

EXISTING ISSUES
REOFFERED



\$32,975,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
OXFORD UNIVERSITY PRESS, INC. REVENUE BONDS**

Consisting of:

\$22,875,000
Series 1993

\$10,100,000
Series 1996

Dated: Date of Reoffering

Price:100%

Payment and Security: The Oxford University Press, Inc. Revenue Bonds (Letter of Credit Secured), Series 1993 (the "Series 1993 Bonds") and the Oxford University Press, Inc. Revenue Bonds, Series 1996 (the "Series 1996 Bonds" and, together with the Series 1993 Bonds, the "Reoffered Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from (i) amounts derived from the remarketing proceeds of the applicable Series of the Reoffered Bonds, (ii) amounts drawn under the applicable Liquidity Facility or Credit Facility (defined herein) then in effect and (iii) all funds and accounts (except the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase) established under the Authority's Oxford University Press, Inc. Revenue Bond Resolution, adopted November 10, 1993 (the "Resolution"), and, in the case of the Series 1993 Bonds, the Series Resolution Authorizing Up To \$30,000,000 Oxford University Press, Inc. Revenue Bonds, Series 1993, adopted by the Authority on November 10, 1993, as amended and supplemented (the "Series 1993 Resolution") and, in the case of the Series 1996 Bonds, the Series Resolution Authorizing Up To \$14,600,000 Oxford University Press, Inc. Revenue Bonds, Series 1996, adopted by the Authority on May 29, 1996, as amended and supplemented (the "Series 1996 Resolution" and, together with the Series 1993 Resolution, the "Series Resolutions") and are further secured by (i) in the case of the Series 1993 Bonds, certain payments to be made under the Loan Agreement, dated as of November 10, 1993 (the "1993 Loan Agreement"), between Oxford University Press, Inc. (the "Institution") and the Authority and (ii) in the case of the Series 1996 Bonds, certain payments to be made under the Loan Agreement, dated as of May 29, 1996, (the "1996 Loan Agreement" and together with the Series 1993 Loan Agreement, the "Loan Agreements"), between the Institution and the Authority.

An irrevocable, direct-pay letter of credit will be issued by Barclays Bank PLC (the "Bank") for each Series of the Reoffered Bonds in favor of the Trustee (each a "Letter of Credit" and together, the "Letters of Credit"). The Letter of Credit for the Series 1993 Bonds (the "Series 1993 Letter of Credit") will expire on October 5, 2014, unless earlier terminated or extended and may be replaced by an Alternate Liquidity Facility and Alternate Credit Facility, as set forth herein. The Series 1993 Letter of Credit will permit the Trustee to draw an amount equal to the aggregate principal amount of the Series 1993 Bonds, plus at least 47 days' accrued interest thereon, initially at the rate of 15% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Series 1993 Letter of Credit. The Letter of Credit for the Series 1996 Bonds (the "Series 1996 Letter of Credit") will expire on October 5, 2014, unless earlier terminated or extended and may be replaced by an Alternate Liquidity Facility and Alternate Credit Facility, as set forth herein. The Series 1996 Letter of Credit will permit the Trustee to draw an amount equal to the aggregate principal amount of the Series 1996 Bonds, plus at least 47 days' accrued interest thereon, initially at the rate of 15% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Series 1996 Letter of Credit.



Each Loan Agreement is a general obligation of the Institution. The obligations of the Institution under the Loan Agreements are each secured by a pledge of certain revenues of the Institution and by separate mortgages granted to the Authority on the Mortgaged Property (as more fully described herein, the "Mortgages"). The pledge of the 1996 Loan Agreement is subordinate to the pledge of the 1993 Loan Agreement, as more fully described herein.

The Reoffered Bonds are not a debt of the State of New York nor is the State liable thereon. The Authority has no taxing power.

Description: The Reoffered Bonds will be reoffered on October 5, 2011 (the "Reoffering Date"). The Reoffered Bonds are Variable Interest Rate Bonds and Option Bonds and are fully registered Bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. For the period commencing on the Reoffering Date, the Reoffered Bonds will bear interest at their respective Initial Rates for their respective Initial Rate Periods set forth on the inside cover hereof. Commencing on the applicable Interest Determination Date set forth on the inside cover hereof, the Series 1993 Bonds will bear interest at Daily Rates for Daily Rate Periods and the Series 1996 Bonds will bear interest at Weekly Rates for Weekly Rate Periods until either such Series is converted in whole or in part, to another Rate Mode.

The method of determining the interest rate to be borne by all or a portion of the Reoffered Bonds may be changed to other Rate Modes at the times and in the manner set forth herein. Unless otherwise set forth herein, the descriptions of the Reoffered Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Reoffered Bonds bear interest at a Daily Rate or a Weekly Rate.

The Reoffered Bonds have been issued under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Reoffered Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Reoffered Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Reoffered Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See "PART 3 - THE REOFFERED BONDS - Book-Entry Only System" herein.

Manufacturers and Traders Trust Company, Buffalo, New York is the Trustee and Tender Agent for the Reoffered Bonds.

Tenders for Purchase and Redemption: *The Reoffered Bonds are subject to tender for purchase and optional redemption prior to maturity as more fully described herein.*

Tax Exemption: On the date of original issuance and delivery of the Series 1993 Bonds, Whitman Breed Abbott & Morgan, as bond counsel, delivered its opinion that under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the Institution described herein, interest on each of the Series 1993 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In its opinion, Whitman Breed Abbott & Morgan also opined that interest on the Series 1993 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, but indicated that such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. On the date of original issuance and delivery of the Series 1993 Bonds, Whitman Breed Abbott & Morgan also delivered an opinion stating that, under existing statutes, interest on the Series 1993 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof, including The City of New York.

On the date of original issuance and delivery of the Series 1996 Bonds, Haythe & Curley, as bond counsel, delivered its opinion that under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the Institution described herein, interest on each of the Series 1996 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. In its opinion, Haythe & Curley also opined that interest on the Series 1996 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, but indicated that such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. On the date of original issuance and delivery of the Series 1996 Bonds, Haythe & Curley also delivered an opinion stating that, under existing statutes, interest on the Series 1996 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof, including The City of New York. **These opinions have not been updated or reissued in connection with the remarketing of the Reoffered Bonds.**

On the Reoffering Date, Nixon & Peabody LLP, Bond Counsel, will deliver its opinion to the effect that neither the substitution of the Letters of Credit for the Current Facilities nor the reoffering of the Reoffered Bonds will adversely affect the exclusion of interest on the Reoffered Bonds for purposes of federal income taxation under Section 103 of the Code. See "PART 8 - TAX MATTERS" herein regarding certain other tax considerations.

In connection with the substitution of the Liquidity Facility and Credit Facility for the Reoffered Bonds, certain legal matters will be passed upon by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Institution by its Counsel, Satterlee Stephens Burke & Burke LLP, New York, New York. Certain legal matters will be passed upon for the Bank by its Counsel, McDermott Will & Emery LLP, New York, New York. The Authority expects to deliver the Reoffered Bonds in definitive form in New York, New York on their date of reoffering, on or about October 5, 2011.

Barclays Capital

\$32,975,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
OXFORD UNIVERSITY PRESS, INC. REVENUE BONDS

Consisting Of

\$22,875,000
Oxford University Press, Inc.
Revenue Bonds (Letter of Credit Secured), Series 1993
Date of Reoffering: October 5, 2011
Initial Rate Mode: Daily Rate
Initial Interest Determination Date: October 5, 2011
Interest Reset Date: Generally, every Business Day
Interest Payment Date: First Business Day of the Month
Due: July 1, 2023
CUSIP[†]: 649906JC9
Price 100%

\$10,100,000
Oxford University Press, Inc.
Revenue Bonds, Series 1996
Date of Reoffering: October 5, 2011
Initial Rate Mode: Weekly Rate
Initial Interest Determination Date: October 11, 2011
Interest Reset Date: Generally, every Tuesday
Interest Payment Date: First Wednesday of the Month
Due: July 1, 2025
CUSIP[†]: 649906JD7
Price 100%

[†] Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of reoffering of the Reoffered Bonds and the Authority and the Remarketing Agent do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Institution or the Remarketing Agent to give any information or to make any representations with respect to the Reoffered Bonds, other than the information and representations contained in this Reoffering Circular. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the Institution or the Remarketing Agent.

This Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Reoffered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Reoffering Circular has been supplied by the Institution, the Bank and other sources that the Authority believes are reliable. Neither the Authority nor the Remarketing Agent guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Remarketing Agent.

The Institution has reviewed the parts of this Reoffering Circular describing the Institution, Principal and Interest Requirements and Appendix B. It is a condition to the sale of and the delivery of the Reoffered Bonds that the Institution certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and of delivery of the Reoffered Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Institution makes no representation as to the accuracy or completeness of any other information included in this Reoffering Circular.

The Bank has reviewed the information in this Reoffering Circular describing the Letters of Credit, the Reimbursement Agreement and Appendix F. The Bank makes no representation as to the accuracy or completeness of any other information included in this Reoffering Circular.

The Remarketing Agent has reviewed the information in this Reoffering Circular pursuant to its responsibilities to investors under the federal securities law, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

References in this Reoffering Circular to the Act, the Resolution, the Series Resolutions, the Loan Agreements and the Letters of Credit do not purport to be complete. Refer to the Act, the Resolution, the Series Resolutions, the Loan Agreements and the Letters of Credit for full and complete details of their provisions. Copies of the Resolution, the Series Resolutions, the Loan Agreements and the Letters of Credit are on file with the Authority and the Trustee.

The order and placement of material in this Reoffering Circular, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Reoffering Circular, including its appendices, must be considered in its entirety.

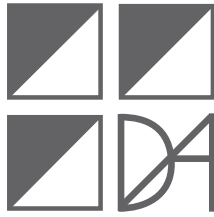
Under no circumstances shall the delivery of this Reoffering Circular or any sale made after its delivery create any implication that the affairs of the Authority and the Institution have remained unchanged after the date of this Reoffering Circular.

