaimed or abandoned property) after such principal, premium, if any, or interest has become due and payable shall be paid pursuant to the law governing unclaimed or abandoned property.

Creation of Funds and Accounts; Deposit of and Use of Moneys. The Funds and separate Accounts within the Funds created with respect to the Bonds under the Indenture shall be held and administered by the Trustee in accordance with the terms of the Indenture and as described below concerning certain Funds:

Prior Bond Redemption Fund. A Prior Bond Redemption Fund will be established. The net proceeds of the Series 2012A Bonds shall be initially deposited by the Trustee into the Prior Bond Redemption Fund along with certain funds provided by the University. The moneys in the Prior Bond Redemption Fund shall be used for the reimbursement of Bank of America, N.A. for the draw on the 1999B Letter of Credit and for the draw on the 1999C Letter of Credit, the proceeds of which were used to pay the principal of and accrued interest on the Prior Bonds to the Prior Bond Redemption Date, or to pay the redemption price of the Prior Bonds in the event such letter of credit proceeds are not made available. The moneys in the Prior Bond Redemption Fund shall be held in trust by the Trustee and applied as provided in the Indenture and, until such application, the moneys in such fund shall be subject to a lien and charge in favor of the Holders of the Bonds. Upon the transfer of sufficient net proceeds in the Prior Bond Redemption Fund to the Prior Trustee to make the above-referenced reimbursements any excess proceeds, including any investment earnings, shall be transferred to the Interest Account of the Debt Service Fund or to the University upon its written direction and the Prior Bond Redemption Fund shall be closed.

Debt Service Fund. A Debt Service Fund will be established comprised of a Principal Account and an Interest Account. There will be deposited in the Debt Service Fund by the Trustee Payments allocated to principal of and premium, if any, and interest on the Bonds. Except as otherwise provided in the Indenture, moneys in the Debt Service Fund shall be used solely for the payment of the principal of, and interest on the Bonds as the same become due and payable. The balance of any moneys remaining in the Interest Account and the Principal Account after payment of the foregoing amounts will be remitted to the University.

Redemption Fund. A Redemption Fund will be established. Moneys in the Redemption Fund shall be used solely for the payment of principal of, and accrued interest and redemption premium, if any, on the Bonds upon the redemption thereof.

Payment of Interest. On each Interest Payment Date, the Paying Agent shall pay the interest due on the Bonds on such date from moneys transferred to it by the Trustee from amounts on deposit in the Interest Account of the Debt Service Fund.

Payment of Principal and Premium. On each date on which the principal of and, premium, if any, on any of the Bonds becomes due and payable, at maturity, upon redemption or otherwise, the Paying Agent shall pay such principal, and premium, if any, from moneys transferred to it from the Trustee from amounts on deposit, as applicable, in the Principal Account of the Debt Service Fund and the Redemption Fund.

Investments. Moneys in any Fund or Account created under the Indenture shall, at the specific written direction of the University, be invested and reinvested by the Trustee in Permitted Investments and such investments applied pursuant to and in accordance with the Indenture.

Performance of Covenants of the University; Representations. The University will at all times faithfully perform any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture, and in all proceedings pertaining to the Bonds.

Removal of Trustee. The Trustee may be removed at any time by the University, with or without cause, by providing notice, in writing, of an appointment of a successor to the Trustee to be removed, the Paying Agent, the Authenticating Agent and the Registrar. Such removal shall take effect upon the appointment of a successor Trustee and the acceptance of such appointment by such successor. Upon the termination of the Indenture, and upon the removal or resignation of the Trustee, any reasonable costs associated with any accounting or similar process requested of the Trustee which is not duplicative in nature or in excess of the accounting or similar process ordinarily required under the Indenture and previously provided by the Trustee, shall be a proper charge against the Trust Estate pursuant to the Indenture.

Events of Default. Each of the following events shall constitute an Event of Default under the Indenture:

(a) A failure to pay the principal, or purchase price of, or premium, if any, on any Bond or any Series of Bonds when the same becomes due and payable, at maturity or redemption or otherwise;

(b) A failure to pay any installment of interest on any Bond or any Series of Bonds when the same becomes due and payable;

(c) A failure by the University to observe or perform any covenant, condition, agreement or provision, other than as specified in clauses (a) or (b) above and in clause (x) of the section herein entitled "Covenants of the University", contained in the Bonds or in the Indenture which is to be observed or performed by the University, which failure continues for a period of sixty (60) days after written notice, specifying the failure and requesting that it be remedied, has been given to the University by the Trustee, unless the Trustee agrees in writing to an extension of such period prior to its expiration, provided however, that the Trustee will be deemed to have agreed to such extension if corrective action is initiated by the University within such period and is being diligently pursued; and

