NEW ISSUE -- BOOK-ENTRY ONLY

$300,000,000
THE GEORGE WASHINGTON UNIVERSITY
TAXABLE BONDS, SERIES 2014

Dated: Date of Delivery **Due: September 15, 2044**

The George Washington University Taxable Bonds, Series 2014 (the "*2014 Bonds*") offered hereby will be general unsecured obligations of The George Washington University (the "*University*") and will be issued pursuant to the provisions of an Indenture of Trust dated as of August 1, 2014 (the "*Indenture*"), between the University and The Bank of New York Mellon, as trustee (the "*Trustee*"). The 2014 Bonds are payable by the University and from certain funds and accounts created and administered under the Indenture. The 2014 Bonds are being issued to fund general corporate purposes of the University and to pay costs of issuance. See "**PLAN OF FINANCING**" and "**SECURITY FOR THE 2014 BONDS**."

Interest on the 2014 Bonds is payable on March 15 and September 15 of each year (each an "*Interest Payment Date*"), commencing March 15, 2015. 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 2014 Bonds are subject to optional redemption prior to maturity. See "**THE 2014 BONDS - REDEMPTION**."

Interest on, and gain, if any, earned on the sale or exchange or other taxable disposition of the 2014 Bonds are not excludable from gross income for federal income tax purposes. See "**TAX MATTERS**."

The 2014 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 2014 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about August 7, 2014.

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

July 29, 2014

$300,000,000
THE GEORGE WASHINGTON UNIVERSITY
TAXABLE BONDS, SERIES 2014

MATURITY: September 15, 2044

Interest Rate	Price	CUSIP*
4.30%	100%	372546AT8

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 2014 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 2014 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2014 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 2014 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 2014 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 2014 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

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SUMMARY OF THE OFFERING

Issuer	The George Washington University
Securities Offered	$300,000,000 Taxable Bonds, Series 2014 due on the date set forth on the cover page and the 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 March 15, 2015
Redemption	The 2014 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 2014 BONDS — REDEMPTION**" herein
Settlement Date	On or about August 7, 2014
Authorized Denominations	$1,000 and integral multiples thereof
Form and Depository	The 2014 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 fund the general corporate purposes of the University, including financing certain capital expenditures and refunding existing debt, and to pay costs of issuance of the 2014 Bonds
Ratings	Moody's: "A1" S&P: "A+"

$300,000,000
THE GEORGE WASHINGTON UNIVERSITY
TAXABLE BONDS, SERIES 2014

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 2014 (the "*2014 Bonds*"). The 2014 Bonds are subject to optional redemption as described herein.

The 2014 Bonds are being issued (1) to fund the general corporate purposes of the University, including financing certain capital expenditures and refunding existing debt, and (2) to pay costs of issuance of the 2014 Bonds. See "**PLAN OF FINANCING**."

The 2014 Bonds will be general unsecured obligations of the University. The University will issue the 2014 Bonds pursuant to an Indenture of Trust dated as of August 1, 2014 (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 2014 Bonds, and the 2014 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 2014 Bonds and certain other amounts payable under the Indenture as the same become due. See "**SECURITY FOR THE 2014 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 2014 Bonds, together with summaries of the terms of the 2014 Bonds and of certain provisions of the Indenture. All summaries and references herein to the 2014 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 2014 Bonds are further qualified by reference to the information with respect thereto contained in the Indenture. Prior to the delivery of the 2014 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 2014 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 campuses are located in the Mount Vernon area of Northwest Washington and in Loudoun County, Virginia.

The University had 21,132 full time equivalent students enrolled as of fall 2013. 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 Milken Institute School of Public Health, 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 $298,633,217.00 of the funds received from the sale and delivery of the 2014 Bonds (representing the par amount of the 2014 Bonds less the Underwriters' discount of $1,366,783.00) (1) to fund the general corporate purposes of the University, including financing certain capital expenditures and refunding existing debt, and (2) to pay approximately $389,750.00 of the costs of issuance of the 2014 Bonds.

SECURITY FOR THE 2014 BONDS

GENERAL

The 2014 Bonds will be unsecured general obligations of the University. No specific revenues of the University are pledged to the payment of the 2014 Bonds, and the 2014 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 2014 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 2014 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 2014 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 2014 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, 2013 AND JUNE 30, 2012** – 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 2014 BONDS

GENERAL

The 2014 Bonds will mature on the date set forth on the cover page and inside cover page of this Offering Memorandum. The 2014 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 2014 Bonds.

All payments of interest (other than on the applicable Stated Maturity Date, subject to the requirements of the Bond Depository), premium, if any, and principal of, the 2014 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 "*Bond 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 2014 Bonds on the applicable Stated Maturity Date shall be made upon the presentation and surrender of the bond described below.

INTEREST

The 2014 Bonds will bear interest at a fixed rate as set forth on the inside cover page of this Offering Memorandum. Interest on the 2014 Bonds will be initially payable on March 15, 2015 and semiannually thereafter on March 15 and September 15 of each year. Interest accrued on the 2014 Bonds shall be computed on the basis of a 360-day year, consisting of twelve 30-day months.

REDEMPTION

The 2014 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 2014 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 2014 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2014 Bonds are to be redeemed, discounted to the date on which the 2014 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 20 basis points, plus, in each case, accrued and unpaid interest on the 2014 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 2014 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 2014 BONDS

Upon surrender of any 2014 Bond redeemed in part only, the University will execute (but need not prepare) and the Registrar will prepare or cause to be prepared, authenticate and deliver to the Holder thereof, at the expense of the University, a new 2014 Bond or 2014 Bonds of Authorized Denominations, equal in aggregate principal amount to the unredeemed portion of the 2014 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 2014 Bonds are no longer held by the Bond Depository, to the Owners of the 2014 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 2014 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 2014 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 2014 Bonds the Make-Whole Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2014 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 2014 Bonds be then surrendered.

Failure by the Registrar 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 Registrar to mail notice of redemption to any one or more of the respective Owners of any 2014 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 Registrar to provide conditional notice of redemption, which may condition the redemption of the 2014 Bonds upon the receipt of moneys or any other event. If money is not received to complete the redemption (or such other event has not occurred), the redemption will not be made and the Registrar will give notice of such within a reasonable time after the last date on which money was to have been received (or such other event was to have occurred) 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 2014 Bonds (or portion thereof) so called for redemption being held by the Trustee, on the date fixed for redemption designated in such notice, the 2014 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 2014 Bonds so called for redemption shall cease to accrue, said 2014 Bonds (or portion thereof) will cease to be entitled to any benefit or security under the Indenture, and the Holders of said 2014 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 2014 BONDS FOR REDEMPTION

Whenever provision is made in the Indenture for the redemption of less than all of the 2014 Bonds, the Trustee shall select the 2014 Bonds to be redeemed from all 2014 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 2014 Bonds, the Bond Depository shall select the 2014 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 2014 Bonds. The 2014 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 2014 Bond in the aggregate principal amount the 2014 Bonds will be issued and deposited with DTC. So long as Cede & Co. is the registered owner of the 2014 Bonds, as DTC's partnership nominee, references herein to the owners or registered owners of the 2014 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2014 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has 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 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 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 2014 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 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 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 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2014 Bonds may wish to ascertain that the nominee holding the 2014 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.

Redemption notices shall be sent to DTC. If less than all of the 2014 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 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 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2014 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OR REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE UNIVERSITY OR TO DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. **BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2014 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.**

Principal and interest payments on, and redemption premium, if any, with respect to the 2014 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 (nor its nominee), 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 2014 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.

The University and the Trustee cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the 2014 Bonds (a) payments of principal of or interest on the 2014 Bonds, (b) confirmations of their ownership interests in the 2014 Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the 2014 Bonds, or that they will do so on a timely basis or that DTC, the Direct

Participants or the Indirect Participants will serve and act in the manner described in this Offering Memorandum.

Neither the University nor the Trustee will have any responsibility or obligation to the Direct Participants, Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount of or redemption price or interest on the 2014 Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Indenture; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2014 Bonds or (5) any consent given or other action taken by DTC as owner.

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 2014 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 2014 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 2014 BONDS, WAS WRITTEN TO SUPPORT THE MARKETING OF THE 2014 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 2014 Bonds by the beneficial owners thereof ("*Owners*"). The discussion is limited to the tax consequences to the initial Owners of the 2014 Bonds who purchase the 2014 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 2014 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 2014 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 2014 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 2014 Bonds are held as capital assets within the meaning of Section 1221 of the Code.

TAX CHARACTER OF 2014 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 2014 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 2014 Bonds and the revenue sources of the issuer.

TAX CONSEQUENCES TO UNITED STATES OWNERS

Interest on the 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds.

Tax-Exempt Organizations. Income or gain from 2014 Bonds held by a tax-exempt organization will be subject to the tax on unrelated business taxable income if the 2014 Bonds are "debt-financed property" of the organization under Section 514(b) of the Code.

Sale, Exchange, Redemption or Retirement of the 2014 Bonds. In general, upon the sale, exchange, redemption or retirement of a 2014 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 2014 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 2014 Bond generally will equal the cost of the 2014 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.

MARKET DISCOUNT

A holder who acquires a 2014 Bond in a secondary market transaction at a price below the principal amount may be subject to Federal income tax rules providing that accrued market discount will be subject to taxation as ordinary income on the sale or other disposition of a "market discount bond". Dispositions subject to this rule include a redemption or retirement of a 2014 Bond. The market discount rules may also limit a holder's deduction for interest expense for debt that is incurred or continued to purchase or carry a 2014 Bond. A market discount bond is defined generally as a debt obligation purchased subsequent to issuance, at a price that is less than the principal amount of the obligation, subject to a de minimis rule. The Code allows a taxpayer to compute the accrual of market discount by using a ratable accrual method or a constant interest rate method. Also, a taxpayer may elect to include the accrued discount in gross income each year while holding the bond, as an alternative to including the total accrued discount in gross income at the time of a disposition.

MEDICARE TAX

For taxable years beginning after December 31, 2012, a United States Owner that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the United States Owner's "net investment income" for the relevant taxable year and (2) the excess of the United States Owner's adjusted gross income (increased by certain amounts of excluded foreign income) for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A United States Owner's net investment income will generally include its interest income and net gain from the disposition of the 2014 Bonds, unless such interest income and net gain is derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Net investment income may, however, be reduced by properly allocable deductions to such income. United States Owners that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare Tax to their income and gains from the 2014 Bonds.

TAX CONSEQUENCES TO FOREIGN OWNERS

Payments of interest on a 2014 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 University 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 2014 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 University 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 2014 Bond on behalf of the Foreign Owner must certify, under penalties of perjury, to the University 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 2014 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 University or its paying agent.

Sale, Exchange, Redemption or Retirement of the 2014 Bonds. In general, a Foreign Owner of a 2014 Bond will not be subject to United States federal income or withholding tax on the receipt of payments of principal on a 2014 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 2014 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).