IN CONNECTION WITH THE OFFERING OF THE REOFFERED BONDS, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE REOFFERED BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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DORMITORY AUTHORITY - STATE OF NEW YORK
PAUL T. WILLIAMS – EXECUTIVE DIRECTOR

515 BROADWAY, ALBANY, N.Y. 12207
ALFONSO L. CARNEY, JR. ESQ. – CHAIR

REOFFERING CIRCULAR RELATING TO
\$32,975,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
OXFORD UNIVERSITY PRESS, INC. REVENUE BONDS
Consisting Of:

\$22,875,000	\$10,100,000
SERIES 1993	SERIES 1996

PART 1 - INTRODUCTION

Purpose of the Reoffering Circular

The purpose of this Reoffering Circular, including the cover page, inside cover page and appendices, is to provide information about the Authority, the Institution and the Bank, in connection with the reoffering of \$22,875,000 principal amount of the Authority's Oxford University Press, Inc. Revenue Bonds (Letter of Credit Secured), Series 1993 (the "Series 1993 Bonds") and \$10,100,000 principal amount of the Authority's Oxford University Press, Inc. Revenue Bonds, Series 1996 (the "Series 1996 Bonds" and together with the Series 1993 Bonds, the "Reoffered Bonds").

The Series 1993 Bonds were issued on December 21, 1993 by the Authority pursuant to the Resolution, the Series 1993 Resolution and the Act. The Series 1996 Bonds were issued on June 25, 1996 by the Authority pursuant to the Resolution, the Series 1996 Resolution and the Act. The proceeds of the Reoffered Bonds were used to finance the acquisition, renovation, furnishing and equipping of the Institution's corporate headquarters in The City of New York. The Series 1993 Bonds currently bear interest at Daily Rates and the Series 1996 Bonds currently bear interest at Weekly Rates and are secured by existing Credit Facilities or Liquidity Facilities that expire on October 5, 2011 the ("Current Facilities"). The Reoffered Bonds are subject to optional and mandatory tender for purchase and optional redemption as described herein. The Institution has arranged for Barclays Bank PLC. to provide a Liquidity Facility in the form of a letter of credit for each Series of the Reoffered Bonds, (the "Letters of Credit"). Each of the Letters of Credit will be effective on the Reoffering Date. Each of the Letters of Credit constitute a Credit Facility and a Liquidity Facility, as such terms are defined in the Resolution. As a result, the Series 1993 Bonds and the Series 1996 Bonds will be subject to mandatory tender by the Holders thereof for purchase at the price of par on October 5, 2011.

The following is a brief description of certain information concerning the Reoffered Bonds, the Letters of Credit, the Authority and the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Reoffered Bonds is contained throughout this Reoffering Circular, which should be read in its entirety. Certain terms used in this Reoffering Circular are defined in Appendix A hereto. Unless otherwise set forth herein, the descriptions of the Reoffered Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Reoffered Bonds bear interest at a Daily Rate or a Weekly Rate.

Authorization of Issuance

The Reoffered Bonds were issued pursuant to the Resolution, the respective Series Resolutions and the Act. In addition to the Reoffered Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay costs of projects, to make deposits to the applicable debt service reserve fund or the applicable building and equipment reserve fund, or both, as the case may be, to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the Institution and to pay the Costs of Issuance of such Series of Bonds. All Bonds issued under

the Resolution are to be authorized by a separate Series Resolution and are to be separately secured. See PART 2 – “SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS.”

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational and not-for-profit institutions. See “PART 5 - THE AUTHORITY.”

The Institution

The Institution is private, not-for-profit membership corporation headquartered in The City of New York. The Institution, affiliated with Oxford University Press (the “Press”), which is a department of Oxford University (“the University”) in England, publishes books and journals and is the largest University Press in the United States. See “PART 4 - THE INSTITUTION” and “Appendix B - Financial Statements of Oxford University Press, Inc.”

The Reoffered Bonds

The Series 1993 Bonds are Variable Interest Rate Bonds and Option Bonds and will bear interest from the Reoffering Date at their Initial Rate for their Initial Rate Period ending on October 5, 2011, and thereafter will bear interest in the Daily Rate Mode until converted to another Rate Mode. The Daily Rate will be determined by 10:00 a.m. New York City time on each Business Day (or the immediately preceding Business Day if such day of determination is not a Business Day) and will be paid on the first Business Day of each month. The Series 1993 Bonds will mature on July 1, 2023.

The Series 1996 Bonds are Variable Interest Rate Bonds and will bear interest from the Reoffering Date at their Initial Rate for their Initial Rate Period ending on October 11, 2011 and thereafter will bear interest in the Weekly Rate Mode until converted to another Rate Mode. The Weekly Rate will be determined generally on each Tuesday provided such Tuesday is a Business Day, preceding the beginning of each Weekly Rate Period and will be paid on the first Wednesday of each month. The Series 1996 Bonds will mature on July 1, 2025.

At the election of the Authority with the consent of the Institution, the Reoffered Bonds, or a portion thereof, may be converted to bear interest in another Rate Mode, including the Fixed Rate Mode, determined and payable as described in the applicable Series Resolution. See “PART 3 - THE REOFFERED BONDS.”

The Reoffered Bonds are subject to tender for purchase at the option of the Holders on any Business Day during a Daily Rate Period or a Weekly Rate Period, and mandatorily upon conversion to another Rate Mode (other than to a Daily Rate Mode or from a Daily Rate Mode to a Weekly Rate Mode), upon the expiration or termination of any Liquidity Facility then in effect or at the option of the Authority, in each case at a Purchase Price equal to the principal amount of the Reoffered Bonds to be purchased, plus, except as described herein, accrued and unpaid interest, if any, to the Purchase Date. Such purchases are payable from proceeds of the remarketing of the Reoffered Bonds, from moneys obtained under a Liquidity Facility, if any, then in effect for the Reoffered Bonds and from moneys furnished by or on behalf of the Institution in accordance with the Resolution and Loan Agreements. (See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS –The Letters of Credit and Reimbursement Agreements”). Barclays Capital has been appointed as the Remarketing Agent for the Reoffered Bonds.

For a more complete description of the Reoffered Bonds, the determination of interest rates, conversion to another Rate Mode and optional and mandatory tenders, see “PART 3 - THE REOFFERED BONDS.”

Payment of the Reoffered Bonds

Each Series of the Reoffered Bonds is a special obligation of the Authority, payable solely from (i) amounts derived from the remarketing of the applicable Reoffered Bonds tendered for purchase, (ii) amounts drawn under the applicable Letters of Credit then in effect, and (iii) moneys and investments held in the funds and accounts established under the Resolution and applicable Series Resolutions other than any moneys and investments held thereunder for the purpose of making arbitrage rebates, if any, to the United States Department of the Treasury. See “PART 2 - SOURCES OF PAYMENT OF AND SECURITY FOR THE REOFFERED BONDS - Payment of the Reoffered Bonds.”

Security for the Reoffered Bonds

The Series 1993 Bonds and the Series 1996 Bonds will be separately secured from each other and from other Bonds to be issued under the Resolution. The Reoffered Bonds are secured by the respective pledge and assignment

of the Revenues related to the applicable series of bonds and the Authority's security interest in the Pledged Revenues subject, in the case of the Series 1996 Bonds, to Prior Pledges. See "PART 2 - SOURCES OF PAYMENT OF AND SECURITY FOR THE REOFFERED BONDS - Security for the Reoffered Bonds - *Pledged Revenues.*"

The Reoffered Bonds are also secured by all funds and accounts established by their respective Series Resolutions (with the exception of the Arbitrage Rebate Fund), which funds include the Building and Equipment Reserve Fund. Amounts payable by the Institution under the applicable Loan Agreement will be deposited in and withdrawn from the funds and accounts established by the applicable Series Resolution as described in "PART 2 - SOURCES OF PAYMENT OF AND SECURITY FOR THE REOFFERED BONDS - Security for the Reoffered Bonds."

The Reoffered Bonds are not a debt of the State nor is the State liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Reoffered Bonds except for the Authority's responsibility to make payments from moneys received from the Institution pursuant to the Loan Agreements and from amounts held in the funds and accounts under the Resolution and pledged therefor.

The Letters of Credit

Barclays Bank PLC (the "Bank") will deliver an irrevocable, direct-pay Letter of Credit with respect to the Series 1993 Bonds (the "Series 1993 Letter of Credit") and an irrevocable, direct-pay Letter of Credit with respect to the Series 1996 Bonds (the "Series 1996 Letter of Credit" and, together with the Series 1993 Letter of Credit, each, a "Letter of Credit" and collectively, the "Letters of Credit"). Each of the Letters of Credit constitute a Liquidity Facility and a Credit Facility as such terms are defined in the Series Resolutions. The Series 1993 Letter of Credit will be issued in an amount (which amount may from time to time be reduced and reinstated, the "Stated Amount") equal to the aggregate principal amount of the Series 1993 Bonds, plus at least 47 days' accrued interest thereon, initially at the rate of 15% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Series 1993 Letter of Credit. The Series 1996 Letter of Credit will be issued in a Stated Amount equal to the aggregate principal amount of the Series 1996 Bonds, plus at least 47 days' accrued interest thereon, initially at the rate of 15% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Series 1996 Letter of Credit. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS – The Letters of Credit" and "Appendix F – The Bank."

Security and Mortgage Interests

The obligations of the Institution under the 1993 Loan Agreement are secured by a mortgage on the 1993 Mortgaged Property and the obligations of the Institution under the 1996 Loan Agreement are secured by a mortgage on the 1996 Mortgaged Property. The 1993 Mortgaged Property and the 1996 Mortgaged property constitute respective portions of the Project financed with proceeds from the Reoffered Bonds and security interests in certain fixtures, furnishings and equipment then or thereafter located therein. Such mortgages and security interests are collectively referred to herein as the "Mortgages." The Authority may, but has no present intention to, assign the Mortgages to the Trustee. Upon (i) the receipt by the Trustee of notice from the Bank to the effect that a draw under a Letter of Credit issued by the Bank has not been reimbursed within the time required by the Reimbursement Agreement following such draw and (ii) the exercise by the Bank of its right under the Series Resolutions to request an acceleration of the Reoffered Bonds, the Bank may direct the Authority to assign the Mortgages to the Trustee. Unless the Mortgages are assigned to the Trustee, the Mortgages will not be pledged to the Holders of the Reoffered Bonds. See "PART 2 - SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 1996 BONDS - Security and Mortgage Interests."