(d) if the University shall: (i) voluntarily be adjudicated a bankrupt or insolvent, (ii) seek or consent to the appointment of a receiver or trustee for itself or for all or any part of its property, (iii) file a petition seeking relief under the bankruptcy or similar laws of the United States, the District or any state or any other competent jurisdiction, (iv) make a general assignment for the benefit of creditors, (v) admit in writing its inability to pay its debts as they mature, (vi) be involuntarily declared bankrupt if a court of competent jurisdiction shall enter an order, judgment or decree appointing, without the consent of the University, a receiver or trustee for it for all or any part of the University's property or approving a petition filed against the University seeking relief under the bankruptcy or other similar laws of the United States, the District or any state or other competent jurisdiction, and such order, judgment or decree shall be consented to or remain in force undischarged or unstayed for a period of 120 days after the date on which such petition was filed, or (vii) have a creditor file a petition in bankruptcy or for the appointment of a receiver or for similar relief against the University or for reorganization of the University pursuant to any Federal, District or state bankruptcy similar laws, and if such petition shall be consented to by the University or not be discharged or dismissed within 120 days after the date on which such petition was filed.

Acceleration of Maturity. Upon the occurrence of an Event of Default, the Trustee may, and will, at the direction of the owners of Bonds representing 25% of the aggregate principal amount of Outstanding Bonds of the affected Series of Bonds, by written notice to the University, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment will, without further action, become and be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding.

Priority of Payments following Default. Any moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Indenture upon an Event of Default, after payment of the costs and expenses, liabilities and advances incurred or made by the Trustee, including, but not limited to all outstanding fees and expenses of the Trustee and other fiduciaries as provided in the Indenture, shall be deposited into the Debt Service Fund and all moneys so deposited into the Debt Service Fund during the continuance of an Event of Default (other than moneys held pursuant to the Indenture), shall be applied by the Trustee as follows:

(a) Unless the principal of all the Bonds shall be due and payable, all such moneys shall be applied pro rata among all Series of Bonds;

FIRST: to the payment to the persons entitled thereto of the interest then due and unpaid on the Bonds and, if the amount available shall not be sufficient to pay in full all such interest, then to the payment of such interest, ratably, to the persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the persons entitled thereto of the unpaid principal and premium, if any, due on any of the Outstanding Bonds in the order of the due dates for such payments, with interest upon such principal and premium, if any, from the respective dates upon which such amounts shall have become due and payable (whether upon proceedings for redemption or otherwise), and, if the amount available shall not be sufficient to pay in full the principal and premium, if any, due and payable on any particular date, together with such interest, then to the payment first, of such interest, ratably, according to the amount of interest due on such date, and then, to the payment of such principal and premium, if any, ratably, according to the amount due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: to the payment of the interest on and the principal of the Bonds as the same become due and payable (whether upon proceedings for redemption or otherwise).

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Outstanding 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, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all Holders of the Outstanding Bonds 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 to 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 of the Bonds paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

(d) Notwithstanding the foregoing, moneys received by the Trustee from the Insurance Policy will only be applied to the related Series of Bonds secured thereby and will only be used to pay the principal and interest of such Bonds.

Actual Notice of Events of Default. The Trustee will provide written notice of the occurrence and continuing of any Event of Default to the University and all Owners of Bonds within thirty (30) days after obtaining knowledge of such Event of Default.

Rescission or Annulment of Acceleration. At any time after the principal of the Bonds shall have been declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee, by written notice to the University, the Registrar and the Paying Agent, may annul such declaration and its consequences if: (i) moneys have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal of all matured Bonds (except the principal of any Bonds due solely as a result of such declaration); (ii) moneys have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds then due solely as a result of such declaration) shall have been remedied to the satisfaction of the Trustee; and (iv) notice has been given as described in the Indenture. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Restoration to Former Position. In case any proceedings taken by the Trustee or the Bondholders on account of default in respect of the Bonds have been discontinued or abandoned for any reason, or shall have been determined adversely to the University or the Bondholders, then the University, the Trustee and the Bondholders will be restored to their respective former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee will continue as though no such proceeding had been taken.

Bondholders' Right to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, except with regards to payments under the Indenture following Default and as described in the sections entitled "Trustee Entitled to Indemnity," "Acceleration of Maturity," "Priority of Payments following Default" and "Restrictions Upon Action by Individual Bondholders", the Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding under the Indenture have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings available to the Trustee under the Indenture, provided that (i) such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and (ii) the Trustee will have the right to decline to follow such direction.