Additional Future Information Reporting and Withholding Requirements. On March 18, 2010, President Obama signed into law the "Hiring Incentives to Restore Employment (HIRE) Act," which included the Foreign Account Tax Compliance Act ("*FATCA*"). Under the FATCA provisions, foreign financial institutions (which include hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles regardless of their size) must comply with new information reporting rules with respect to their U.S. account holders and investors or confront a new withholding tax on U.S. source payments made to them. Specifically, FATCA requires that foreign financial institutions enter into an agreement with the United States government to collect and provide the IRS substantial information regarding U.S. account holders of such foreign financial institution. Additionally, FATCA requires all other foreign entities that are not financial institutions to provide the withholding agent with a certification identifying the substantial U.S. owners of such foreign entity.

A foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements will be subject to a new 30% withholding tax with respect to any "withholdable payments" made after December 31, 2012, other than such payments that are made on "obligations" that are "grandfathered" from the application of the FATCA reporting and withholding requirements. As enacted, FATCA grandfathered only those obligations that were outstanding on March 18, 2012. However, under final IRS regulations approved January 11, 2013 and effective on January 28, 2013, as amended by IRS Notice 2013-43, I.R.B. 2013-41 published July 29, 2013 (the "*FATCA Regulations*"), obligations that are outstanding on July 1, 2014 will be grandfathered from the FATCA reporting and withholding requirements, and withholding on other obligations will be postponed until after Jun 30, 2014. IRS Notice 2014-33, I.R.B. 2014-41 released on May 2, 2014 (*"Notice 2014-33"*) further delayed the effective date to January 1, 2015 for certain types of holders. For this purpose, withholdable payments are U.S. source payments otherwise subject to nonresident withholding tax and also include the entire gross proceeds from the sale of any equity or debt instruments of U.S. issuers. The new FATCA withholding tax will apply regardless of whether the payment would otherwise be exempt from U.S. nonresident withholding tax (e.g., under an income tax treaty, the portfolio interest exemption or as capital gain). Treasury is authorized to provide rules for implementing the FATCA withholding regime with the existing nonresident withholding tax rules. FATCA withholding will not apply to withholdable payments made directly to foreign governments, international organizations, foreign central banks of issue and individuals, and Treasury is authorized to provide additional exceptions.

The IRS announced in Notice 2014-33 that calendar year 2014 and 2015 would be regarded as a transition period for purposes of IRS enforcement and the administration of FATCA's due diligence, reporting, and withholding provisions. The IRS will take into account the extent to which a foreign financial institution or other foreign entity has made good faith efforts to comply with the requirements in determining whether to provide enforcement relief during the transition period.

If the 2014 Bonds are treated as indebtedness of the University, the 2014 Bonds should not be subject to the FATCA provisions, even though they will not be outstanding on July 1, 2014, because under Notice 2014-33 obligations issued, opened, or executed after July 1, 2014 and before January 1, 2015 may be treated as preexisting obligations for purposes of the due diligence and withholding requirements described above. However, under the FATCA Regulations, any "significant modification" (as defined in Section 1.1001-3 of the Treasury regulations) of an obligation will result in the obligation being treated as newly issued as of the effective date of such modification for purposes of the effective date of the FATCA provisions. Accordingly, holders (particularly Non-U.S. Holders) should consult their tax advisors regarding the applicability of the forthcoming FATCA requirements following any modification of the 2014 Bonds.

The FATCA Regulations further provide that instruments treated as equity for U.S. tax purposes will not be considered "obligations" and thus will not be grandfathered from the new FATCA reporting and withholding requirements regardless of their date of issuance. Therefore, if the 2014 Bonds were determined to be partnership interests or another form of equity interests, it is likely that the final Treasury regulations would subject them to the forthcoming FATCA requirements without regard to any modification in their terms.

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 2014 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 2014 Bonds.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA ("*ERISA Plans*"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under section 501(a) of the Code, other than governmental and church plans as defined herein ("*Qualified Retirement Plans*"), on Individual Retirement Accounts ("*IRAs*") described in Section 408 and 408(a) of the Code, and on certain other plans described in Section 4975(e)(1) of the Code (collectively, "*Tax-Favored Plans*").

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) for which no election has been made under Section 410(d) of the Code, and non-U.S. benefit plans (as described in Section 4(b)(4) of ERISA), are not subject to the requirements of ERISA or Section 4975 of the Code. While assets of such plans may be invested in the 2014 Bonds without regard to the ERISA and Code considerations described below, they may be nevertheless subject to the provisions of applicable federal, state, local or foreign law that are similar to these ERISA and Code provisions. Accordingly, fiduciaries of such plans should consult with their counsel in considering whether to purchase the 2014 Bonds.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "*Benefit Plans*") and persons who have certain specified relationships to the Benefit Plans ("*Parties in Interest*" or "*Disqualified Persons*"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) a fiduciary with respect to a plan; (2) a person providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Plan Asset Issues. Certain transactions involving the purchase, holding or transfer of the 2014 Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the University were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "*Plan Assets Regulation*"), the assets of the University would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquires an "equity interest" in the University and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features.

Although there is little statutory or regulatory guidance on this subject, and there can be no assurances in this regard, it appears that the 2014 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. Accordingly, the assets of the University should not be treated as the assets of plans investing in the 2014 Bonds. If the University's assets were deemed to constitute "plan assets" pursuant to the Plan Asset Regulation, transactions that the University might enter into, or may have entered into in the ordinary course of business, might constitute non-exempt prohibited transactions under ERISA and/or Section 4975 of the Internal Revenue Code.

Prohibited Transaction Exemptions. However, without regard to whether the 2014 Bonds are treated as an equity interest for such purposes, the acquisition or holding of 2014 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the University or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. In such case, certain status-based exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a 2014 Bond. Included among these exemptions are:

- Prohibited Transaction Class Exemption ("*PTCE*") 96-23, which exempts certain transactions effected on behalf of a Benefit Plan by an "in-house asset manager";
- PTCE 90-1, which exempts certain investments by "insurance company pooled separate accounts";
- PTCE 95-60, which exempts certain investments by "insurance company general accounts";
- PTCE 91-38, which exempts certain investments by bank collective investment funds; and
- PTCE 84-14, which exempts certain transactions effected on behalf of a Benefit Plan by a "qualified professional asset manager."

Note that IRAs (and certain other plans described in Section 4975(e)(1)) are typically not represented by banks, insurance companies or registered investment advisors so that, practically speaking, these status-based exemptions may be unavailable. There is also a statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (which may be available to IRAs as well as to other Benefit Plans) (the "*Statutory Exemption*"). The Statutory Exemption covers transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of which is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the 2014 Bonds, or that, if available, the scope of relief provided by these exemptions will necessarily cover all acts that might be construed as prohibited transactions.

Any ERISA Plan fiduciary considering whether to purchase 2014 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of employee benefit plans that are not subject to the requirements of ERISA or Section 4975 of the Code should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar federal, state, local or foreign law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing 2014 Bonds on behalf of, or with the assets of, any Benefit Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the 2014 Bonds. The acquisition, holding and, to the extent relevant, disposition of 2014 Bonds by or to any Benefit Plan is in no respect a representation by the University (or any affiliate or representative of the University) that such an investment meets all relevant legal requirements with respect to investments by such Benefit Plans generally or any particular Benefit Plan, or that such an investment is appropriate for Benefit Plans generally or any particular Benefit Plan.

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 2014 Bonds; (ii) in any way questioning or affecting the validity of the 2014 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 2014 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 2014 Bonds, the use of proceeds of the 2014 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 2014 Bonds are not municipal securities the University is not required to undertake continuing disclosure with respect to the 2014 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 2014 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 2014 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 2014 Bonds from the University. The Underwriters will be obligated to purchase all of the 2014 Bonds, if any are purchased, and intend to make a bona fide offering of the 2014 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 2014 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 2014 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2014 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, 2013 and June 30, 2012, 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 2014 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 2014 Bonds. The ratings are not a recommendation to buy, sell or hold the 2014 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 2014 Bonds downward by Moody's or S&P. Such action, if taken, could have an adverse effect on the market price of the 2014 Bonds.

MISCELLANEOUS

The University has furnished all information herein except that contained under "**UNDERWRITING**" and 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 2014 Bondholder.

The summaries of the provisions of the 2014 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 2014 Bonds.

The University has approved the use and distribution of this Offering Memorandum in connection with the offering and sale of the 2014 Bonds.

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APPENDIX A

THE GEORGE WASHINGTON UNIVERSITY

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THE GEORGE WASHINGTON UNIVERSITY

This Appendix A contains information about The George Washington University (the "University" or "GW") 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 campuses are located in northwest Washington and in Loudoun County, Virginia. (See **UNIVERSITY FACILITIES**.)

The University enrolled 21,132 full-time equivalent students as of fall 2013. 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 Milken Institute School of Public Health, 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 approximately 130 foreign countries.

The School of Medicine and Health Sciences (SMHS), Milken Institute School of Public Health (GWSPH), 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, GWSPH, 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 Vice President for Health Affairs and Dean of SMHS.

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[1] In 1997, the University reorganized The George Washington University Hospital (the "University Hospital") under a limited partnership agreement with Universal Health Services, Inc. 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 36 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 may not serve more than three terms. These Trustees may be elected as either a Charter Trustee or an Alumni Trustee in any term, but, unless otherwise provided for in the Bylaws, no Trustee shall serve for longer than a total of twelve years. 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; and Beth Nolan, Senior Vice President and General Counsel.

Dr. Knapp, Mr. Katz, Dr. Lerman, and Ms. Nolan 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, fundraising, 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 master's 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 thirty years of 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 of 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 in 1975 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.

Beth Nolan, Senior Vice President and General Counsel. Before joining The George Washington University in 2007, Ms. Nolan's legal career had taken her to the White House, where she served in the Clinton Administration as Counsel to the President of the United States, and as an Associate Counsel; to the Department of Justice, Office of Legal Counsel, where she served as Deputy Assistant Attorney General and as an Attorney-Advisor; to private practice as a partner in the White Collar Group of Crowell & Moring LLP; and to academics, as a member of the faculty of The George Washington Law School for over ten years (teaching courses in Constitutional Law, Professional Responsibility, and Ethics, Government Ethics, and Government Lawyering), and as a Fellow in the Institute of Politics at Harvard's Kennedy School of Government. She was appointed by President Clinton to the National Commission on Judicial Discipline and Removal. Ms. Nolan clerked for the Honorable Collins J. Seitz of the United States Court of Appeals for the Third Circuit. Ms. Nolan received her B.A. from Scripps College in Claremont, California, and her law degree magna cum laude from Georgetown University, where she was Editor in Chief of the Law Journal.

III. ACADEMIC AND RESEARCH PROGRAMS

A. Academic Units

The University includes ten academic units, with a full-time equivalent enrollment of 21,132 students as of fall 2013 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.

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, Doctor of Occupational Therapy and Doctor of Medicine.

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

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

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.

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

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.