In addition, pursuant to an Intercreditor Agreement by and among the Authority, the Bank and the Trustee (the "Intercreditor Agreement"), the Bank shall have the right, upon an event of default under the Reimbursement Agreements, (i) to cause the Authority to accelerate amounts owing under the Loan Agreements, (ii) to cause the Authority to assign the Mortgages to the Trustee and (iii) to cause the Trustee to foreclose upon the Mortgages; provided that the Bank exercises its right under the Resolution to accelerate the Reoffered Bonds.

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE REOFFERED BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Reoffered Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreements, the Resolution, the applicable Series Resolution, the applicable Bond Series Certificates, the Letters of Credit and the Reimbursement Agreements.

Copies of the Loan Agreements, the Resolution, the Series Resolutions, the Bond Series Certificates, the Letters of Credit and the Reimbursement Agreements are on file with the Authority or the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreements" and "Appendix D - Summary of Certain Provisions of the Resolution" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Reoffered Bonds

The Reoffered Bonds and all other Bonds which may be issued under the Resolution are special obligations of the Authority. The principal, Sinking Fund Installments and Redemption Price of and interest on the Reoffered Bonds and all other Bonds which may be issued under the Resolution are payable solely from (i) amounts derived from the remarketing of Reoffered Bonds tendered for purchase, (ii) amounts drawn under the Liquidity Facility and Credit Facility then in effect and (iii) moneys and investments held in the funds and accounts established under the applicable Series Resolution other than any moneys and investments held thereunder for the purpose of making arbitrage rebates, if any, to the United States Department of the Treasury.

Each of the Loan Agreements are general obligations of the Institution and obligate the Institution to make payments to satisfy the principal and Sinking Fund Installments of and interest on Outstanding Reoffered Bonds. Payments on account of principal and Sinking Fund Installments are to be made on the 20th day of each month in an amount equal to, with respect to the Reoffered Bonds, one-twelfth of the principal and Sinking Fund Installments coming due on the next succeeding July 1. Payments on account of interest are to be made with respect to Reoffered Bonds that are in a Daily or Weekly Interest Rate Period, on the 20th day of each month, in an amount equal to the interest to accrue for that month on such Reoffered Bonds, assuming that such Reoffered Bonds bear interest at a rate per annum equal to the weighted average rate of interest per annum borne by such Bonds during the previous month or portion thereof during which such Bonds bore interest at a Daily or Weekly Interest Rate, plus 1% per annum. On any date, if the amount on deposit in the Debt Service Fund is less than the amounts required for the payment of principal, interest or Sinking Fund Installments due and payable on such date, the Institution is also obligated to pay the amount of such deficiency. The Loan Agreements also obligate the Institution to pay, at least 45 days prior to a redemption date of Reoffered Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Reoffered Bonds. For a more complete description of payments required to be made under the Loan Agreements, see "Appendix C - Summary of Certain Provisions of the Loan Agreements."

The Authority has directed the Institution, and the Institution has agreed, to make such payments directly to the Trustee. The payments to be made by the Institution to restore the Building and Equipment Reserve Fund to its requirement are to be made directly to the Trustee for deposit to the Building and Equipment Reserve Fund.

The Letters of Credit and Reimbursement Agreements

The following summarizes certain provisions of the Series 1993 Letter of Credit and the related Reimbursement Agreement (the Series 1993 Reimbursement Agreement") and the Series 1996 Letter of Credit and the related Reimbursement Agreement (the "Series 1996 Reimbursement Agreement" and, together with the Series 1993 Reimbursement Agreement for purposes of this summary, each a "Reimbursement Agreement" and collectively, the "Reimbursement Agreements"), to which documents reference is made for the complete provisions thereof. Such summary does not purport to be a complete description or restatement of the material provisions of the Reimbursement Agreements and the Letters of Credit. The provisions of any substitute letter of credit and related reimbursement agreement may be different from those summarized below. Investors should obtain and review a copy of the Reimbursement Agreements and the Letters of Credit in order to understand all terms of the documents. Capitalized terms used in the following summary are defined in this Reoffering Circular or the Reimbursement Agreements and reference thereto is made for full understanding of their import.

Letters of Credit

Each Letter of Credit is an irrevocable obligation of the Bank. The Series 1993 Letter of Credit will be issued in a Stated Amount equal to the aggregate principal amount of the Series 1993 Bonds, plus at least 47 days' accrued interest thereon, initially at the rate of 15% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Series 1993 Letter of Credit. The Series 1996 Letter of Credit will be issued in a Stated Amount equal to the aggregate principal amount of the Series 1996 Bonds, plus at least 47 days' accrued interest thereon, initially at the rate of 15% per annum and assuming a year of 365 days, subject to adjustment in accordance with the Series 1996 Letter of Credit.

Each Letter of Credit provides that the Trustee, upon compliance with the terms thereof and subject to the last sentence of this paragraph, is authorized to draw a maximum aggregate amount not exceeding the Stated Amount, sufficient (i) to pay accrued interest on the applicable Series of the Reoffered Bonds, (ii) to pay the principal amount of and accrued interest on such Reoffered Bonds in respect of any redemption thereof under Section 7.02(a) of the Series Resolution (with the prior written consent of the Bank) or Sections 7.04(a) or (c) of the Series Resolution, (iii) to pay the principal amount of and accrued interest on the applicable Series of the Reoffered Bonds delivered for purchase in accordance with the Resolution or the purchase price of which has not been received by the Trustee (a “Liquidity Drawing”) and (iv) to pay the principal amount of the Reoffered Bonds maturing on (A) July 1, 2023, in the case of the Series 1993 Bonds, and (B) July 1, 2025, in the case of the Series 1996 Bonds. Any Reoffered Bond deemed to have been purchased by the Bank pursuant to the terms of the applicable Reimbursement Agreement shall thereupon become a Bank Bond. No drawing under a Letter of Credit may be made with respect to Bank Bonds, Reoffered Bonds bearing interest at a rate other than the Daily Interest Rate or the Weekly Interest Rate, or Reoffered Bonds directly owned by, or registered in the name of or known to the Trustee or the Tender Agent to be held for the benefit of or for the account of the Institution or the Authority.

The amount available under each Letter of Credit will be automatically reduced by the amount of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Trustee solely to pay interest on the Reoffered Bonds on an interest payment date, the amount available under the related Letter of Credit will be automatically reinstated on the fifth (5th) calendar day following the date of payment by the Bank of such drawing if the Trustee shall not have received notice from the Bank prior to the close of business on the fourth (4th) calendar day following the date of payment by the Bank that the Bank has not been reimbursed in full for such interest drawing or that any other Reimbursement Agreement Event of Default (as hereinafter defined) under the related Reimbursement Agreement has occurred and, as a result thereof, the related Letter of Credit shall not be reinstated. With respect to a Liquidity Drawing, prior to the Conversion Date (as hereinafter defined) upon a remarketing of such Reoffered Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing, the amount available under the related Letter of Credit will be reinstated in an amount equal to the principal amount of the Reoffered Bonds purchased with the proceeds of such Liquidity Drawing, plus the amount of accrued interest thereon paid with the proceeds of such Liquidity Drawing, upon receipt by the Bank (or the Trustee on behalf of the Bank) of the amount of any such Liquidity Drawing relating to Reoffered Bonds purchased with the proceeds of such Liquidity Drawing plus all accrued interest thereon (or portions thereof).

Each Letter of Credit will terminate on the earliest of the Bank’s close of business on (a) the stated expiration date (October 5, 2014, unless renewed or extended); (b) the earlier of (i) the date which is five (5) days following the date on which all of the related Reoffered Bonds have been converted to an interest rate other than the Daily Interest Rate or the Weekly Interest Rate, as such date is specified in a certificate in the form attached to the Letter of Credit (the “Conversion Date”) or (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date; (c) the date on which the Bank receives written notice from the Trustee that no Reoffered Bonds of the applicable Series remain Outstanding within the meaning of the Resolution, all drawings required to be made under the Resolution and available under the related Letter of Credit have been made and honored, or that a letter of credit has been issued in substitution for the related Letter of Credit in accordance with the terms of the Resolution; (d) the date on which a Stated Maturity Drawing is honored by the Bank; and (e) the date which is twenty-five (25) days following the date the Trustee receives a written notice from the Bank specifying the occurrence of a Reimbursement Agreement Event of Default (as hereinafter defined) and directing the Trustee to cause a mandatory tender of the related Reoffered Bonds.

Guaranty Agreements

The Institution and the Bank have entered into the Reimbursement Agreements whereby the Institution has made certain representations and has agreed, among other things, to reimburse the Bank for amounts drawn under the applicable Letter of Credit (with interest), to pay certain fees and expenses to the Bank, and to observe and perform certain covenants.

The obligations of the Institution to the Bank under the Reimbursement Agreements have been guaranteed by Oxford University (the “University”) in England under Guaranty Agreements made by the University in favor of the Bank (each a “Guaranty Agreement”). The Guaranty Agreements will not be pledged to the Holders of the Reoffered Bonds or secure payment of any Series of Reoffered bonds. The Guaranty Agreements contain certain covenants, including financial covenants, on the part of the University, the breach of which would constitute an event of default under the applicable Reimbursement Agreement and, therefore, an Event of Default under the

applicable Loan Agreement and the Resolutions, thereby allowing for an acceleration or a mandatory purchase of the Reoffered Bonds.