Limitation on Bondholders' Right to Institute Proceedings. No Bondholder has any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any other remedy under the Indenture unless (i) such Holder previously has given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (ii) the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of the Outstanding Bonds have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and (iii) there has been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or to any other remedy under the Indenture; provided, however, that the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of the Outstanding Bonds may institute any such suit, action or proceeding in their own names for the benefit of all Bondholders.

It is understood and intended that, except as otherwise provided above, (i) no one or more Bondholders has any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right thereunder except in the manner provided in the Indenture, (ii) all proceedings at law or in equity shall be maintained in the manner therein provided and for the benefit of all Holders of the Outstanding Bonds, and (iii) that any individual right of action or other right given by law to one or more of such Holders is restricted by the Indenture to the rights and remedies therein.

No Impairment of Right to Enforce Payment. Notwithstanding any other provision of the Indenture to the contrary, the right of any Bondholder to receive payment of the principal, premium, if any, and interest on a Bond or to institute suit for the enforcement of any such payment on or after the date such payment is due, shall not be impaired or affected without the consent of such Bondholder.

No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee or to the Bondholders under the Indenture is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or in the future existing at law or in equity or by statute.

No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default will impair any such right or power or be construed to be a waiver of any such default, or an acquiescence in the default. Every power and remedy given under the Indenture to the Trustee and to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

Limitations on Modifications of the Indenture. The Indenture shall not be modified, supplemented or amended in any respect subsequent to the first issuance of the Bonds except as provided in and in accordance with and subject to the provisions of the Indenture.

Supplemental Indenture Without Bondholder Consent. The University and the Trustee may, from time to time and at any time, without the consent of or notice to the Bondholders enter into Supplemental Indentures as follows:

(i) To cure any formal defect, omission, inconsistency or ambiguity in, or to clarify any provision contained in, the Indenture.

(ii) To grant or confer or impose upon the Trustee, the Registrar or the Paying Agent, for the benefit of the Bondholders, any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as previously in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee, the Registrar or the Paying Agent without their respective consents.

(iii) To make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different denominations and similar amendments and modifications of a technical nature.

(iv) To make necessary or advisable amendments or additions which do not affect adversely the interests of Holders of Outstanding Bonds.

(v) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended.

(vi) To modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondholders and which does not involve certain changes described in the immediately following section and which, in judgment of the Trustee, the Paying Agent, the Registrar or the Authenticating Agent, as applicable, is not to the prejudice of such entity.

(vii) To provide for the amendment of the provisions concerning registration of the Bonds under or outside a book entry system.

(viii) To provide additional security to the Bondholders, including the provision of any bond insurance policy, guaranty, letter of credit or any type of credit facility.

(ix) To obtain or maintain the rating of any Series of Bonds by Moody' s or S&P.

(x) To provide for the issuance of Additional Bonds in accordance with the Indenture.

Supplemental Indenture with Bondholder Consent. Bondholders of not less than 51% in aggregate principal amount of the affected Bonds then Outstanding have the right from time to time to consent to and approve the execution and delivery by the University and the Trustee of any Supplemental Indenture consistent with the provisions of the Indenture and which is deemed necessary or desirable by the University for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture, provided, however, that, unless approved in writing by the Bondholders of all the Bonds then Outstanding, nothing contained in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal amount or premium, if any, or interest on any Outstanding Bond, a change in the terms of the principal amount or premium, if any, of any Outstanding Bond or the rate of interest on any Outstanding Bond or a reduction in the principal amount, or premium, if any, of any Outstanding Bond, or (ii) the creation of a claim, lien or pledge ranking prior to the claim, lien or pledge created by the Indenture, or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as provided in the Indenture, or (iv) a reduction in the aggregate principal amount of Bonds, the consent of the Bondholders of which is required for any such Supplemental Indenture under the Indenture.

Notice. If at any time the University requests the Trustee to enter into any Supplemental Indenture for any of the purposes described in the preceding paragraph, the Trustee shall cause notice of the proposed Supplemental Indenture to be given by mail to all Owners of Outstanding Bonds not less than 15 days in advance of the proposed effective date of such amendment. Such notice shall be prepared by the University and will briefly set forth the nature of the proposed Supplemental Indenture and state that a copy of it is on file at the office of the Trustee for inspection by all Bondholders. Within two (2) years after the date of the first publication of such notice, the University and the Trustee may enter into such Supplemental Indenture in substantially, the form described in such notice, but only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of Bondholders and (ii) an opinion of Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture, complies with its respective terms and, upon its execution and delivery, will be valid and binding upon the University in accordance with its terms.