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

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

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 2013, the University received $164 million in grants and contracts for research; $72 million relates to the School of Medicine and Health Sciences (SMHS), the Milken Institute School of Public Health (GWSPH), 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 are as follows (in thousands):

GRANTS AND CONTRACTS EXPENDITURES

Fiscal Years Ended June 30	Total Grants & Contracts Expenditures
2009	$161,707
2010	162,130
2011	157,935
2012	149,188
2013	164,301

Seventy-one percent of the total grant and contract activity for fiscal year 2013 related to federal sponsors. The various agencies within the Department of Health and Human Services (DHHS) comprise approximately 74% 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 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 SMHS, SPHHS, and SON, and 52.5% for the remainder of 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 7,000 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-five 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, 2016).
- Teamsters Local Union No. 639 (which will expire on February 28, 2015).
- 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 has a current expiration date of July 31, 2014; tentative agreement reached on all terms for a new 2 year contract, effective through June 30, 2016; which tentative agreement is awaiting ratification).

These collective bargaining agreements cover approximately 1,550 employees of the University.

D. Accreditation

The George Washington University is accredited by its regional accrediting agency, the Middle States Commission on Higher Education.

The Law School is a charter member of the Association of American Law Schools and is approved by the Section of Legal Education and Admissions to the Bar of the American Bar Association.

The School of Medicine and Health Sciences has had continuous approval by its accrediting body, which is currently the Liaison Committee on Medical Education, sponsored jointly by the American Medical Association and the Association of American Medical Colleges. The medical laboratory science program is accredited by the National Accrediting Agency for Clinical Laboratory Science. The Commission on Accreditation of Allied Health Education Programs has accredited the program in Physician Assistant. The physical therapy program is accredited by the Commission on the Accreditation of Physical Therapist Education of the American Physical Therapy Association.

In the School of Nursing, the Bachelor of Science in Nursing, Master of Science in Nursing, and Doctor of Nursing Practice are accredited by the Commission on Collegiate Nursing Education.

In the Milken Institute School of Public Health, the public health programs have full accreditation from the Council on Education for Public Health. The program in health services administration is accredited by the Commission on Accreditation of Healthcare Management Education.

In the School of Engineering and Applied Science, the Bachelor of Science programs in civil, mechanical, electrical, biomedical, and computer engineering are accredited by the Engineering Accreditation Commission of ABET, Inc. The Bachelor of Science computer science curriculum is accredited by the Computing Accreditation Commission of ABET, Inc.

The Graduate School of Education and Human Development is a charter member of the American Association of Colleges for Teacher Education and is accredited by the Council for the Accreditation of Educator Preparation and the District of Columbia Office of the State Superintendent of Education for its eligible master's, specialist, and doctoral degree programs; the master's programs in school counseling and clinical mental health counseling and the doctoral program in counseling are accredited by the Council for Accreditation of Counseling & Related Educational Programs; the master's program in rehabilitation counseling is accredited by the Council for Rehabilitation Education.

The School of Business is a member of AACSB International–The Association to Advance Collegiate Schools of Business; the Association accredits its undergraduate and graduate business administration and accountancy programs. The programs in accountancy satisfy the educational requirements for the Certified Public Accountant and the Certified Management Accountant professional examinations.

The Elliott School of International Affairs is a member of the Association of Professional Schools of International Affairs.

In Columbian College of Arts and Sciences, the Bachelor of Fine Arts and Master of Fine Arts in interior design are accredited by the Council for Interior Design Accreditation. The Department of Chemistry is on the approved list of the American Chemical Society. The Department of Music is an accredited member of the National Association of Schools of Music. The Ph.D. program in clinical psychology in the Department of Psychology and the Psy.D. program in the Center for Professional Psychology are on the approved list of the American Psychological Association. The M.A. program in speech–language pathology is accredited by the Education and Training Board of the Boards of Examiners in Speech–Language Pathology and Audiology. The Master of Public Administration and Master of Public Policy programs are on the approved list of the National Association of Schools of Public Affairs and Administration.

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, J.D.	Medicine, M.D.	Non-Degree	Total
2009	9,916	7,967	1,581	717	323	20,504
2010	9,793	8,172	1,671	719	299	20,654
2011	9,905	8,576	1,701	714	228	21,124
2012	9,921	8,938	1,624	710	228	21,421
2013	9,770	8,837	1,565	714	246	21,132

Notes:

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

2 Excludes Law, J.D. and Medicine, M.D.

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

	2009-10	2010-11	2011-12	2012-13	2013-14
New Freshmen					
Applied	19,842	21,433	21,591	21,756	21,789
Accepted	7,292	6,793	7,124	7,197	7,493
% accepted	37%	32%	33%	33%	34%
Matriculated	2,592	2,393	2,241	2,387	2,356
% matriculated	36%	35%	31%	33%	31%
Graduate[1]					
Applied	18,584	20,268	21,356	22,780	22,452
Accepted	9,381	9,115	10,051	10,080	10,598
% accepted	50%	45%	47%	44%	47%
Matriculated	4,277	4,165	4,420	4,493	4,410
% matriculated	46%	46%	44%	45%	42%
Law (J.D.)					
Applied	10,021	9,610	8,652	7,227	6,844
Accepted	2,262	2,210	2,336	2,122	2,884
% accepted	23%	23%	27%	29%	42%
Matriculated	561	618	467	402	483
% matriculated	25%	28%	20%	19%	17%
Medicine (M.D.)					
Applied	10,557	10,588	10,625	10,504	10,397
Accepted	344	328	366	316	339
% accepted	3%	3%	3%	3%	3%
Matriculated	174	177	178	175	177
% matriculated	51%	54%	49%	55%	52%

As of July 10, 2014, the University has received 19,167 freshman applications for fall 2014. The University only accepted the Common Application for fall 2014. In fall 2013, the University received 17,407 freshmen Common Applications.

As of July 10, 2014, 8,362 freshmen students were accepted, and 2,503 freshmen students deposited for fall 2014. The fall 2014 freshmen class is expected to be between 2,350 and 2,400 students.

Notes:
1 Includes all graduate programs except J.D and M.D.

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	Total Cost
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
2012-13	45,735	45	10,530	56,310
2013-14	47,290	53	10,850	58,193

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.

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
2009-10	$42,205	$47,269
2010-11	43,999	48,687
2011-12	45,750	49,661
2012-13	47,535	50,948
2013-14	49,840	52,355

G. Financial Aid

The University estimates that during the academic year 2013-2014, approximately 60% of all undergraduates received some form of financial assistance. The table which follows provides detail regarding undergraduate financial aid.

	2008-09	2009-10	2010-11	2011-12	2012-13
University Aid	$121,685,826	$142,343,473	$147,892,185	$160,803,849	$166,741,178
Federal Aid[1]	5,877,392	7,870,179	7,582,447	7,543,755	7,563,057
Student Loan	37,223,572	30,799,975	36,405,679	38,374,003	35,884,675
Parent Loan	22,700,610	23,453,961	21,264,680	21,578,764	21,898,731
Federal Work/Study[2]	3,414,684	4,642,734	4,988,779	6,414,562	5,231,011
Tuition Remission	2,970,680	2,619,612	1,383,770	2,666,715	3,079,555
TOTAL	$193,872,764	$211,729,934	$219,517,540	$237,381,648	$240,398,207

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, E 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 University has completed several renovation projects in the last year as discussed below:

- The Milken Institute School of Public Health building opened in May 2014 on the Foggy Bottom campus. The building's prominent location on Washington Circle provides a new front door to the western side of the campus, consolidates activities from the Milken Institute School of Public Health's disparate locations, and creates a signature building and singular identity for the school.
- The University completed renovations at Gelman Library in summer 2013. The work included a full renovation of the second floor of the library to create a Learning Commons (including electronic resources such as wireless integration, laptop bullpen, integrated customer service staffed by resource librarians and other staff, group study areas, and student collaboration spaces). The project also includes a new entry to the building from Kogan Plaza creating a new "front door" for the building.
- The Law Learning Center & G Street Garage opened in fall 2013. This project houses one level of program space for the Law School, as well as four levels of underground parking that offer approximately 392 parking spaces. At grade are entrances to below-grade space as well as approximately 58 additional temporary parking spaces, University loading and service activity, and landscaping. The below grade floor of academic space provides multiple new academic and student activity spaces for the Law School. The neighboring Law Clinic Townhouses were renovated and opened in fall 2013. This project provides student work spaces, departmental and programmatic offices, seminar rooms, a moot court, and secured public space for clinic client interviews.

- An additional renovation was completed at Ross Hall on the Foggy Bottom campus, which included renovation of approximately 35,000 square feet of space on the fifth and sixth floors of the building, including modern research space for the new Research Center for Neglected Diseases of Poverty and infrastructure upgrades to building systems. The project was partially funded by a grant from the National Institutes of Health. Construction began spring 2012, and the work completed in fall 2013.

For internal accounting purposes, the University frequently allocates specific facility revenues (including revenues from housing, parking, ground lease payments, etc.) towards the University's debt service obligations. Currently, approximately 70% of the University's debt service is funded by such specific facility revenue sources. Management expects to make similar allocations to any additional debt service associated with new capital projects.

In addition, there are currently five projects at various stages of development. General information about these projects may be found at "https://neighborhood.gwu.edu/2007-foggy-bottom-campus-plan", 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. Spanning a total of 14 floors, the structure will provide for approximately 400,000 square feet in the eight above grade floors, 100,000 square feet on two below grade floors, as well as approximately 379 parking spaces on an additional four levels of below grade parking. 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 substantial completion in late 2014, in time for spring 2015 classes to be taught in the new structure. A significant majority of the funding from this building comes from the ground lease payments associated with Square 54.
- The George Washington University Museum and Textile Museum on Square 102, announced in early March 2011, will include galleries and space for academic and scholarly activities as well as the Albert H. Small Washingtoniana Collection. The project was approved by the Zoning Commission in summer 2012, construction began in fall 2012, and is scheduled to be completed in summer 2014. Significant funding for this project came from a gift from Albert H. Small as well as the agreement with the Textile Museum.
- District House on Square 77 is a new residential facility currently under construction which will provide approximately 898 beds. This structure will replace existing beds of the three former residence halls at the site as well as beds in City Hall, a property under long-term lease to the University which will no longer be utilized for undergraduate housing after July 2016. Construction began in July 2013, and is anticipated for completion in advance of the fall 2016 semester. The housing revenue from this project will support debt service costs as discussed above.
- The University also intends to redevelop the Hall on Virginia Avenue through significant renovations that will commence in the coming year so as to create housing for graduate students and faculty. The housing revenue from this project will support debt service costs as discussed above.
- In May 2014, GW selected Skanska USA Commercial Development, Inc. to transform a portion of the 2100 Pennsylvania Avenue building, as well has six adjacent row houses (previously used for commercial retail and University uses), into a 250,000 square foot Class A office building with approximately 7,000 square feet of ground floor retail. The redevelopment will increase the available square footage by approximately 140,000 square feet as well as the value per square foot over time. The 75-year ground lease includes a phase-in rent until substantial completion and then a rent payment, which will increase annually. Redevelopment costs will be borne by Skanska USA, which continues to be part of the University's strategy to maximize value from its investment properties without allocating its own liquidity. GW's selection of Skanska was the

outcome of an extensive solicitation that resulted in multiple offers on the property. These offers were evaluated by GW and its advisory team, resulting in the selection of Skanska.