Reimbursement Agreements Events of Default

Pursuant to each of the Reimbursement Agreements, the occurrence of any of the following events shall constitute an event of default thereunder (each, a “Reimbursement Agreement Event of Default”):

(a) the Institution shall fail to pay, or cause to be paid, when due (i) any Reimbursement Obligations for any reason, (ii) any principal of or interest on any related Reoffered Bonds for any reason other than the failure of the Bank to honor a properly presented and conforming Drawing under the related Letter of Credit as and when due or (iii) any Obligations (other than Reimbursement Obligations) when due under the related Reimbursement Agreement; or

(b) the Guarantor shall fail to pay, or cause to be paid, when due any amount payable by the Institution under the Reimbursement Agreement or under the Reimbursement Note and not otherwise paid by the Institution; or

(c) any representation or warranty made by or on behalf of the Institution to the Bank in the related Reimbursement Agreement, a Related Document or in any certificate or statement delivered under the related Reimbursement Agreement shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) any representation or warranty made by or on behalf of the Guarantor to the Bank in the Guaranty or in any certificate or statement delivered thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(e) any “*event of default*” under any Related Document which is not cured within any applicable cure period shall occur; or

(f) default in the due observance or performance of certain covenants set forth in the Reimbursement Agreement; or

(g) default in the due observance or performance of any other term, covenant or agreement set forth in the related Reimbursement Agreement or any other Related Document and the continuance of such default for thirty (30) days; or

(h) any material provision of the related Reimbursement Agreement or any of the Related Documents shall cease to be valid and binding on the Institution or the Guarantor, as applicable, or an Authorized Representative on behalf of the Institution or the Guarantor shall contest any such provision, or a senior officer of the Institution or the Guarantor, or any agent or trustee on its behalf shall (A) deny that it has any or further liability (y) under the related Reimbursement Agreement or any of the Related Documents to which it is a party or (z) with respect to its obligations to pay, in the case of the Institution, any Parity Debt, or in the case of the Guarantor, any general obligation Debt, or (B) claim that any of the Related Documents are invalid; or

(i) the Institution or the Guarantor shall (i) have entered involuntarily against it an order for relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in section (j) below; or

(j) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Institution or the Guarantor or any substantial part of any of its Property, or a proceeding described in section (i)(v) above shall be instituted against the Institution or the Guarantor and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of 30 or more days; or

(k) (i) the Institution shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Debt of the Institution secured by or payable from Pledged Revenues that is senior to or on a parity with the Reoffered Bonds and Bank Bonds, (ii) the Guarantor shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Debt of the Guarantor, or (iii) any Governmental Authority having appropriate jurisdiction over the Institution or the Guarantor shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Reoffered Bonds or Bank Bonds or on all Debt of the Institution or the Guarantor; or

(l) dissolution or termination of the existence of the Institution or the Guarantor; or

(m) (i)(A) the Institution shall fail to pay when due (whether by scheduled maturity or required prepayment) any Parity Debt or any interest or premium thereon or any amounts due under a Swap Contract which is secured by or payable from the Revenues or Pledged Revenues senior to or on a parity with the Reoffered Bonds and other Parity Debt (a "Parity Swap Contract"), and such failure shall continue beyond any applicable period of grace specified in the underlying resolution, indenture, agreement or other instrument providing for the creation of or concerning such Parity Debt, or (B) pursuant to the provisions of any such resolution, indenture, agreement or other instrument, any Parity Debt or Parity Swap Contract, as a result of the occurrence of a default thereunder, may be required to be prepaid or may be terminated prior to the stated maturity thereof, or (ii) (A) the Guarantor shall fail to pay when due (whether by scheduled maturity or required prepayment) any general obligation Debt or any interest or premium thereon or any amounts due under a Swap Contract, and such failure shall continue beyond any applicable period of grace specified in the underlying resolution, indenture, agreement or other instrument providing for the creation of or concerning such general obligation Debt or Swap Contract, or (B) pursuant to the provisions of any such resolution, indenture, agreement or other instrument, any general obligation Debt or Swap Contract, as a result of the occurrence of a default thereunder, may be required to be prepaid or may be terminated prior to the stated maturity thereof; or

(n) one or more judgments against the Institution or the Guarantor, or attachments against the property of the Institution or the Guarantor, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unpaid, unstayed, discharged or undismissed for a period of sixty (60) days; or

(o) the Maximum Lawful Rate applicable to the related Reoffered Bonds shall be reduced at any time; or

(p) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the related Reoffered Bonds is includable in the gross income of the holder(s) or owner(s) of such related Reoffered Bonds and either (i) the Institution, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Institution shall challenge such ruling, assessment, notice or advice and a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered; or

(q) any legislation is enacted, repealed, reenacted, amended or otherwise modified which has, in the sole judgment of the Bank, a material adverse effect on the ability of the Institution to pay the related Reoffered Bonds or the Obligations or the ability of the Guarantor to meet its obligations under the Guaranty; or

(r) (i) default by the Institution or the Guarantor under any mortgage, agreement or other instrument under or pursuant to which Parity Debt (in the case of the Institution) or general obligation Debt (in the case of the Guarantor) is incurred or issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto, or (ii) the occurrence of any act or omission by the Institution or the Guarantor under any such

mortgage, agreement or other instrument which results in such Debt becoming, or being capable of becoming, immediately due and payable; or

(s) the Institution, the Guarantor or any governmental agency or authority with jurisdiction over the Institution or the Guarantor shall initiate any legal proceedings to seek an adjudication that the Reimbursement Agreement, the related Reoffered Bonds, or any other Related Document or its obligation to pay or repay any Parity Debt (in the case of the Institution), any general obligation Debt (in the case of the Guarantor) or Swap Contract is not valid or not binding on the Institution or the Guarantor, as applicable; or

(t) the Institution or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by the Institution, any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or the Institution or any other member of the Controlled Group shall enter into, contribute or be obligated to contribute to, terminate or incur any withdrawal liability with respect to, a Multiemployer Plan under ERISA, if applicable; or

(u) a lien of the PBGC shall be filed against the Institution under ERISA and such lien shall remain undischarged for a period of twenty-five (25) days after the date of filing; or

(v) the liens created by any of the Related Documents shall for any reason cease to be valid, perfected, security interests or mortgage liens of the required property.

Reimbursement Agreements Remedies

Upon the occurrence of any of the above described Reimbursement Agreement Events of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies provided pursuant to the related Reimbursement Agreement or by law provided:

(a) by notice to the Institution declare all Obligations to be and such amounts shall thereupon become immediately due and payable without presentment demand protest or other notice of any kind all of which are waived by the Institution pursuant to the Reimbursement Agreement; and/or

(b) give written notice of the occurrence and continuance of an Event of Default to the Trustee, with a copy to the Institution, pursuant to Section 29(l)(L) of the related Loan Agreement specifying that an Event of Default has occurred and is continuing, and the Trustee is to give notice of a Loan Agreement Default and acceleration of the related Reoffered Bonds, causing the Trustee (i) to give notice of an acceleration of the related Reoffered Bonds, (ii) drawing on the related Letter of Credit in an amount equal to the principal of and interest on the related Reoffered Bonds to the acceleration date pursuant to the Resolution and (ii) canceling the related Reoffered Bonds so purchased, whereupon all amounts drawn under the related Letter of Credit, all Liquidity Advances, all interest thereon and all other amounts payable under or in respect of the related Reimbursement Agreement shall automatically be due and payable, without presentment, demand, protest, or further notice of any kind, all of which are expressly waived by the Institution pursuant to the related Reimbursement Agreement, and/or

(c) give written notice to the Trustee with a copy to the Institution, pursuant to Section 4.02(h) of the Resolution, specifying that an Event of Default has occurred and is continuing, and that the Trustee is to give notice of mandatory tender of the related Reoffered Bonds thereby causing the Letter of Credit to expire twenty-five (25) days thereafter, (ii) drawing on the related Letter of Credit in an amount equal to the principal of and interest on the related Reoffered Bonds to the Purchase Date, and (iii) delivering the Reoffered Bonds so purchased to the Bank, or its designee, as security for the obligations of the Institution under the Reimbursement Agreement, or, at the discretion of the Bank, canceling the related Reoffered Bonds so purchased, whereupon all amounts drawn under the Letter of Credit, all Liquidity Advances, all interest thereon and all other amounts payable under or in respect of the related Reimbursement Agreement shall automatically be due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Institution pursuant to the related Reimbursement Agreement, and/or

- (d) by written notice to the Institution require the Institution to prepay an amount equal to the Stated Amount to be applied to amounts due or to become due under the related Reimbursement Agreement, and/or
- (e) exercise any and all other rights and remedies provided in the related Reimbursement Agreement or under the Related Documents; and/or
- (f) pursue any other action available at law or in equity.

Certain Definitions

Set forth below are definitions of certain capitalized terms used in the foregoing description of the Letters of Credit and Reimbursement Agreements:

“*Debt*” means, for any Person (without duplication), (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all Capitalized Lease Obligations of such Person, (v) all obligations, contingent or otherwise, of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money and (vi) all Guarantees and (vii) all obligations of such person on or with respect to Swap Contracts.

“*Drawing*” means a drawing made under the related Letter of Credit (i) to pay accrued interest on the Reoffered Bonds, (ii) to pay the principal amount of and accrued interest on the Reoffered Bonds in respect of any redemption of the Reoffered Bonds under Section 7.02(a) of the related Series Resolution (with the prior written consent of the Bank), or Section 7.04(a) or (c) of the related Series Resolution, (iii) for a Liquidity Drawing; or (iv) for a Stated Maturity Drawing.

“*Maximum Lawful Rate*” means the maximum non-usurious lawful rate of interest permitted by applicable law.

“*Obligations*” means the Reimbursement Obligations (which includes obligations of the Institution to repay Liquidity Advances), the obligations of the Institution to pay all fees and expenses specified in the Reimbursement Agreements and other obligations of the Institution to the Bank arising under or in relation to the Reimbursement Agreements.

“*Parity Debt*” means Debt of the Institution having a lien and charge upon the Pledged Revenues on a parity with or senior to the Reoffered Bonds.

“*Reimbursement Obligations*” means any and all obligations of the Institution to reimburse the Bank for any Drawings under the Letters of Credit and all obligations to repay the Bank for any Liquidity Advance, including in each instance all interest accrued thereon.