No Right to Object. If Bondholders of not less than the percentage of Bonds required by the Indenture consent to and approve the execution and delivery of the Supplemental Indenture as provided in the Indenture, no Bondholder will have any right to object to the execution and delivery of such Supplemental Indenture, or to object to any of the terms and provisions contained in it or to its operation, or in any manner to question the propriety of its execution and delivery, or to enjoin or restrain the University or the Trustee from executing and delivering the same or from taking any action pursuant to its provisions.

Discharge of Indenture. If the University pays or causes to be paid to the Owner of any Bond or any Series of Bonds secured by the Indenture, the principal of, as of the redemption date, premium, if any, and interest due and payable, and thereafter to become due and payable, on that Bond or Series of Bonds, or any portion of that Bond or such Series of Bonds (whether such due date is by reason of maturity or upon redemption as provided in the Indenture), then that Bond or portion of that Bond or Series of Bonds will cease to be entitled to the lien, benefit and security of the Indenture. If the University pays or causes to be paid to the Owners of all the Bonds secured by the Indenture, the principal of, premium, if any, and interest due and payable on the Bonds and thereafter to become due and payable on the Bonds, and shall pay or cause to be paid, or make other satisfactory arrangements with respect to, all other sums owing under the Indenture by the University, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar, the Paying Agent and any co Paying Agent, then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate will terminate. In, that event, the Trustee will assign, transfer and turn over the Trust Estate, including, without limitation, any surplus in the Debt Service Fund and any balance remaining in any other Fund created under the Indenture to the University except as otherwise provided in the Indenture.

Defeasance. Any Bond will be deemed to be paid within the meaning of the preceding paragraph and for all purposes of the Indenture when (i) payment of the principal, as of the redemption date, premium, if any, plus interest on, the Bond to its due date (whether such due date is by reason of maturity or upon redemption as provided in the Indenture) either (A) will have been made or caused to be made in accordance with the terms of the Bond or (B) will have been provided for by irrevocably depositing in trust for the benefit of the Bondholders and irrevocably setting aside exclusively for such payment, Defeasance Securities and (ii) all necessary and proper fees, compensation and expenses of the Trustee, the Authenticating Agent, the Registrar and the Paying Agent pertaining to the Bonds will have been paid or the payment of such amount will have been provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid under the Indenture, as provided above, such Bond will no longer be secured by or entitled to the lien or benefit of the Indenture. Notwithstanding the foregoing, no deposit under clause (i)(B) above will be deemed a payment of such Bonds until (A) proper notice of redemption of such Bonds has been previously given in accordance with the Indenture and (B) in the event such Bonds are not to be redeemed within the next succeeding ninety (90) days, the University has given the Trustee irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with the Indenture that the deposit required by clause (i)(B) above has been made with the Trustee and that the Bonds are deemed to have been paid in accordance with the Indenture and further stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, or premium, if any, on such Bonds, plus interest on such Bonds to their redemption date or the maturity of such Bonds.

The Trustee shall be entitled to receive, at the expense of the University, and may conclusively rely upon a verification report from a firm of nationally recognized, independent certified accountants and an opinion of Counsel stating that all conditions set forth in the Indenture have been satisfied.

Acceptance of Trusts. The Trustee accepts and agrees to execute the trusts created under the Indenture, but only upon the terns set forth therein, to all of which the University agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds. The obligations and duties of the Trustee shall be determined solely by reference to the Indenture and, except as expressly set forth in the Indenture, no duties, express or implied shall be imposed on the Trustee. The Trustee will be permitted in the ordinary course of its business to engage in banking business with the University as if it were not Trustee under the Indenture, provided, however, that upon the occurrence of an Event of Default, the Trustee shall conduct a review for potential conflicts of interest involving the Trustee and shall report the same to the University. The Trustee may execute any of the trusts or powers contained in the Indenture and perform the duties required by it under the Indenture by or through agents, receivers or employees and shall be entitled to rely on the advice of independent counsel concerning all matters relating to the trusts and its duties under the Indenture. The Trustee shall not be responsible for any willful misconduct or negligence of any agent or receiver selected and supervised by it with due care.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders pursuant to the Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

University Officials. No covenant, obligation or agreement contained in the Indenture or the Bonds shall be considered to be a covenant, obligation or agreement of any University Representative, member of the Board, officer of employee of the University in his or her individual capacity, nor shall any official executing the Indenture and the Bonds on behalf of the University be liable personally or be subject to any personal liability or accountability by reason of anything stated in or omitted from the Indenture and the Bonds.

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