The Mount Vernon Campus, located in northwest Washington, DC, is comprised of approximately 26 acres of land and includes a variety of academic and residence hall buildings. This campus offers a variety of course offerings and special programs such as the Women's Leadership programs and graduate programs in interior design and forensic science. Enhancements to entrances at both Whitehaven Parkway and W Street were called for as conditions of the 2010 Mount Vernon Campus Plan. Whitehaven Parkway improvements include new campus signage, an entrance gate, landscaping, and creation of an adjacent sidewalk. Improvements at W Street include new gates and landscaping to encourage limited use of this entrance which is adjacent to a residential community. This work is expected to commence and be completed in 2014.

The Virginia Science and Technology Campus (VSTC) is located in Loudoun County, Virginia. The Virginia campus is comprised of approximately 122 acres of land and features four buildings used for academic, research, and administrative functions, as well as a fifth building that is under long-term lease to the National Transportation Safety Board Academy. The University began construction in fall 2012 for a collection and conservation resource facility on the VSTC to support the George Washington University Museum and Textile Museum on the Foggy Bottom Campus. This structure opened in spring 2014 and also includes an adjoining approximate 30,000 square foot Academic Incubation Facility to support future program growth. Additionally, the Comprehensive Signage Plan is a campus-wide approach to the University identity and wayfinding at VSTC, allowing the University to create an integrated campus environment by establishing identity through consistent and high quality signage. This plan, which includes vehicular direction and pedestrian wayfinding signs, building monument signs and pole mounted banners, and campus monument signage, is anticipated for completion in fall of 2014.

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 new buildings and major renovations to obtain Leadership in Environmental and Energy Design ("LEED") certification of a minimum of LEED Silver. Projects and renovations that have achieved LEED Gold include the Law Clinic Townhouses, The Avenue, Lafayette Hall, Charles E. Smith Center, West Hall, Ames Hall, South Hall and most recently, the Ross Hall 5th & 6th floor renovation. Projects and renovations that are targeting LEED gold certification include the Science and Engineering Hall and the 2100 Pennsylvania development site. The Milken Institute School of Public Health building has earned LEED Platinum status. District House on Square 77 is targeting a minimum of LEED Silver.

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, 2009-13, derived from the audited Consolidated Financial Statements of the University. The financial information below for fiscal years 2013 and 2012 should be read in conjunction with the University's Consolidated Financial Statements as of June 30, 2013 (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, 2013.) Except as disclosed herein, since June 30, 2013, there has been no material adverse change in the consolidated financial condition or consolidated changes in net assets of the University.

2. Summary of Consolidated Financial Activity

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

	2009	2010	2011	2012	2013
ASSETS					
Cash and short term investments	$ 214,105	$ 200,478	$ 257,182	$ 498,972	$ 324,591
Accounts receivable, net	31,900	45,819	67,658	56,452	40,902
Pledges receivable, net	41,302	36,022	45,400	68,288	68,441
Loans and notes receivable, net	32,435	29,486	28,728	29,747	29,350
Investments	1,366,943	1,504,526	1,703,944	1,684,691	1,760,862
Physical properties, net	990,394	1,038,107	1,060,619	1,120,220	1,290,888
Other assets	34,415	42,834	46,661	25,786	30,804
TOTAL ASSETS	$2,711,494	$2,897,272	$ 3,210,192	$ 3,484,156	$ 3,545,838
LIABILITIES					
Accounts payable and accrued expenses	$ 149,978	$ 152,589	$ 176,525	$ 189,894	$ 205,413
Bonds and notes payable	972,981	1,013,878	1,102,119	1,390,181	1,378,834
Refundable deposits and advances	70,338	70,199	70,904	72,931	71,031
TOTAL LIABILITIES	1,193,297	1,236,666	1,349,548	1,653,006	1,655,278
NET ASSETS	1,518,197	1,660,606	1,860,644	1,831,150	1,890,560
TOTAL LIABILITIES AND NET ASSETS	$ 2,711,494	$ 2,897,272	$ 3,210,192	$ 3,484,156	$ 3,545,838

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

	2009	2010	2011	2012	2013
REVENUES					
Student tuition and fees, net	$ 500,740	$ 506,969	$ 538,618	$ 568,962	$ 598,954
Grants and contracts	169,582	172,562	167,891	158,011	173,449
Contributions, net	59,052	29,396	46,658	61,997	55,607
Investment income (loss), net	(160,455)	237,310	292,177	49,908	164,933
Auxiliary enterprises	92,056	91,810	96,903	98,474	101,667
Other income	74,222	88,729	77,540	82,750	83,374
TOTAL REVENUES	735,197	1,126,776	1,219,787	1,020,102	1,177,984
EXPENSES					
Instructional and general	825,619	858,430	895,822	915,517	985,631
Auxiliary enterprises	84,944	88,360	92,598	92,964	94,089
Independent operations	42,783	39,484	39,104	39,968	40,052
TOTAL EXPENSES	953,346	986,274	1,027,524	1,048,449	1,119,772
Postretirement related changes	(706)	1,907	7,775	(1,147)	1,198
Changes in net assets	$ (218,855)	$ 142,409	$ 200,038	$ (29,494)	$ 59,410
Net assets, beginning of year	1,737,052	1,518,197	1,660,606	1,860,644	1,831,150
Net assets, end of year	$ 1,518,197	$ 1,660,606	$1,860,644	$1,831,150	$1,890,560

3. Outstanding Indebtedness

As of June 30, 2013, the University had indebtedness outstanding of $1,378,834,000 including secured, unsecured, and non-recourse debt.

The University will have approximately $1,660,998,000 of outstanding indebtedness, including secured, unsecured, and non-recourse debt after the issuance of the 2014 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
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
2012	150,682	892,893	76,645	1,120,220
2013	151,676	1,062,277	76,935	1,290,888

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, are set forth in the following table:

CONTRIBUTIONS, NET[1] (IN THOUSANDS)

	2009	2010	2011	2012	2013
Unrestricted	$17,432	$12,308	$12,107	$12,399	$17,228
Temporarily Restricted	39,885	15,757	34,047	47,787	37,513
Permanently Restricted	1,735	1,331	504	1,811	866
TOTAL CONTRIBUTIONS, NET	$59,052	$29,396	$46,658	$61,997	$55,607

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
2009	$1,367	$1,011	$58
2010	1,505	1,144	63
2011	1,704	1,331	64
2012	1,685	1,306	67
2013	1,761	1,375	68

As of March 31, 2014, the unaudited net fair value of the Endowment is approximately $1.4 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 March 31, 2014, the two class-A office buildings had occupancy levels of 59.99% (2100 Pennsylvania Avenue) and 96.17% (2000 Pennsylvania Avenue). Portions of the building at 2100 Pennsylvania Avenue are currently vacant in preparation for anticipated redevelopment, as referenced in **SECTION IV. UNIVERSITY FACILITIES**. 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 2012 and 2013, the University raised $120 million and $103 million, respectively, in cash, pledges, and deferred commitments. Preliminary unaudited fundraising results for fiscal year 2014 are approximately $190 million. Total cash in the form of pledge payments and new commitments averaged approximately $76 million per year over the past two years. Unrestricted gifts totaled $6.9 million for the fiscal year ending June 30, 2013. The University is investing in fundraising and fundraising staff. Currently, the University's fundraising and alumni relations staff is approximately 200 employees.

In June, 2014, GW announced the launch of a $1 billion philanthropic campaign. The campaign is a comprehensive, University-wide philanthropic effort to raise funds to support the University's vision and priorities. Refer to **SECTION VI. MANAGEMENT'S DISCUSSION OF CONSOLIDATED OPERATIONS** for further information.

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 a "Vision 2021" Strategic Plan (the "Strategic Plan") to guide the University into the next decade by focusing on four major themes: 1) cross disciplinary collaboration; 2) globalization; 3) governance and policy; and 4) citizenship and leadership. The Strategic Plan is led by a clear understanding of our strengths and limitations, and each of the plan's objectives and recommended actions intersects with one or more of the four major themes. The plan incorporates input from individuals across the University. Led by Provost Steve Lerman, the University community is striving to address three key questions: 1) what defines a GW education? 2) what are the goals of our research? and 3) how does service enhance the GW Community? The University will continually re-evaluate and update the plan in order to ensure that its strategic mission is in alignment with the University's mission.

Student demand, total undergraduate applications and enrollment at the University have remained steady through fall 2013. During this time there has been consistent quality of matriculants as defined by SAT scores. The geographic diversity of the student population has increased as well, with students from all 50 states and approximately 130 countries; the University's goal is to continue to further diversify both domestically and internationally. The University applicant pool for fall 2014 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 as indicated by the freshman tuition discount rate increasing from 32.6% for freshmen entering in fall 2008 to 37.6% for freshmen entering in fall 2013. Since fall 2004, the University has maintained a fixed-tuition/guaranteed financial aid program for up to five years of enrollment. Graduate applications have remained flat or decreased slightly for fall 2014, in line with national trends. The quality of the applicant pool remains steady. Student tuition fee revenue and growth rates are expected to be between 4-5% over the next planning cycle, driven by a continued rate increase and a modest increase in graduate credit hours.

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. 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). The University will increase the rate of fundraising and the efficiency and productivity of the University's programs until it has reached the level of an additional $60 million per year to invest in academic and research priorities. The University-wide initiative has identified in excess of $65 million in total recurring savings and revenue enhancements toward the initiative's goal. In fiscal year 2014, $22 million was budgeted for investments in Academic Excellence, Student Academic Experience, Faculty and Research. In fiscal year 2015 approximately $25 million has been budgeted, for investments in these priorities.

The University will welcome two new deans to the University this summer. Linda A. Livingstone, PhD. joins the School of Business from the Graziadio School of Business and Management at Pepperdine University. Dr. Livingstone brings national and international expertise as incoming chair of the board of the leading accreditation organization for business schools worldwide. She will begin her service to the University on August 1, 2014. Blake Morant has been selected to serve as the Law School's dean. Mr. Morant, who currently serves as dean of Wake Forest University School of Law and President-Elect of the Association of American Law Schools, assumes the new role on September 1, 2014. In addition, Ben Vinson III, an expert on Latin American history and former vice dean for centers, interdepartmental programs, and graduate programs at the Johns Hopkins University's Zanvyl Krieger School of Arts and Sciences, became the dean of the Columbian College of Arts and Sciences on August 1, 2013. A member of Hopkins' faculty since 2006, Dr. Vinson was the Herbert Baxter Adams Professor of Latin American History and the former director of the Center for Africana Studies. This new leadership will revitalize our academic units and bring a fresh perspective to our community.

In June, 2014, GW announced the launch of a $1 billion philanthropic campaign. The campaign is a comprehensive, University-wide philanthropic effort to raise funds to support the University's vision and priorities. This seven-year, $1 billion campaign began on July 1, 2011 and was publicly launched on June 20, 2014. To date, $525 million has already been raised. As the largest campaign in the 193-year history of the George Washington University, it will bring GW into its third century and support its Strategic Plan. The campaign is focused on three core areas: breaking new ground through research and innovation, enhancing academics and supporting students. GW has set goals to raise $500 million for academic programs, $400 million for student support—half of which will go to Power & Promise Scholarships—and $100 million for capital projects for new and existing facilities. This campaign will enable the University to implement the Strategic Plan that was unanimously adopted last year by the Board of Trustees.