“*Stated Maturity Drawing*” means, (i) with respect to the Series 1993 Reimbursement Agreement, a drawing under the Series 1993 Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form attached to the Series 1993 Letter of Credit to pay the principal amount of Reoffered Bonds maturing on July 1, 2023 and (ii) with respect to the Series 1996 Reimbursement Agreement, a drawing under the Series 1996 Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form attached to the Series 1996 Letter of Credit to pay the principal amount of Reoffered Bonds maturing on July 1, 2025.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, total return swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

Alternate Liquidity or Credit Facility

The Institution may, with the consent of the Authority, at any time a Series of Reoffered Bonds bear interest at Daily, Weekly, Long-Term or Fixed Rates, replace the Liquidity Facility and Credit Facility then in effect with an Alternate Liquidity Facility or Alternate Credit Facility issued by a Credit Facility Issuer having a long-term rating assigned by Moody's Investors Service ("Moody's") and Standard and Poor's Ratings Group ("S&P") in the third highest rating category for such obligations without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, and in the case of the rating agency providing such long-term rating, the highest short-term rating then available. Prior to the substitution of any Alternate Liquidity Facility or Alternate Credit Facility, the Institution shall have delivered to the Authority and the Trustee, among other things, an opinion of counsel to the Credit Facility Issuer as to the legality, validity and enforceability of the Alternate Liquidity Facility or Alternate Credit Facility and an opinion of Bond Counsel that the substitution or replacement of the Alternate Liquidity Facility or Alternate Credit Facility is authorized by the Resolution and will not cause interest on the applicable Series of the Reoffered Bonds to be included in the gross income of the owners of such Reoffered Bonds for purposes of federal income taxation. Except when a Series of Reoffered Bonds are in the Long-Term or Fixed Interest Rate Period, if a substitution will result in a withdrawal or downgrade of a rating given to such Reoffered Bonds, such Reoffered Bonds shall be subject to mandatory purchase by the Tender Agent (except that the Holders thereof may elect to retain such Reoffered Bonds as provided in the applicable Series Resolution). Any substitution during the Long-Term Interest Rate Period and the Fixed Interest Rate Period that otherwise fulfills the requirements set forth in the applicable Series Resolution will not cause such Reoffered Bonds to be subject to mandatory purchase by the Tender Agent.

When Reoffered Bonds of a Series are in the Short-Term Interest Rate Period, the Institution, with the consent of the Authority, may substitute a Liquidity Facility or Credit Facility at any time, if such substitution will not result in a withdrawal or downgrade of a rating assigned to such Reoffered Bonds by a rating agency then rating such Reoffered Bonds to less than the second highest rating category, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation.

The Resolutions require that any Alternate Liquidity Facility or Alternate Credit Facility must have a term of not less than 364 days and must, subject to the terms and conditions thereof, provide money at the times and in the amounts to pay Bondholders tendering their Reoffered Bonds of the Series that is secured by the Alternate Liquidity Facility or Alternate Credit Facility pursuant to the Resolutions. No Liquidity or Credit Facility may be amended without the consent of the Trustee. The Trustee may not consent to any such amendment of the Liquidity or Credit Facility which, in the reasonable judgment of the Trustee, would adversely affect the interests of any of the applicable Bondholders unless such amendment does not become effective until after the date there is a mandatory tender of the affected Reoffered Bonds.

Security for the Reoffered Bonds

The Reoffered Bonds are secured by the pledge and assignment of the Revenues and the Authority's security interest in Pledged Revenues, subject, in the case of the Series 1996 Bonds, to the Prior Pledges. The Reoffered Bonds are also secured by the pledge and assignment of all applicable funds and accounts authorized under the Resolution and established under the applicable Series Resolution (with the exception of the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase). Amounts payable by the Institution under the Loan Agreements with respect to the principal, Sinking Fund Installments and Redemption Price of and interest on Reoffered Bonds will be deposited in the applicable Debt Service Fund established for each Series of the Reoffered Bonds.

Building and Equipment Reserve Fund

The Resolution does not prescribe a minimum amount for the Building and Equipment Reserve Fund Requirement for any Series of Bonds. The Building and Equipment Reserve Fund Requirement for the Series 1993 Bonds was established by the Authority pursuant to the Series 1993 Resolution and related Bond Series Certificate at an amount equal to \$1,300,000 and was funded from the proceeds of the Series 1993 Bonds. The Building and Equipment Reserve Fund Requirement for the Series 1996 Bonds was established by the Authority pursuant to the Series 1996 Resolution and related Bond Series Certificate at an amount equal to \$585,000 and was funded from the proceeds of the Series 1996 Bonds.

Each Building and Equipment Reserve Fund is available to pay debt service on the applicable Series of Reoffered Bonds for which it was established to the extent funds are on deposit therein. Subject to the foregoing,

moneys in such Building and Equipment Reserve Fund may be used to pay the costs, other than ordinary maintenance and repair, of renewing, repairing, replacing, renovating and improving the Project. Moneys in a Building and Equipment Reserve Fund in excess of the applicable requirement established by the Authority may be withdrawn and applied in accordance with the Resolution. See “Appendix D - Summary of Certain Provisions of the Resolutions.”

Any delivery of Securities by the Institution to the Trustee for deposit in a Building and Equipment Reserve Fund shall constitute a pledge of, and shall create a security interest in, such Securities for the benefit of the Authority to secure the performance of certain of the obligations of the Institution under the applicable Loan Agreements and for the benefit of the Trustee to secure the performance of the obligations of the Authority under the Resolution and the applicable Series Resolution.

In the event of a withdrawal from a Building and Equipment Reserve Fund to pay interest, principal, Sinking Fund Installments or Redemption Price due on the applicable Series of the Reoffered Bonds, the Institution shall, within five (5) days after receipt of notice from the Trustee of such withdrawal, pay the amount of such withdrawal to the Trustee for deposit in such Building and Equipment Reserve Fund. In the event of a withdrawal from a Building and Equipment Reserve Fund other than for the reasons mentioned in the preceding sentence, the Institution shall pay one-tenth (1/10) of the amount of such withdrawal (or, in the Authority’s sole discretion, one-twelfth (1/12) or one-fourteenth (1/14) of the amount of such withdrawal) to the Trustee for deposit in such Building and Equipment Reserve Fund on the tenth (10th) day of each June and December commencing on the first such date immediately following such withdrawal until such withdrawal has been repaid or until the amount on deposit in such Building and Equipment Reserve Fund equals the applicable Building and Equipment Reserve Fund Requirement.

Pledged Revenues

The obligations of the Institution under each of the Loan Agreements is secured by a security interest in the Pledged Revenues generally consisting of (a) all of the Institution’s rights to receive payment, whether now existing or hereafter arising, as a result of or in connection with (i) the sales of its products and services as a publisher of books and journals and (ii) the entitlement to royalties related to its publishing rights to books and journals and from the sale of those publishing rights, and (b) any and all proceeds of the rights described in clause (a) granted by the Institution to the Authority under the Loan Agreements and assigned to the Trustee. See “PART 4 - THE INSTITUTION - Financial Information,” for a discussion of the revenues which currently constitute the Pledged Revenues. The Pledged Revenues are subject to the following Prior Pledges: (i) the pledge of an amount not to exceed 12% of the Institution’s gross revenues for its immediately preceding fiscal year and (ii) the security interest in Pledged Revenues established in connection with the Series 1993 Bonds.

Security and Mortgage Interests

The obligations of the Institution under each of the Loan Agreements will be secured by a Mortgage. Each Mortgage will secure the obligations of the Institution under the applicable Loan Agreement. The Authority may, but has no present intention to, assign the Mortgages to the Trustee. Upon (i) the receipt by the Trustee of notice from the Bank to the effect that a draw under a Letter of Credit issued by the Bank has not been reimbursed within the time required by the applicable Reimbursement Agreement following such draw and (ii) the exercise by the Bank of its right under the applicable Series Resolution to request an acceleration of the applicable Series of the Reoffered Bonds, the Bank may direct the Authority to assign the applicable Mortgage to the Trustee. Unless a Mortgage is assigned to the Trustee, such Mortgage will not be pledged to the Holders of the applicable Series of the Reoffered Bonds.

In addition, pursuant to the Intercreditor Agreement, the Bank shall have the right, upon an event of default under a Reimbursement Agreement, (i) to cause the Authority to accelerate amounts owing under the applicable Loan Agreement, (ii) to cause the Authority to assign the applicable Mortgage to the Trustee and (iii) to cause the Trustee to foreclose upon the applicable Mortgage; provided that the Bank exercises its right under the Resolution to accelerate the applicable Series of the Reoffered Bonds.

Events of Default and Remedies

The Resolution provides that an Event of Default thereunder in respect of any Series of Bonds shall not in and of itself constitute an event of default in respect of any other Series of Bonds, including each series of Reoffered Bonds. An Event of Default shall exist under the Resolution and the applicable Series Resolution if (i) payment of the principal, Sinking Fund Installment, if any, or Redemption Price of such Reoffered Bond shall not be made when the same shall become due and payable either at maturity or by proceedings for redemption or otherwise; (ii)

payment of an installment of interest on such Reoffered Bond shall not be made when the same shall become due and payable; (iii) the Authority shall take any action, or fail to take any action, which would cause such Reoffered Bonds to be “arbitrage bonds” within the meaning of the Code; (iv) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the applicable Series of Reoffered Bonds or in the Resolution or the Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of a Credit Facility Issuer of not less than 25% in principal amount of the Outstanding Reoffered Bonds or the Holders of not less than 25% in principal amount of the Outstanding Reoffered Bonds; or (v) all sums payable by the Institution under the Loan Agreement shall have been declared immediately due and payable (unless such declaration shall have been annulled) by reason of an event of default arising from a failure by the Institution to comply with the terms of the Loan Agreement. Unless otherwise specified above, an event of default under the Loan Agreement is not an Event of Default under the Resolution.

Pursuant to the Intercreditor Agreement between the Authority and the Bank, in the event of a default under a Reimbursement Agreement, the Bank has the right to accelerate amounts owing under the related Loan Agreement so long as the Bank agrees to allow the Trustee to accelerate the related Reoffered Bonds. For a description of such events of default, see “PART 2 - SOURCES OF PAYMENT OF AND SECURITY FOR THE REOFFERED BONDS - The Letters of Credit and Reimbursement Agreements.”

The Resolution provides that if an Event of Default (other than a violation of the covenant to maintain the tax-exempt status of a Series of the Reoffered Bonds contained in the Resolution) occurs and continues, the Trustee (i) upon the written request of the Credit Facility Issuer or the Holders of not less than 25% in principal amount of the Reoffered Bonds Outstanding (with the consent of such Credit Facility Issuer), (ii) if the Credit Facility Issuer is then the Holder of all such Reoffered Bonds, upon the written request of the Credit Facility Issuer or (iii) if the Credit Facility Issuer has deposited with the Trustee sufficient funds to pay principal and interest on the Reoffered Bonds upon request of the Credit Facility Issuer, shall declare the principal of and interest on all of the Reoffered Bonds Outstanding to be due and payable immediately.