In March, 2014, the University announced three gifts totaling $80 million that will address – in collaboration with other institutions – many of the world's public health challenges, focusing on prevention of disease and promotion of wellness. The contributions are from the Milken Institute, the Sumner M. Redstone Charitable Foundation and the Milken Family Foundation. In honor of these transformative gifts, the GW Board of Trustees has approved the renaming of the School of Public Health and Health Services as the Milken Institute School of Public Health and the establishment of the Sumner M. Redstone Global Center for Prevention and Wellness. In the spirit of collaborative philanthropy, the gifts include: $40 million from the Milken Institute to support new and ongoing research and scholarships; $30 million from the Sumner M. Redstone Charitable Foundation to develop and advance innovative strategies to expand wellness and the prevention of disease; $10 million from the Milken Family Foundation to support the Milken Institute School dean's office, including a newly created public health scholarship program.

In February 2014, The George Washington University, the Corcoran Gallery of Art and Corcoran College of Art + Design, and the National Gallery of Art announced a proposed transaction that will significantly raise the stature of arts education in Washington, D.C. Under the proposed transaction, the University will operate the Corcoran College of Art + Design and will assume ownership of the Corcoran's building on 17th Street, as well as a separate academic building, the Fillmore, located in Georgetown. The National Gallery of Art will organize and present exhibitions of modern and contemporary art and maintain a Corcoran Legacy Gallery, displaying works closely identified with the 17th Street landmark, within the Corcoran building. The remainder of the Corcoran collection will be transferred to the National Gallery of Art to form the Corcoran Collection, National Gallery of Art. The University will continue to use the Fillmore building for classes, but plans to sell this building to consolidate classes to the Corcoran building. The University will accept ownership of the approximately 176,000 square foot Corcoran building, and will receive approximately $35 million from the Corcoran to be used towards the building renovations. Subsequent phases will be supported through fundraising and related programmatic revenue. The University will also receive approximately $10 million in endowed funds. Before the transaction can be completed, the transfers from the Corcoran to GW and the National Gallery of Art must be approved by the D.C. Superior Court in a *cy pres* proceeding, which is currently pending.

Full-time faculty members of the Corcoran will transfer to the University after the closing of the transaction, and the University is committed to continuing their employment through at least August 2015. The students enrolled in courses at the Corcoran College of Art + Design will be incorporated into the Columbian College of Arts and Sciences. For planning purposes, the University expects approximately 300 students to enroll at the University in fall 2014 from the Corcoran College of Art + Design. Prior to the final closing of the transactions, the Corcoran Board will seek a *cy pres* determination from the D.C. Superior Court to allow the organization to obtain court approval to change its method of implementing the mission to which it is dedicated. Timing of the final closing of the transactions is dependent on both parties meeting certain agreed upon terms, including approval by the court.

On June 24, 2014, the University, American University (AU) and the George Washington University Hospital (GWUH) announced the Capital Partners Solar Project, which is scheduled to provide renewable energy for their campuses in order to address the climate change crisis. This 52 megawatt solar photovoltaic project, to be owned and operated by Duke Energy Renewables, is scheduled to provide renewable energy for our campuses so as to meet climate action plan commitments. This commodity purchase contract establishes a fixed price for approximately 50% of GW's projected electricity needs for the next 20 years at a rate lower than current "brown power" rates with no balance sheet impact. Construction on the first North Carolina site is scheduled to begin in July 2014, with electricity expected to be delivered to GW by the start of 2015. The remaining two sites are scheduled to begin delivering electricity to GW by the start of 2016.

From June 30, 2005 to March 31, 2014, the market value of the University's total endowment assets grew from approximately $823 million to $1.4 billion, an increase of 76%. The University benefited from strong equity markets and a well-positioned asset allocation during this period. Since the global financial crisis, the University has worked to control overall risk. A key focus of the University's investment risk analysis remains on liquidity. As of March 31, 2014, approximately $548 million of the University's total endowment, which does not include investment real estate, is accessible within one year or less. The University has announced it is outsourcing the investment function of the endowment and is currently seeking proposals from firms to serve as the Outsourced Chief Investment Office (OCIO). Selection of the new firm is expected before the end of the calendar year.

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 as of June 30, 2014, the University has received approximately $33 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 The George Washington University Hospital. The Avenue is 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 30, 2014, total payments to the University have totaled $59.9 million. This revenue has been allocated to the construction costs of the Science and Engineering Hall.

The George Washington University continues to improve the value and cash from its investment properties through strategic partnerships. As discussed in **SECTION IV. UNIVERSITY FACILITIES**, in May 2014, GW selected Skanska USA Commercial Development, Inc. to transform a portion of the 2100 Pennsylvania Avenue building, as well has six adjacent row houses (previously used for commercial retail and University uses), into a 250,000 square foot Class A office building with approximately 7,000 square feet of ground floor retail.

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.

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, 2013 AND JUNE 30, 2012

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THE GEORGE WASHINGTON UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

pwc

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The George Washington University and its subsidiaries (the University), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of unrestricted activities, consolidated statements of activities, and consolidated statements of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University at June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 18, 2013

PricewaterhouseCoopers LLP, 1800 Tysons Boulevard, McLean, VA 22102
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, 2013 and 2012
(in thousands)

	2013	2012
ASSETS		
Cash and cash equivalents	$ 224,255	$ 498,628
Short-term investments	100,336	344
Accounts receivable, net	40,902	56,452
Pledges receivable, net	68,441	68,288
Investments	1,760,862	1,684,691
Loans and notes receivable, net	29,350	29,747
Physical properties, net:		
Land and buildings	1,213,953	1,043,575
Furniture and equipment	76,935	76,645
Other assets	30,804	25,786
Total assets	$ 3,545,838	$ 3,484,156
LIABILITIES		
Accounts payable and accrued expenses	$ 205,413	$ 189,894
Deferred revenue:		
Tuition and other deposits	30,261	30,489
Grants and contracts payments	11,883	13,910
Bonds and notes payable	1,378,834	1,390,181
Funds advanced for student loans	28,887	28,532
Total liabilities	1,655,278	1,653,006
NET ASSETS		
Unrestricted net assets (deficit):		
Unrestricted operating	(25,731)	(23,513)
Unrestricted capital and investing	1,407,340	1,375,291
Total unrestricted	1,381,609	1,351,778
Temporarily restricted	281,284	255,393
Permanently restricted	227,667	223,979
Total net assets	1,890,560	1,831,150
Total liabilities and net assets	$ 3,545,838	$ 3,484,156

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, 2013 and 2012
(in thousands)

	2013			2012		
	Operating	Capital and Investing	Total Unrestricted	Operating	Capital and Investing	Total Unrestricted
REVENUE						
Student tuition and fees	$ 827,985	$ -	$ 827,985	$ 789,371	$ -	$ 789,371
Less: University funded scholarships	(229,031)	-	(229,031)	(220,409)	-	(220,409)
Net student tuition and fees	598,954	-	598,954	568,962	-	568,962
Grants and contracts						
Program funds	143,340	8,938	152,278	136,303	681	136,984
Indirect cost recoveries	21,171	-	21,171	21,027	-	21,027
Investment income (loss), net	286	52,546	52,832	31	(16,109)	(16,078)
Investment real property rents and appreciation	-	77,775	77,775	-	81,092	81,092
Change in value of split-interest agreements	-	11	11	-	(48)	(48)
Auxiliary enterprises	101,667	-	101,667	98,474	-	98,474
Contributions, net	14,805	2,423	17,228	11,963	436	12,399
Net assets released from restrictions	10,266	33,920	44,186	7,358	20,304	27,662
Medical education agreements	55,434	2,832	58,266	53,109	2,832	55,941
Other income	22,328	2,767	25,095	23,699	3,089	26,788
Total revenue	968,251	181,212	1,149,463	920,926	92,277	1,013,203
EXPENSES						
Salaries and wages	506,304	39	506,343	471,492	-	471,492
Fringe benefits	110,322	3	110,325	105,917	-	105,917
Purchased services	183,442	1,276	184,718	165,439	699	166,138
Supplies	13,246	10	13,256	13,587	4	13,591
Equipment	13,574	2,087	15,661	11,698	1,968	13,666
Bad debt	1,672	-	1,672	1,082	-	1,082
Occupancy	58,574	62,104	120,678	60,175	60,072	120,247
Investment real property expense	-	39,146	39,146	-	39,355	39,355
Scholarships and fellowships	19,373	5	19,378	17,590	-	17,590
Communications	5,274	2	5,276	5,083	-	5,083
Travel and training	28,398	-	28,398	24,548	2	24,550
Interest	8	42,664	42,672	4	34,944	34,948
Other	27,877	4,372	32,249	28,480	6,310	34,790
Total expenses	968,064	151,708	1,119,772	905,095	143,354	1,048,449
OTHER INCREASES (DECREASES) IN NET ASSETS						
Debt service and mandatory purposes	(56,889)	56,889	-	(51,288)	51,288	-
Endowment support	62,531	(63,891)	(1,360)	53,339	(54,447)	(1,108)
Capital expenditures	(18,980)	18,980	-	(18,168)	18,168	-
Postretirement related changes	-	1,198	1,198	-	(1,147)	(1,147)
Support/investment	10,933	(10,631)	302	243	(1,442)	(1,199)
Total other changes in net assets	(2,405)	2,545	140	(15,874)	12,420	(3,454)
INCREASE (DECREASE) IN NET ASSETS	(2,218)	32,049	29,831	(43)	(38,657)	(38,700)
NET ASSETS (DEFICIT) AT THE BEGINNING OF THE YEAR	(23,513)	1,375,291	1,351,778	(23,470)	1,413,948	1,390,478
NET ASSETS (DEFICIT) AT THE END OF THE YEAR	$ (25,731)	$ 1,407,340	$ 1,381,609	$ (23,513)	$ 1,375,291	$ 1,351,778

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, 2013 and 2012
(in thousands)

	2013				2012			
	Total Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Total Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
REVENUE								
Student tuition and fees	$ 827,985	$ -	$ -	$ 827,985	$ 789,371	$ -	$ -	$ 789,371
Less: University funded scholarships	(229,031)	-	-	(229,031)	(220,409)	-	-	(220,409)
Net student tuition and fees	598,954	-	-	598,954	568,962	-	-	568,962
Grants and contracts								
Program funds	152,278	-	-	152,278	136,984	-	-	136,984
Indirect cost recoveries	21,171	-	-	21,171	21,027	-	-	21,027
Investment income (loss), net	52,832	31,911	-	84,743	(16,078)	(13,396)	7	(29,467)
Investment real property rents and appreciation	77,775	-	-	77,775	81,092	-	-	81,092
Change in value of split-interest agreements	11	409	1,995	2,415	(48)	(382)	(1,287)	(1,717)
Auxiliary enterprises	101,667	-	-	101,667	98,474	-	-	98,474
Contributions, net	17,228	37,513	866	55,607	12,399	47,787	1,811	61,997
Net assets released from restrictions	44,186	(44,186)		-	27,662	(27,662)	-	-
Medical education agreements	58,266	-		58,266	55,941	-	-	55,941
Other income	25,095	-	13	25,108	26,788	-	21	26,809
Total revenue	1,149,463	25,647	2,874	1,177,984	1,013,203	6,347	552	1,020,102
EXPENSES								
Salaries and wages	506,343	-	-	506,343	471,492	-	-	471,492
Fringe benefits	110,325	-	-	110,325	105,917	-	-	105,917
Purchased services	184,718	-	-	184,718	166,138	-	-	166,138
Supplies	13,256	-	-	13,256	13,591	-	-	13,591
Equipment	15,661	-	-	15,661	13,666	-	-	13,666
Bad debt	1,672	-	-	1,672	1,082	-	-	1,082
Occupancy	120,678	-	-	120,678	120,247	-	-	120,247
Investment real property expense	39,146	-	-	39,146	39,355	-	-	39,355
Scholarships and fellowships	19,378	-	-	19,378	17,590	-	-	17,590
Communications	5,276	-	-	5,276	5,083	-	-	5,083
Travel and training	28,398	-	-	28,398	24,550	-	-	24,550
Interest	42,672	-	-	42,672	34,948	-	-	34,948
Other	32,249	-	-	32,249	34,790	-	-	34,790
Total expenses	1,119,772	-	-	1,119,772	1,048,449	-	-	1,048,449
OTHER INCREASES (DECREASES) IN NET ASSETS								
Endowment support	(1,360)	199	1,161	-	(1,108)	(218)	1,326	-
Postretirement related changes	1,198	-	-	1,198	(1,147)	-	-	(1,147)
Support/investment	302	45	(347)	-	(1,199)	288	911	-
Total other changes in net assets	140	244	814	1,198	(3,454)	70	2,237	(1,147)
INCREASE (DECREASE) IN NET ASSETS	29,831	25,891	3,688	59,410	(38,700)	6,417	2,789	(29,494)
NET ASSETS AT THE BEGINNING OF THE YEAR	1,351,778	255,393	223,979	1,831,150	1,390,478	248,976	221,190	1,860,644
NET ASSETS AT THE END OF THE YEAR	$ 1,381,609	$ 281,284	$ 227,667	$ 1,890,560	$ 1,351,778	$ 255,393	$ 223,979	$ 1,831,150

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, 2013 and 2012
(in thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 59,410	$ (29,494)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated assets	(2,201)	(2,564)
Depreciation, amortization and accretion expenses	63,251	61,061
Provision for bad debt	1,672	1,082
Change in value of split-interest agreements	(2,415)	1,717
Net unrealized (gain) loss on investments	(70,936)	3,504
Net realized (gain) on investments	(22,483)	(12,034)
Realized (gain) on sale of real property	(441)	-
(Increase) decrease in operating assets:		
Accounts receivable	13,869	10,118
Pledges receivable	(153)	(22,888)
Other assets	(1,099)	21,022
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(9,491)	6,360
Tuition and other deposits	(228)	1,849
Grants and contracts deferred revenue	(2,027)	(155)
Contributions restricted for long-term investment	(9,711)	(6,602)
Net cash provided by operating activities	17,017	32,976
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(306,469)	(376,383)
Proceeds from sales and maturity of investments	328,422	404,153
Purchase of short-term investments	(149,950)	-
Proceeds from sales and maturity of short-term investments	50,000	-
Purchases and renovations of land and buildings	(192,976)	(91,767)
Additions of furniture and equipment	(19,334)	(18,476)
Net proceeds from sale of real property	683	-
(Increase) decrease in other loans and notes receivable	780	(513)
Net cash (used in) investing activities	(288,844)	(82,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from contributions restricted for long-term investment	9,711	6,602
Principal payments and refinancing of bonds and notes payable	(348,847)	(63,123)
Proceeds from borrowings and refinancing of bonds and notes payable	338,000	350,000
Payments of debt issuance costs	(1,765)	(2,012)
Increase in refundable advances from the U.S. Government	355	333
Net cash provided by (used in) financing activities	(2,546)	291,800
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(274,373)	241,790
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	498,628	256,838
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 224,255	$ 498,628
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 56,144	$ 47,380
Gross value of additions to capital leases	1,211	600
Note receivable on sale of real property	375	500

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 subsidiaries. Significant intercompany transactions and balances have been eliminated.

Cash and Cash Equivalents

Highly liquid financial instruments with original maturities at dates of purchase of three months or less are classified as cash equivalents and include U.S. Treasury securities, collateralized interest-bearing repurchase agreements carried at fair value, and other short-term, highly liquid investments carried at fair value. Cash and cash equivalents held by endowment fund investment managers are included in Investments.

Aggregate cash and cash equivalent balances maintained at financial institutions exceed the amount guaranteed by federal agencies and therefore bears risk. The University has not experienced any loss due to this risk.

Short-Term Investments

The University may invest excess cash in highly liquid securities of varying maturities as a part of a prudent cash and liquidity management strategy to maximize returns available in the market with minimal risk. Investments with maturities at dates of purchase between three months and one year are classified as Short-term investments and include U. S. Treasury securities or other high quality, highly liquid investments carried at 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.

Investments and Investment Income

Investments include both endowment and non-endowment investments owned by the University and are further detailed in Note 5. Investment income (loss) is included in unrestricted revenues, temporarily restricted revenues, or permanently restricted revenues depending on donor restrictions.

Investments known as split-interest agreements are unique to not-for-profit organizations. These are agreements where donors enter into trust or other arrangements under which the University receives benefits shared with other beneficiaries. The assets associated with these arrangements are recorded at their fair value and are included in Investments (Note 5). Once liabilities to other beneficiaries are satisfied, the residual assets are transferred to the University.

The University manages the following types of arrangements. The associated liabilities to beneficiaries in these arrangements are calculated based on various actuarial assumptions and are recorded in Accounts payable and accrued expenses (Note 9).

- Gift annuities consist of non-trust assets donated to the University in exchange for a fixed payment for the life of the beneficiary(s).

- 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.

- 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).

The University is a beneficiary of trusts held by third parties which include:

- Perpetual trusts where the University has an irrevocable right to income on trust assets in perpetuity, but never receives the assets held in trust. These beneficial interests are shown at fair value of the underlying assets, which approximates the discounted present value of the anticipated cash flows.

- Charitable remainder trusts similar to those described above, except that the University does not hold the assets as trustee. These beneficial interests 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 to the University.

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 and Refundable Advances

Loans receivable are primarily related to federal student financial aid programs and are carried at face value, less an allowance for doubtful accounts, of $0.12 million and $0.13 million for the years ended June 30, 2013 and 2012, 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 federal portion. Generally, payment on loans receivable commences upon graduation and can extend up to 10 years. These loans carry interest rates ranging from 3% to 9%. The carrying value of loans receivable approximates fair value. 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. These federal loan programs have cash restricted as to their use of $4.0 million and $2.6 million as of June 30, 2013 and 2012, respectively.

Physical Properties

Land is stated at cost or appraised value at date of donation; buildings, furniture, and equipment are stated at cost. Buildings, 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. 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. Property acquired on federally funded awards that meets the University's capitalization criteria is recorded as an asset of the University and depreciated in accordance with the University's depreciation policy. These assets are disposed of as prescribed by relevant federal requirements at the conclusion of the award.

Net Asset Classes

Net assets and revenues, 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 that stipulate 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.

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

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 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.

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.

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.

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 18, 2013, which is the date the financial statements were issued, noting no other events which affect the financial statements as of June 30, 2013.

Note 3 - Accounts Receivable

	June 30	
(in thousands)	**2013**	**2012**
Student tuition and fee accounts	$20,048	$18,189
Grants and contracts	14,678	14,489
Due from hospital limited partnership	3,218	6,697
Due from affiliation agreements	3,008	3,621
Medical resident FICA tax refund receivable	619	12,944
Other	2,135	3,055
Allowance for doubtful accounts	(2,804)	(2,543)
Total	$40,902	$56,452

Note 4 - Pledges Receivable

(in thousands)	June 30 2013	June 30 2012
Unconditional promises expected to be collected in:		
Less than one year	$27,145	$27,041
One year to five years	47,699	51,392
More than five years	1,387	1,216
Subtotal	76,231	79,649
Allowance for uncollectible pledges	(2,430)	(4,070)
Unamortized discount to present value	(5,360)	(7,291)
Total	$68,441	$68,288

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, 2013 and 2012, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately $138 million and $131 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

(in thousands)	June 30 2013	June 30 2012
Cash and cash equivalents	$24,464	$58,126
Equity - global	449,148	328,068
Equity - strategic (private, long-term)	246,014	276,311
Fixed income - asset-backed securities	2,573	9,739
Fixed income - domestic convertible instruments	63,643	52,520
Fixed income - corporate debt securities	25,036	37,664
Fixed income - credit funds	21,668	22,029
Fixed income - US state & federal bonds	1,273	795
Fixed income - mutual funds	2,963	3,073
Real estate	813,743	793,312
Split-interest agreements - GW as trustee	12,558	11,948
Split-interest agreements - trusts held by others	26,884	25,284
Deferred compensation plan assets	24,845	20,551
Other	46,050	45,271
Total	$1,760,862	$1,684,691

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, 2013 and 2012, and therefore has not been accounted for in the financial statements.

Investment income (loss), net:	**June 30**	
(in thousands)	**2013**	**2012**
Interest and dividends	$11,686	$10,584
Net gains (losses) on investments carried at fair value	73,008	(40,840)
Net gains on investments carried at other than fair value	9,719	9,183
Administrative expenses	(9,670)	(8,394)
Total	$84,743	$(29,467)

Investment real property rents and appreciation:	**June 30**	
(in thousands)	**2013**	**2012**
Real property rents	$57,256	$57,827
Net unrealized appreciation	20,519	47,146
Lease receivable	-	(23,881)
Total	$77,775	$81,092

The University holds two ground leases with a private developer for the redevelopment of Square 54, the former site of the GW Hospital. During the year ended June 30, 2012, the University ceased applying the straight-line accounting to rents under the ground leases. This change resulted in removal of the lease receivable from Other assets and was not material to the University's operations.

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 $22.6 million and $22.9 million as of June 30, 2013 and 2012, 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 $33.6 million and $33.0 million as of June 30, 2013 and 2012, respectively.

Note 6 - 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 fair value accounting standard provides a framework for measuring fair value and to categorize the inputs used in valuation techniques. The three broad levels of fair value established by the standard are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices in markets that are not active or other pricing inputs that are either directly or indirectly observable.
- Level 3 - Prices or valuation techniques in which one or more significant inputs or significant value drivers are unobservable. 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

(in thousands)	2013		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	$217,267	$6,988	$224,255
Short-term investments	99,992	344	100,336
Investments	1,691,475	69,387	1,760,862
Total	$2,008,734	$76,719	$2,085,453

(in thousands)	2012		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	$492,642	$5,986	$498,628
Short-term investments	-	344	344
Investments	1,615,859	68,832	1,684,691
Total	$2,108,501	$75,162	$2,183,663

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, and intangible assets.