Issuance of Additional Bonds

In addition to the Reoffered Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the Institution. Such Bonds will be separately secured from the Reoffered Bonds.

General

The Reoffered Bonds are not a debt of the State nor is the State liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See “PART 5 - THE AUTHORITY.”

PART 3 - THE REOFFERED BONDS

Set forth below is a narrative description of certain provisions relating to the Reoffered Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution and the Loan Agreements, copies of which are on file with the Authority and the Trustee. See also “Appendix C - Summary of Certain Provisions of the Loan Agreements” and “Appendix D - Summary of Certain Provisions of the Resolution” for a more complete description of certain provisions of the Reoffered Bonds.

General

The Reoffered Bonds were issued by the Authority pursuant to the Resolution and the applicable Bond Series Certificate. The Reoffered Bonds are fully registered bonds and will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s Book-Entry Only System. So long as DTC or its nominee, Cede & Co., is the registered owner of the Reoffered Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Reoffered Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Reoffered Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See “PART 3 - THE REOFFERED BONDS - Book-Entry Only System.” If the Reoffered Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal, Purchase Price or Redemption Price of Reoffered Bonds

will be payable at the principal corporate trust office of Manufacturers and Traders Trust Company as Trustee, Paying Agent and Tender Agent upon presentation and surrender of such Reoffered Bonds to it.

The Reoffered Bonds may be exchanged for other Reoffered Bonds of the same Series in any other authorized denominations upon payment of a charge sufficient to reimburse the Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the new bond, and otherwise as provided in the Resolution. The Authority will not be obligated to make any exchange or transfer of Reoffered Bonds (i) during the period beginning on the Record Date next preceding an Interest Payment Date for such Reoffered Bonds and ending on such Interest Payment Date or (ii) after the date next preceding the date on which the Trustee commences selection of Reoffered Bonds for redemption.

Description of the Reoffered Bonds

General

The Series 1993 Bonds will mature on July 1, 2023. The Series 1993 Bonds will bear interest from the Reoffering Date through their Initial Rate Period at their Initial Rate and thereafter will bear interest in the Daily Rate Mode (payable on the first Business Day of each month) until the Series 1993 Bonds are converted to another Rate Mode.

The Series 1996 Bonds will mature on July 1, 2025. The Series 1996 Bonds will bear interest from the Reoffering Date through their Initial Rate Period at their Initial Rate and thereafter will bear interest in the Weekly Rate Mode (payable on the first Wednesday of each month) until the Series 1996 Bonds are converted to another Rate Mode.

The Reoffered Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof during the Initial Rate Period and any Daily Rate Period or Weekly Rate Period. *Unless otherwise set forth herein, the description of the Reoffered Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Reoffered Bonds bear interest in the Daily Rate Mode or the Weekly Rate Mode.*

Interest on the Reoffered Bonds will be payable during their respective Initial Rate Periods, Daily Rate Periods and Weekly Rate Periods in immediately available funds by check or, at the written request of a Holder of not less than \$1,000,000 aggregate principal amount of the applicable Series of Bonds, by wire transfer to the wire transfer address within the continental United States to which such Holder has, prior to the applicable Record Date, directed the Trustee to wire such interest. The Record Date is the close of business on the 15th day immediately preceding each Interest Payment Date during the respective Initial Rate Periods and any Daily Rate Period or Weekly Rate Period.

Interest Payment Dates for Reoffered Bonds

Interest on the Series 1993 Bonds will be paid on November 1, 2011 and on the first Business Day of each month thereafter, while bearing interest at a Daily Rate, until converted to another Rate Mode.

Interest on the Series 1996 Bonds will be paid November 2, 2011 and on the first Wednesday of each month thereafter, while bearing interest at a Weekly Rate Mode, until converted to another Rate Mode.

Interest will also be paid on each Mandatory Tender Date. Interest on each Series of the Reoffered Bonds will be computed during their respective Initial Rate Periods and any Daily Rate Period or Weekly Rate Period on the basis of a 365-day or 366-day year, as appropriate, for the actual number of days elapsed.

Rate Periods

The Initial Rate Periods for each Series of the Reoffered Bonds begins on the Reoffering Date and will continue to and including the Initial Interest Determination Date set forth in the inside cover page hereof. For the Initial Rate Periods, the Initial Rate for each Series of the Reoffered Bonds will be established by the Remarketing Agent. For the Series 1993 Bonds, beginning on the applicable Initial Interest Determination Date, such Series 1993 Bonds will bear interest at a Daily Rate for each Business Day upon which the Daily Interest Rate is determined until converted to another Rate Period. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day.

For the Series 1996 Bonds, beginning on the applicable Initial Interest Determination Date, such Series 1996 Bonds will bear interest at a Weekly Rate for successive Weekly Rate Periods until converted to another Rate Mode.

With respect to the Weekly Rate, each Weekly Rate Period will begin on a Wednesday and end on Tuesday of the following week or on an earlier Conversion Date to another Rate Mode.

Establishment of Rates

Each Daily Rate or Weekly Rate will be the rate of interest that, in the Remarketing Agent's judgment, having due regard for the prevailing financial market conditions for bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as the Series of the Reoffered Bonds and which are comparable to such Reoffered Bonds as to credit and maturity or tender dates, would be the lowest interest rate which would enable such Reoffered Bonds to be sold at a price of par, plus accrued interest, if any, on the first day of the Rate Period. In no event may the interest rate on a Series of the Reoffered Bonds for any Rate Period exceed the Maximum Rate. Each Daily Rate is to be determined no later than 10:00 a.m., New York City time, on each Business Day. Each Weekly Rate is to be determined no later than 5:00 p.m., New York City time, on the Business Day next preceding each Weekly Rate Period.

If for any reason the Daily Rate or Weekly Rate for any Daily Rate Period or Weekly Rate Period is not established, no Remarketing Agent is serving under the Resolution (unless removed by the Institution and no successor has been named) or the Daily Rate or Weekly Rate is held to be invalid or unenforceable, or pursuant to the Remarketing Agreement, the Remarketing Agent is not required to establish a Daily Rate or Weekly Rate, then the Daily Rate Weekly Rate for such Daily Rate Period or Weekly Rate Period will be the SIFMA Municipal Index.

Conversion to Another Rate Mode

The Authority, subject to certain conditions, may convert all or a portion of a Series of the Reoffered Bonds from the Daily Rate Mode or the Weekly Rate Mode to another Rate Mode. Other than conversions from Weekly Rate Periods to Daily Rate Periods and from Daily Rate Periods to Weekly Rate Periods, any such Reoffered Bonds to be converted will be subject to mandatory tender upon such conversion.

If a Series of the Reoffered Bonds are to be converted to another Rate Mode, the Tender Agent is to give a Conversion Notice to the Holders of such Series of Reoffered Bonds by first class mail, not less than 20 Business Days preceding the Conversion Date. The Conversion Notice must set forth, among other things (a) the proposed Conversion Date, (b) the Rate Mode that will be effective on such Conversion Date, (c) that the conversion will not occur unless the Tender Agent has received on the Conversion Date an Opinion of Bond Counsel, (d) the name and address of the principal corporate trust offices of the Trustee and Tender Agent, and (e) that, whether or not tendered to the Tender Agent, the Reoffered Bonds to be converted (other than those being converted from Weekly Rate Periods to Daily Rate Periods or from Daily Rate Periods to Weekly Rate Periods) will be deemed to have been properly tendered for purchase on the Conversion Date and the Holders of such Reoffered Bonds will no longer be entitled to the payment of the principal of or interest on such Reoffered Bonds, but will only be entitled to payment of the Purchase Price.

If on such proposed Conversion Date, the conditions required for a change to another Rate Mode have not been met, the Reoffered Bonds to have been converted (other than from the Daily Rate Mode or Weekly Rate Mode to the Weekly Rate Mode or Daily Rate Mode) will not convert to the other Rate Mode, and will remain in the Daily Rate Mode or the Weekly Rate Mode then in effect. The interest rate on the Reoffered Bonds during such Daily Rate Period or Weekly Rate Period will be determined on the date the Reoffered Bonds were to have converted to the other Rate Mode.

Optional Tender of Reoffered Bonds

While Reoffered Bonds bear interest at the Daily Rate or the Weekly Rate, the Holders of such Reoffered Bonds may elect to tender their Reoffered Bonds (or portions thereof in Authorized Denominations) for purchase at the Purchase Price on any Business Day (an "Optional Tender Date").

To exercise the tender option, a Bondholder must deliver to the Remarketing Agent and Tender Agent at their principal offices, not later than 11:00 a.m., New York City time, on any Business Day in the case of Reoffered Bonds in the Daily Rate Mode, and not later than 5:00 p.m., New York City time, on the seventh calendar day preceding the Optional Tender Date in the case of Reoffered Bonds in the Weekly Rate Mode, an irrevocable telephonic notice (subsequently confirmed in writing the same day) or written notice which states (i) the aggregate principal amount in an Authorized Denomination of each Reoffered Bond to be purchased and (ii) that each such Reoffered Bond (or portion thereof in an Authorized Denomination) is to be purchased on the Optional Tender Date.

As long as the Reoffered Bonds are registered in the name of Cede & Co., as nominee of DTC, the tender option may only be exercised by a DTC Participant (as hereinafter defined) on behalf of a Beneficial Owner (as hereinafter defined) of Reoffered Bonds by giving written notice of its election to tender at the times and in the manner described above. An election to tender a Reoffered Bond for purchase is irrevocable and binding on the Holder or DTC Participant making such election, the Beneficial Owner on whose behalf the notice was given and on any transferee thereof.