For items reported at fair value, the following table summarizes the valuation of financial instruments by pricing observability levels.

	June 30, 2013			
(in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents at fair value	$217,267	$ -	$ -	$217,267
Short-term investments at fair value	99,992	-	-	99,992
Investments:				
Cash equivalents	23,145	1,279	-	24,424
Equity - global	327,218	-	121,202	448,420
Equity - strategic (private, long-term)	-	-	246,014	246,014
Fixed income - asset-backed securities	-	2,573	-	2,573
Fixed income - domestic convertible instruments	9,677	53,966	-	63,643
Fixed income - corporate debt securities	-	25,036	-	25,036
Fixed income - credit funds	-	18,662	3,006	21,668
Fixed income - US state & federal bonds	463	810	-	1,273
Fixed income - mutual funds	2,963	-	-	2,963
Real estate	-	-	791,174	791,174
Split-interest agreements - GW as trustee	12,558	-	-	12,558
Split-interest agreements - trusts held by others	-	-	26,884	26,884
Deferred compensation plan assets	11,617	9,157	4,071	24,845
Total investments reported at fair value	387,641	111,483	1,192,351	1,691,475
Total assets reported at fair value	$704,900	$111,483	$1,192,351	$2,008,734

	June 30, 2012			
(in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents at fair value	$492,642	$ -	$ -	$492,642
Investments:				
Cash equivalents	56,812	1,314	-	58,126
Equity - global	226,143	-	101,260	327,403
Equity - strategic (private, long-term)	-	-	276,311	276,311
Fixed income - asset-backed securities	-	9,739	-	9,739
Fixed income - convertible bonds	-	52,520	-	52,520
Fixed income - corporate debt securities	-	37,664	-	37,664
Fixed income - credit funds	-	16,874	5,155	22,029
Fixed income - US state & federal bonds	-	795	-	795
Fixed income - mutual funds	3,073	-	-	3,073
Real estate	-	-	770,416	770,416
Split-interest agreements - GW as trustee	11,948	-	-	11,948
Split-interest agreements - trusts held by others	-	-	25,284	25,284
Deferred compensation plan assets	8,526	8,122	3,903	20,551
Total investments reported at fair value	306,502	127,028	1,182,329	1,615,859
Total assets reported at fair value	$799,144	$127,028	$1,182,329	$2,108,501

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, 2013 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.

- Short-term investments - Short-term investments include U.S. Treasury securities with original maturities at dates of purchase of 3 months to one year. These securities are actively traded, are priced using independent market prices in the primary trading market and are classified as Level 1 based on the availability of quotes for identical assets.

- Equity investments - Equity investments generally include separately held accounts, shares in commingled 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 global equity holdings. Securities traded on an active exchange are priced using unadjusted market quotes for identical assets and are classified as Level 1.

- Privately held securities - These investments generally include strategic equity, as well as some global equity holdings, and are not publicly traded. The valuations are calculated by the investment manager based on traditional valuation techniques that take into account each fund's underlying assets. 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 typically are classified as Level 2. All other funds are typically classified as Level 3. Inputs used to determine fair value are based upon the best available information provided by the investment manager and may incorporate management judgments and best estimates after considering a variety of factors. For a small percentage of these investments, the manager reported NAV is prepared using non-US GAAP, which may differ from fair value reported under US GAAP. Where material differences are known to exist, management bases its measurements on fair value estimates obtained from the investment managers. Quantitative information about the significant unobservable inputs used in arriving at these fair value measurements is not readily available. Changes to these inputs may result in changes to the fair value measurement.

- Fixed income securities - These investments generally include asset-backed securities, convertible bonds, 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 and are redeemable in the near term, they are typically categorized as Level 2. Investment funds that are not publicly traded may be categorized as Level 2 or 3 depending upon redemption terms.

- Real estate - Real estate investment properties are valued based on results from an independent appraisal and a professional third-party market valuation and are included in Level 3. 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. Different assumptions or changes in future market conditions could significantly affect the estimated fair value.

	As of June 30, 2013			
	Fair Value *(in thousands)*	Valuation Techniques	Unobservable Inputs	Range
Hotels	$58,989	Discounted cash flow	Exit capitalization rate	7.50%
			Discount rate	9.50-10.50%
Office buildings	$463,360	Discounted cash flow	Exit capitalization rate	6.25-7.50%
			Discount rate	7.00-8.65%
Investment real estate subject to ground lease	$267,500	Discounted cash flow	Discount rate	5.06%

- 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. The University's beneficial interests in perpetual trusts held by third parties are categorized as Level 3. These are valued using a discounted cash flow analysis based on the assumed timing and duration of those cash flows.

- 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 an insurance company.

The University follows guidance that allows investment funds without a readily determinable fair value to report NAV or its equivalent as a practical expedient to estimate fair value if certain criteria are met. The fair values of the following investments have been estimated using reported NAV:

(in thousands)	**2013**				**2012**
Category of Investment	Fair Value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period	Fair Value
Equity - global	$158,548	$1,960	Daily to bi-annually	30 to 120 days	$116,264
Equity - strategic (private, long-term)	246,014	126,895	Redemption not permitted during life of fund	N/A	276,311
Fixed income - credit funds	21,668	-	Monthly	10 days	22,029
Total	$426,230	$128,855			$414,604

- Equity - global - These funds are typically composed of publicly traded developed and emerging-market stocks, long/short equity, equity hedges with options, futures or swaps, and preferred stock. Approximately 3% of these are in liquidation and distributions are anticipated over the next 5 years as the underlying assets are sold. Approximately 30% of these assets are currently locked up for up to 1-3 years.

- 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, 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 71% of the underlying assets will be liquidated within 10 years.

- Fixed income - credit funds - These funds are primarily composed of high-yield bonds and distressed debt. Approximately 14% of these assets are in liquidation with distributions anticipated over the next 5 years as the underlying assets are sold.

Changes in Level 3 Assets

(in thousands)	2013					
	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	$101,260	$276,311	$5,155	$770,416	$25,284	$3,903
Net realized/unrealized gains (losses)	13,418	8,578	909	20,551	1,662	83
Purchases/additions	10,840	34,536	-	2,054	-	307
Sales	(4,316)	(73,411)	(3,058)	(1,847)	(62)	(222)
Transfers into Level 3	-	-	-	-	-	-
End of year	$121,202	$246,014	$3,006	$791,174	$26,884	$4,071
Total net gains (losses) included in earnings attributable to the change in net unrealized gains (losses) for assets still held at June 30, 2012	$12,309	$2,161	$3,132	$20,563	$1,662	$ -

(in thousands)	2012					
	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	$66,691	$265,960	$7,098	$723,891	$24,922	$3,395
Net realized/unrealized gains (losses)	(1,831)	(4,879)	368	46,739	(1,068)	96
Purchases/additions	-	45,669	-	1,101	1,811	412
Sales	(21,104)	(30,439)	(2,639)	(1,315)	(381)	-
Transfers into Level 3	57,504	-	328	-	-	-
End of year	$101,260	$276,311	$5,155	$770,416	$25,284	$3,903
Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2011	$(2,507)	$(14,870)	$220	$46,768	$(1,148)	$ -

Level transfers are accounted for at the beginning of the reporting period and are typically the result of a change in the observability of significant valuation inputs. There were no transfers between Level 1 and Level 2 for the years ended June 30, 2013 and 2012.

Realized/unrealized gains (losses) on Level 3 assets included in changes in net assets are reported in revenues as follows:

(in thousands)	**2013**		
	Investment income	Investment real property rents and appreciation	Change in value of split-interest agreements
Total net gains included in changes in net assets	$22,937	$20,519	$1,662
Change in net unrealized gains relating to assets still held at June 30	$17,646	$20,519	$1,662

(in thousands)	**2012**		
	Investment income	Investment real property rents and appreciation	Change in value of split-interest agreements
Total net gains (losses) included in changes in net assets	$(6,749)	$47,146	$(1,068)
Change in net unrealized gains (losses) relating to assets still held at June 30	$(17,535)	$47,146	$(1,148)

Note 7 - Endowment

The University's Endowment (Endowment) includes approximately 1,195 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 approved management's interpretation of the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA) in the period it was 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:

(in thousands)	June 30			
	2013		2012	
	Donor-restricted Endowment Funds	Board-designated Endowment Funds	Donor-restricted Endowment Funds	Board-designated Endowment Funds
Unrestricted	$(4,105)	$985,703	$(5,881)	$947,764
Temporarily restricted	203,220	-	176,248	-
Permanently restricted	190,384	-	187,761	-
Total endowment funds	$389,499	$985,703	$358,128	$947,764

Changes in endowment funds by net asset classification are summarized as follows:

(in thousands)	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$941,883	$176,248	$187,761	$1,305,892
Investment return:				
Investment income	23,956	4,773	-	28,729
Net appreciation (realized and unrealized)	61,319	31,552	-	92,871
Administrative expenses	(5,413)	(4,257)	-	(9,670)
Total investment return	79,862	32,068	-	111,930
Contributions	5,844	14,472	1,462	21,778
Appropriations of assets for expenditure	(47,818)	(20,502)	-	(68,320)
Reinvestment of payout and internal transfers to endowments	1,827	934	1,161	3,922
Endowment net assets, end of year	$981,598	$203,220	$190,384	$1,375,202

(in thousands)	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$947,259	$199,421	$184,420	$1,331,100
Investment return:				
Investment income	25,221	3,128	-	28,349
Net appreciation (depreciation) (realized and unrealized)	20,061	(13,385)	-	6,676
Administrative expenses	(5,282)	(3,112)	-	(8,394)
Total investment return	40,000	(13,369)	-	26,631
Contributions	1,485	9,159	2,078	12,722
Appropriations of assets for expenditure	(47,410)	(19,297)	-	(66,707)
Reinvestment of payout and internal transfers to endowments	549	334	1,263	2,146
Endowment net assets, end of year	$941,883	$176,248	$187,761	$1,305,892

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 $4.1 million and $5.9 million as of June 30, 2013 and 2012, 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. The specific investment objective to be realized over complete market cycles is to achieve an average annual rate of return, net of investment management fees and expenses, of at least 5% above inflation.

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 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.

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. 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.

Note 8 - Physical Properties

(in thousands)	June 30	
	2013	**2012**
Land	$151,676	$150,682
Buildings	1,345,061	1,277,164
Construction in progress	227,998	87,234
Building under capital lease	6,527	6,527
Accumulated depreciation	(517,309)	(478,032)
Total	$1,213,953	$1,043,575
Furniture and equipment	$116,619	$116,628
Library and historical research materials	86,224	86,713
Equipment under capital leases	9,117	8,911
Accumulated depreciation	(135,025)	(135,607)
Total	$76,935	$76,645

The value of Construction in progress includes the addition of capitalized interest of approximately $4.5 million and $1.9 million as of June 30, 2013 and 2012, respectively.

Furniture and equipment expenditures *(in thousands)*:	June 30	
	2013	**2012**
Capitalized	$21,244	$18,868
Expensed	15,661	13,666
Total	$36,905	$32,534

Depreciation expense *(in thousands)*:	June 30	
	2013	**2012**
Buildings	$39,394	$37,370
Furniture and equipment	18,730	18,208
Equipment under capital leases	1,909	2,271
Total	$60,033	$57,849

Note 9 - Accounts Payable and Accrued Expenses

	June 30	
(in thousands)	**2013**	**2012**
Accrued building construction payable	$44,157	$21,690
Accrued interest payable	16,588	15,598
Accrued other liabilities	19,216	17,860
Accrued payroll and related liabilities	66,917	62,506
Accumulated postretirement liability	19,329	20,422
Asset retirement obligation	1,609	1,524
FICA refund due to medical residents	1,101	13,214
Split-interest agreements	6,817	6,731
Trade payables	11,894	11,757
Other payables	17,785	18,592
Total	$205,413	$189,894

Note 10 - Bonds and Notes Payable

(in thousands)		June 30		
		2013		2012
	Final Scheduled Maturities	Ending Interest Rate	Amount Outstanding	Amount Outstanding
Tax-exempt bonds:				
Series 1999B/C		-	$ -	$167,730
Taxable bonds:				
2002 Series A/B		-	-	172,800
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 4.72%	116,435	124,060
2011 Series General Obligation	9/15/2021	Fixed 4.452%	100,000	100,000
2011A Series General Obligation	9/15/2021	Fixed 3.576%	50,000	50,000
2012 Series General Obligation	9/15/2022	Fixed 3.485%	300,000	300,000
2012A Series General Obligation	9/15/2017	Fixed 1.827%	168,000	-
2013 Series General Obligation	9/15/2043	Fixed 4.363%	170,000	-
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%	9,331	9,664
Notes payable – secured by real estate	7/11/2015	Fixed 4.955%	14,940	15,285
Unsecured notes payable	5/01/2021	Fixed 3%	128	642
Total			$1,378,834	$1,390,181
Estimated fair value (Level 2) at June 30:			$1,422,493	$1,495,898

The University's long-term debt is not reported at fair value on the Consolidated Statements of Financial Position and the fair value is being provided for disclosure purposes only. The fair value is based on discounted future cash flows using current market interest rates.

Recent bond issuances *(in thousands)*:

Issue date	Series	Type	Amount	Purpose
March 2013	2013	Taxable	$170,000	Refund Series 2002A/B taxable bonds
July 2012	2012A	Taxable	$168,000	Refund Series 1999B/C tax-exempt bonds
March 2012	2012	Taxable	$300,000	Provide funding for general University purposes including capital projects

As of June 30, 2013 the University has two renewable available lines of credit with a national bank totaling $150 million. These lines of credit have variable interest rates and expire in 2014. There were no amounts outstanding under lines of credit at June 30, 2013 or 2012.

The agreements for certain debt issuances require the University to deposit and maintain specified amounts in trustee-controlled accounts as repair and maintenance, taxes, and insurance reserves. In satisfaction of these requirements, $3.6 million and $3.1 million were included in Other assets at June 30, 2013 and 2012, respectively. Other assets include unamortized debt issuance costs of $6.4 million and $7.6 million as of June 30, 2013 and 2012, respectively.

		June 30	
Interest expense *(in thousands)*	Expense Category	**2013**	**2012**
Bonds/notes payable	Interest	$42,576	$34,821
Rental property	Investment real property	14,461	14,732
Capital leases	Interest	96	127
Total		$57,133	$49,680

As of June 30, 2013, principal payments are due on bonds and notes payable in accordance with the following schedule:

Fiscal Year Ending June 30 *(in thousands)*	
2014	$17,803
2015	8,992
2016	23,335
2017	259,696
2018	178,266
Thereafter	890,742
Total	$1,378,834

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 2026. Rent expense under operating leases totaled $30.5 million and $27.8 million for the years ended June 30, 2013 and 2012, respectively. The aggregate minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30 *(in thousands)*	
2014	$23,107
2015	16,030
2016	15,335
2017	7,389
2018	3,536
Thereafter	20,018
Total	$85,415

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)*	
2014	$819
2015	548
2016	227
2017	57
Minimum lease payments	1,651
Less amount representing interest	(46)
Total	$1,605

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

Note 12 - Net Assets

Net assets and revenues, 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 that stipulate 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:

	June 30			
(in thousands)	**2013**		**2012**	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Building funds	$4,803	$ -	$4,996	$ -
Endowment funds:				
Instruction & academic support	134,933	122,771	116,589	120,738
Student aid	65,026	66,015	56,576	65,425
Building funds	884	632	829	632
Other endowments	2,377	966	2,254	966
	203,220	190,384	176,248	187,761
Loan funds	-	3,481	-	3,528
Pledges:				
Instruction & academic support	36,125	878	34,431	1,036
Student aid	10,133	246	9,794	294
Building funds	821	19	9,490	285
Other pledges	5,157	127	3,729	144
	52,236	1,270	57,444	1,759
Split-interest agreements	5,288	27,497	4,770	25,896
Other	15,737	5,035	11,935	5,035
Total	$281,284	$227,667	$255,393	$223,979

Note 13 - Program and Supporting Activities Expense

(in thousands)	June 30 2013	June 30 2012
Instruction and academic support	$592,143	$547,939
Research and research support	146,105	140,377
Auxiliary enterprises	94,089	92,964
Student services	98,830	89,342
Institutional support	126,527	117,504
Independent operations	40,052	39,968
Student aid	22,026	20,355
Total	$1,119,772	$1,048,449

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

Costs related to the maintenance and operation of physical plant of $169.7 million and $163.1 million for the years ended June 30, 2013 and 2012, 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 allocated based on the percentage of actual interest expense attributable to properties.

Technology costs of $75.4 million and $70.6 million for the years ended June 30, 2013 and 2012, respectively, are allocated to other functions 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 $33.1 million and $31.3 million for the years ended June 30, 2013 and 2012, 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.

Net periodic postretirement benefit costs:	June 30	
(in thousands)	**2013**	**2012**
Service cost - benefits earned during the year	$556	$411
Interest cost on accumulated benefit obligation	844	1,005
Amortization of net actuarial loss	66	-
Amortization of transition obligation	231	231
Net periodic benefit cost	$1,697	$1,647

The postretirement benefit plan's funded status and the amount of accumulated postretirement benefit plan costs, using a measurement date of June 30, consist of the following:

	Years Ended June 30	
(in thousands)	**2013**	**2012**
Change in Accumulated Postretirement Benefit Obligation:		
Accumulated postretirement benefit obligation at beginning of year	$20,422	$18,902
Service cost	556	411
Interest cost	844	1,005
Net actuarial (gain)/loss	(901)	1,378
Plan participants' contributions	1,643	1,523
Medicare subsidy	-	265
Benefits paid	(3,235)	(3,062)
Accumulated postretirement benefit obligation at end of year	19,329	20,422
Change in Fair Value of Plan Assets:		
Fair value of plan assets at beginning of year	-	-
Plan participants' contributions	1,643	1,523
Employer contributions	1,592	1,274
Medicare subsidy	-	265
Benefits paid	(3,235)	(3,062)
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	$(19,329)	$(20,422)
Amounts Not Recognized in Net Periodic Benefit Cost:		
Net actuarial loss	$1,602	$2,569
Transition obligation	458	689
Total	$2,060	$3,258

	June 30	
Discount rates:	**2013**	**2012**
Net periodic benefit cost	4.30%	5.50%
Postretirement benefit obligation	4.90%	4.30%

The following changes were recognized in unrestricted net assets for the year ended June 30, 2013:

(in thousands)	
Current year net actuarial gain	$901
Amortization of transition obligation	231
Amortization of loss	66
Total	$1,198

A portion of the transition obligation of $0.23 million is expected to be amortized from unrestricted net assets into net periodic benefit cost for the year ending June 30, 2014.

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, 2013 above assumes a 7.0% increase in health care costs for the year ended June 30, 2014, with the rate decreasing by 0.4% annually for the next five years to an ultimate trend rate of 5.0% thereafter. The liability calculation as of June 30, 2012, assumed a 7.5% increase in health care costs for the year ended June 30, 2013, with the rate of increase diminishing 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:

	June 30	
(in thousands)	**2013**	**2012**
Effect of a 1% increase:		
Postretirement benefit obligation	$538	$753
Net periodic benefit cost	136	173
Effect of a 1% decrease:		
Postretirement benefit obligation	$(2,654)	$(2,864)
Net periodic benefit cost	(205)	(221)

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

Fiscal Year Ending June 30 *(in thousands)*	
2014	$1,584
2015	1,551
2016	1,456
2017	1,365
2018	1,306
2019 – 2023 (total)	5,264

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. Medical education agreements revenue of approximately $10.7 million and $9.9 million was reported for the years ended June 30, 2013 and 2012, respectively. Approximately $25.9 million and $24.9 million in purchased services from the MFA were reported for the years ended June 30, 2013 and 2012, respectively. The University had an outstanding receivable balance due from MFA of $0.9 million and $1.1 million as of June 30, 2013 and 2012, respectively. The University had an outstanding payable balance due to MFA of $0.9 million and $0.7 million as of June 30, 2013 and 2012, 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 in developing and maintaining the medical academic and research programs. 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, 2013 and 2012 was approximately $7.2 million and $7.5 million, respectively.

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. Medical education agreements revenue of approximately $30.4 million and $29.8 million was reported for the years ended June 30, 2013 and 2012, respectively. The receivable from DHP for the unpaid balance of these services is $3.2 million and $6.7 million as of June 30, 2013 and 2012, respectively. Approximately $0.4 million and $0.1 million in purchased services from the GW Hospital were reported for the years ended June 30, 2013 and 2012, respectively.

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 2014 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 2014 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.

"Cost of Issuance Fund" means the fund by that name established pursuant to the Indenture.

"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 August 1, 2014, 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 and September 15, commencing March 15, 2015, 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.

"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.

"Purchase Contract" means the Contract of Purchase for the Series 2014 Bonds, dated July 29, 2014, 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 2014 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 2014 Bonds and any Series of Additional Bonds.

"Series 2014 Bonds" means the $300,000,000 The George Washington University Taxable Bonds, Series 2014, 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 2014 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 2014 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 2014 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 2014 Bonds, on the dates, in the amounts, at the times and in the manner provided in the Indenture and in the Series 2014 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 2014 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 2014 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 2014 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:

Cost of Issuance Fund. A Cost of Issuance Fund will be established. There will deposited in the Cost of Issuance Fund on the Closing Date a portion of the net proceeds from the sale of the Series 2014 Bonds representing the costs of issuance of the Series 2014 Bonds. The Trustee shall disburse moneys in the Cost of Issuance Fund upon receipt of a written order signed by an authorized officer of the University. Any moneys in the Cost of Issuance Fund that are not disbursed within 90 days following the delivery date of the Bonds shall be transferred to the Debt Service Fund or to the University in accordance with the instructions provided by the University to the Trustee.

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 as 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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