Mandatory Tender of Reoffered Bonds

Each Series of the Reoffered Bonds is subject to mandatory tender and purchase at the Purchase Price on the following dates (each a “Mandatory Tender Date”): (i) on the first day of each Short Term for each Reoffered Bond which was subject to a Short-Term Interest Rate on the immediately preceding date, (ii) on the first day of each Long Term for each Reoffered Bond which was subject to a Long-Term Interest Rate on the immediately preceding date, (iii) on the first day of each Fixed Interest Rate Period, Long-Term Interest Rate Period, Short-Term Interest Rate Period for each Reoffered Bond if the Interest Rate Period for any Reoffered Bond was different than that becoming effective on such first day of such Interest Rate Period, (iv) in the case of the expiration of a related Liquidity Facility or Credit Facility, on the fifth Business Day next preceding such expiration, and (v) in the case of a substitution of an Alternate Liquidity Facility or Alternate Credit Facility for a Liquidity Facility or Credit Facility when the Reoffered Bonds are in the Daily Interest Rate Period or the Weekly Interest Rate Period which substitution results in a reduction of a Rating given to the Reoffered Bonds, on the date scheduled for such substitution. In the case of Reoffered Bonds being tendered upon the delivery of a substitute Liquidity Facility or Credit Facility or the termination of a Liquidity Facility or Credit Facility, the Trustee shall give notice by first-class mail, postage prepaid, to the Holders of the Reoffered Bonds on or before the 20th Business Day preceding such event.

Delivery of Tendered Reoffered Bonds

Reoffered Bonds or portions thereof, other than Reoffered Bonds registered in the name of DTC or its nominee, Cede & Co., for which an election to tender has been made and Reoffered Bonds subject to mandatory tender are to be delivered and surrendered to the Tender Agent at its principal corporate trust office in Buffalo, New York on the Tender Date. If on the Tender Date there is on deposit with the Tender Agent sufficient moneys to pay the Purchase Price of the Tendered Bonds, such Bonds will be deemed tendered without physical delivery to the Trustee and the Holders or DTC Participants and Beneficial Owners of such Bonds will have no further rights thereunder other than the right to the payment of the Purchase Price. The Purchase Price for Tendered Bonds is payable solely out of the moneys derived from the remarketing of such Reoffered Bonds and the moneys made available by the Institution or pursuant to a Liquidity Facility or Credit Facility if one is then in effect. The Authority has no obligation to pay the Purchase Price out of any other moneys.

Remarketing and Purchase of Reoffered Bonds

Barclays Capital Inc., as Remarketing Agent (the “Remarketing Agent”) is required to use its best efforts to remarket the Tendered Bonds. However, the Remarketing Agent is not required to remarket, and may immediately suspend its remarketing efforts of, any Tendered Bonds under certain circumstances, including, among others (i) if an Event of Default with respect to the Reoffered Bonds has occurred and is continuing under the Resolution, (ii) the Remarketing Agent determines that any applicable disclosure document or undertaking required in connection with the remarketing of the Reoffered Bonds is either unavailable or not satisfactory to the Remarketing Agent or (iii) the Remarketing Agent has received an Opinion of Bond Counsel that the exclusion from gross income of interest on the Reoffered Bonds for federal income tax purposes, or the exemption from registration under the Securities Act of 1933, as amended, or the exemption from qualification of the Resolution under the Trust Indenture Act of 1939, as amended, can be challenged. In addition, the Institution, with the consent of the Authority, may direct the Remarketing Agent to discontinue or suspend the remarketing of the Reoffered Bonds.

Tendered Bonds will be purchased from the Holders on the Tender Date at the Purchase Price. Interest on Tendered Bonds to be purchased after the Record Date for an Interest Payment Date will be paid to the registered owner of the Tendered Bonds on the Record Date. The Purchase Price is to be paid from (i) the proceeds of the remarketing of Tendered Bonds, (ii) moneys obtained under the Letters of Credit for the respective Series of the Reoffered Bonds or (iii) moneys provided by the Institution.

No Reoffered Bond tendered for purchase at the option of the Holder which does not strictly conform to the description contained in the notice of tender will be purchased from its Holder.

Rate Period Tables

The following Rate Period Tables are provided for the convenience of the Holder. The information contained in the chart is not intended to be comprehensive. Reference is made to the above description and to the Resolution and the Bond Series Certificate for a more complete description.

Daily Rate Period Table

Duration of Rate Period	The Business Day upon which a Daily Rate is set, to but not including the next succeeding Business Day
Interest Payment Dates	The first Business Day of each month and each Business Day next succeeding last day of such Interest Rate Period
Interest Rate Determination Dates	By 10:00 a.m. New York City time on each Business Day
Optional Tender Date	Any Business Day
Bondholder Notice of Tender Due	No later than 11:00 a.m. New York City time on any Optional Tender Date

Weekly Rate Period Table

Duration of Rate Period	Seven days beginning on a Wednesday to and including the following Tuesday
Interest Payment Dates	The first Wednesday of each month and each Business Day next succeeding last day of such Interest Rate Period
Interest Rate Determination Dates	By 5:00 p.m. New York City time on each Tuesday (or the immediately preceding Business Day if such Tuesday is not a Business Day)
Optional Tender Date	Any Business Day
Bondholder Notice of Tender Due	No later than 3:00 p.m. New York City time on the seventh day preceding the Optional Tender Date

Certain Considerations Affecting Sales of Variable Rate Bonds

The Remarketing Agent is Paid by the Institution

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Reoffered Bonds that are optionally or mandatorily tendered by the owners thereof (subject to the terms of the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agent is appointed by the Institution and is paid by the Institution for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Reoffered Bonds.

Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

The Remarketing Agent Routinely Purchases Bonds for its Own Accounts

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

the market than is actually the case. The practices described above also may result in fewer Reoffered Bonds being tendered in a remarketing.

Reoffered Bonds May be Offered at Different Prices on any Date

Pursuant to the Remarketing Agreement and the Resolution, the Remarketing Agent is required to determine the rate of interest that, in its judgment, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excludable from gross income for federal income tax purposes and which are comparable to the Reoffered Bonds as to credit and maturity or tender dates, would be the lowest interest rate which would enable the Reoffered Bonds to be sold at a price of par plus accrued interest, if any, on the first day of the Rate Period. The interest rate will reflect, among other factors, the level of market demand for the Reoffered Bonds (including whether the Remarketing Agent is willing to purchase Reoffered Bonds for its own accounts). The Remarketing Agreement and the Resolution require that the Remarketing Agent use its best efforts to sell Tendered Bonds at par, plus accrued interest. There may or may not be Reoffered Bonds tendered and remarketed on the date that the rate is determined or becomes effective, the Remarketing Agent may or may not be able to remarket any Reoffered Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Reoffered Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Reoffered Bonds at the remarketing price. The Remarketing Agent, in its sole discretion, may offer Reoffered Bonds on any date, including the date that the rate is determined or becomes effective, at a discount to par to some investors.

The Ability to Sell the Reoffered Bonds other than through Tender Process May Be Limited

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

Redemption and Purchase in Lieu of Redemption Provisions

Each Series of the Reoffered Bonds are subject to optional redemption as described below.

Optional Redemption

Each Series of the Reoffered Bonds are subject to optional redemption at the election of the Authority upon the direction of the Institution, as a whole or in part on any Business Day, at a redemption price equal to 100% of the principal amount of Reoffered Bonds or portions thereof to be redeemed, plus accrued interest, if any, to the redemption date.

Special Redemption

Each Series of the Reoffered Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part on any interest payment date, at 100% of the principal amount thereof plus accrued interest to the redemption date from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project to which such Series of the Reoffered Bonds being redeemed relate.

Selection of Bonds to be Redeemed

In the case of redemptions of less than all of a Series of the Reoffered Bonds, the Trustee shall assign to each such series and maturity to be redeemed a distinctive number for each such outstanding bond of such series and maturity for each unit of the principal amount of such Bond equal to the lowest denomination in which the bonds of such series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the bonds of such series are authorized to be issued for each number, shall equal the principal amount of such bonds to be redeemed. In making such selections the Trustee may draw such bonds by lot (i) individually or (ii) by one or more groups the grouping for the purpose of such drawing to be serial numbers (or, in the case of the Bonds of such Series are authorized to be issued,, by the numbers assigned thereto as provided above) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to appropriate portions of such Bonds and select part of any such Bond for redemption.

Notice of Redemption

The Trustee is to give notice of the redemption of the Reoffered Bonds in the name of the Authority, by first-class mail, postage prepaid, to the registered owners of any Reoffered Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than ten Business Days prior to the date such notice is given and to the Applicable Credit Facility Issuer, in each case at least thirty (30) days but not more than forty-five (45) days prior to the redemption date. If directed in writing by an Authorized Officer of the Authority, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Reoffered Bonds. Redemption of the Reoffered Bonds at the option of the Authority may be conditioned on there being sufficient money available on the redemption date to pay the Redemption Price of the Reoffered Bonds and may be subject to such other conditions as the Authority may establish. The notice given for the optional redemption of Reoffered Bonds is required to state all such conditions.

For a more complete description of the redemption and other provisions relating to the Reoffered Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, is the securities depository for the Reoffered Bonds. The Reoffered Bonds are fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Reoffered Bond certificate has been issued for each maturity of each Series of the Reoffered Bonds, each in the aggregate principal amount of such maturity, and has been deposited with DTC.

DTC 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 securities that its 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”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Reoffered 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 Reoffered 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 Reoffered Bonds; DTC’s records reflect only the identity of the Direct Participants to

whose accounts such Reoffered 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.

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

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

Principal, redemption premium, if any, and interest payments on the Reoffered 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 receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

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

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry Only System" has been extracted from information given by DTC. Neither the Authority, the Trustee nor the Remarketing Agent make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Reoffered Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Reoffered Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Reoffered Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Reoffered Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Reoffered Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the Reoffered Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its service as securities depository with respect to a Series of the Reoffered Bonds at any time by giving reasonable notice to the Authority and the Trustee, or the Authority may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Authority may retain another securities depository for a Series of the Reoffered Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Authority directs the Trustee to deliver such bond certificates, such Reoffered Bonds of a Series may thereafter be exchanged for an equal aggregate principal amount of Reoffered Bonds of a Series in any other authorized denominations and of the same maturity as set forth in the Resolution, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Authority.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

So long as Cede & Co. is the registered owner of the Reoffered Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Reoffered Bonds (other than under the caption "PART 8 - TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Reoffered Bonds.

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the Institution during each twelve month period ending June 30 of the Bond Years shown for the payment of debt service on the currently outstanding indebtedness of the Institution, the principal of and interest on the Reoffered Bonds and the total debt service on all indebtedness⁽¹⁾ of the Institution, including the Reoffered Bonds.

12-Month Period Ending <u>June 30</u>	<u>Reoffered Bonds</u>			<u>Debt Service on Other Indebtedness</u> ⁽¹⁾⁽²⁾	<u>Total Debt Service</u>
	<u>Principal Payments</u>	<u>Interest Payments</u> ⁽²⁾	<u>Debt Service on the Reoffered Bonds</u> ⁽²⁾		
2012	\$1,310,000	\$730,656	\$2,040,656	\$260,186	\$2,300,842
2013	1,415,000	948,421	2,363,421	-	2,363,421
2014	1,545,000	907,500	2,452,500	-	2,452,500
2015	1,775,000	861,150	2,636,150	-	2,636,150
2016	1,955,000	809,200	2,764,200	-	2,764,200
2017	2,135,000	748,044	2,883,044	-	2,883,044
2018	2,345,000	685,200	3,030,200	-	3,030,200
2019	2,605,000	614,850	3,219,850	-	3,219,850
2020	2,875,000	537,564	3,412,564	-	3,412,564
2021	3,180,000	449,725	3,629,725	-	3,629,725
2022	3,420,000	355,050	3,775,050	-	3,775,050
2023	3,815,000	252,450	4,067,450	-	4,067,450
2024	400,000	138,222	538,222	-	538,222
2025	4,200,000	125,797	4,325,797	-	4,325,797

(1) Debt Service on Other Indebtedness reflects the estimated debt service on the Series 1993 Bonds and the Series 1996 Bonds prior to the reoffering.

(2) Interest payments are calculated assuming a 3.00% interest rate.

PART 4 - THE INSTITUTION

General

Oxford University Press, Inc. (the “Institution”) is the largest university press in the United States and is affiliated with Oxford University Press (the “Press”) in England which is the largest university press in the world, with offices in 50 countries. A university press differs from a commercial publisher in that it is a nonprofit scholarly publishing arm of a university and is organized either as a department of the university or as a separate, but affiliated, nonprofit entity. There are over 100 university presses in the United States and many more university presses elsewhere in the world. The Institution is a separate, but affiliated, nonprofit entity of the Press and the Press is organized as a department of Oxford University (the “University”) in England. See below, “Governance - *The Press*” and “- *Oxford University*.” Both the Institution and the University are exempt from federal income tax under Sections 501(a) and 501(c)(3) of the Internal Revenue Code and from state and local taxes. The Institution’s mission is to publish works that further the University’s objectives, including its objectives of excellence in research, scholarship, and education. The Institution’s headquarters and principal editorial offices are located at 198 Madison Avenue in New York City. The Institution’s distribution center is located in Cary, North Carolina.

The Press operates in England and through branches and subsidiaries in many countries in Asia and Africa and in Australia, New Zealand and Canada. The Institution, however, is a separate nonprofit membership corporation that functions independently although in close relationship with the Press. The Institution is the American distributor of books published elsewhere by the Press and its branches and subsidiaries. Conversely, the Press and its branches and subsidiaries distribute the Institution’s books in their countries. Further, the Institution owns the building in Cary, North Carolina and approximately 145,000 square feet of condominium office space at 198 Madison Avenue, New York, New York.

Products

The Institution publishes scholarly books and journals. It is the University’s second major publishing center after the Press, producing annually over 1,000 titles, of which more than 300 are scholarly titles. It also distributes in the United States approximately 800 new scholarly books published each year by the Press and its branches and subsidiaries elsewhere in the world. Most books published by the Institution are sold to libraries and to academics through direct mail, university bookstores and academic conventions. Some scholarly books that may be of interest to a broader audience are also sold through general bookstores. The U.S. books garner 30 or more awards each year from academic and professional societies. The Institution has over 8,900 books in print and stock approximately 9,400 imports from other Press offices around the world. All publications are vetted by Press delegates, who are leading scholars at Oxford University or from top U.S. institutions. During the fiscal year that ended March 31, 2011, the Institution published over 1,000 titles, including titles in the sciences, medicine, humanities, the social sciences and law.

The Institution is the publisher of many highly regarded reference works. Among them are the *American National Biography*, *Grove Dictionary of Music*, *Grove Dictionary of Art*, and *New Oxford American Dictionary*. Other reference works that are scheduled for publication within the next five years include the *Grove Dictionary of American Music and the Dictionary of African Biography*. The Institution also publishes significant reference works for children and young adults, including the award winning 10-volume series, *A History of US*.

Certain scholarly reference works of the Institution and Press are published as additions to the lengthy list of “Oxford Companions.” Some recent selections from this category are the *Oxford Companion to the United States Supreme Court*, the *Oxford Companion to World War II*, the *Oxford Companion to Philosophy*, the *Oxford Companion to Wine*, and the *Oxford Companion to Archaeology*.

The Institution publishes bibles including the *New Oxford Annotated Bible*, the *New Catholic Study Bible* and the *Scofield Bible* that has appeared in many editions since it was first published in 1909. It also distributes bibles published by the Press, such as the *Revised English Bible*.

The Press is a major publisher of English language and bilingual dictionaries that are distributed in the United States by the Institution. Among them are the *Oxford English Dictionary*, *The Concise English Dictionary*, the *New Shorter English Dictionary*, *The Oxford Dictionary and Thesaurus, American Edition* and *Fowler’s Dictionary of Modern English Usage*. In order to serve the academic community, the Institution continues its books in print longer than commercial publishers. It stocks approximately 16,000 different titles and maintains an inventory of over 4,600,000 volumes—many available not just as hard copies, but digitally, as well. In addition to these, as a result of

the print-on-demand technology at the Institution and the Press, roughly 10,000 previously out-of-print titles from the Press are available.

The Institution and the Press have been in the vanguard of development of electronic publishing; with more than 100 digital products and research tools, it is one of the most prolific digital academic publishers. First in the list were electronic versions of classic reference works, such as the *Oxford English Dictionary*, but now the Press' electronic portfolio has been greatly expanded by Oxford Reference Online, a digital collection of the Press' renowned reference titles. The titles that followed were as varied as the books that the Institution and Press publish, and are in as many disciplines, including: molecular biology, languages, economics, medicine and linguistics. In addition to books online, the Press publishes sheet music and teaching guides, and makes available online instruction and online access to its archives. In 2002, the Press acquired Grove Music Online and Grove Art Online. More than 250 University journals are also available electronically.

In addition to electronic conversion of successful print titles, many reference books are now produced as both print and electronic versions simultaneously. The first of these, *The Handbook of Neural Computation*, went online in 1996. Since its first online publication and distribution in 1996, the Institution has published on and distributed over the Internet more than 5,000 Oxford University Press titles.

Oxford Scholarship Online debuted in 2003, providing online access to the Press's portfolio of academic monographs; it is subscribed to by over 750 libraries and institutions of higher learning. This year, the Press has introduced University Press Scholarship Online, an online platform that expands on Oxford Scholarship Online by offering that same search and discovery functionality, but to the research and scholarship of other university presses.

The quality of the Institution is demonstrated by its continued recognition in the publishing community. The Institution has published 13 Pulitzer Prize winners (in the years 1926, 1963, 1967, 1969, 1979, 1989, 1992, 1995, 1999, 2000, 2005, 2006 and 2008), and numerous awards from National Book Awards, Bancroft Prizes, and National Book Critics Circle Awards.

Governance

The Institution

The Institution is a membership corporation organized under Delaware law. Its charter and bylaws provide for three Members who, in turn, select five Trustees to manage the Institution. Three Members serve *ex officio*: Chairman of the Delegates of the Press (i.e., the Vice Chancellor of the University, Professor Andy Hamilton), Chairman of the Finance Committee of the Press (Sir John Vickers), and the Chairman of the Audit Committee of the Finance Committee of the Press (Professor Paul Slack). The Press has influence upon the Board of the Institution, as those three Members select the members the Board of the Institution.

The following table sets forth the name and principal occupation of the five Trustees of the Institution and the date each Trustee was first elected:

<u>Name of Trustee</u>	<u>Position</u>	<u>Date First Elected</u>
Tim Barton	Managing Director, Global Academic Publishing Oxford University Press Oxford, England	2006
Shahnaz Batmanghelidj	Financial Advisor, Höegh Capital Partners New York, New York	2008
Alan Brinkley	Professor of American History, Columbia University New York, New York	2009
William T. Kerr	President, Arbitron Corporation Columbia, Maryland	2003
Nigel Portwood	Chief Executive Officer, Oxford University Press Oxford, England	2009

The Press

The Press operates as a Department of the University, whose governance structure is set out in the Statutes and Regulations of the University; in turn, the Press is engaged in the governance of the Institution by reason of the *ex officio* Members on the Institution's Board. The Delegates of the Press have overall responsibility for the affairs of the Press, including its publishing policy and academic standards. The Delegacy has delegated the responsibility for the management of the operations of the Press, including the financing of its operations and its systems and control procedures, to a Finance Committee of the Delegacy.

Oxford University

The University is a lay corporation first established by common law and later formally incorporated by statute. The recent history of governance reforms began in 1964 when the University worked to propose reforms ensuring the more efficient administration of the University, while retaining its strong tradition of academic self-government.

The University's principles of governance are: defining policies and setting objectives for securing resources, the appointment of senior staff sufficient to meet the objectives and monitoring of progress towards those objectives. The sovereign body of the University is the "Congregation" and the "Council" is its executive governing body responsible for the academic policy and strategic direction of the University, subject to the powers of Congregation. The members of Council are charity trustees and are bound by fiduciary duties. Consequently, they must ensure that the income and capital of the University are managed and allocated responsibly and in accordance with its charitable objects.

Administration of the Institution

The operating officers of the Institution are the President, the Vice Presidents, the Treasurer and the Secretary.

NIKO PFUND - Elected President in 2010; initially appointed as interim acting President in 2010. Mr. Pfund has general supervision of the Institution's business. Mr. Pfund had previously been Director of New York University Press. He is a graduate of Amherst College.

SCOT KUEHM - As Vice President and Treasurer of the Institution since 2008, Mr. Kuehm is responsible for managing the finances of the Institution, including financial budgeting, controls and accounting. Mr. Kuehm is Chief Financial Officer to the Institution, which he joined in 2008. Prior to joining the Institution he was Chief Financial Officer at The Nielsen Company, overseeing various foreign and overseas divisions. He has a Master's Degree in International Finance from New York University.

BARBARA GRATCH COHEN - Ms. Cohen was elected Vice President and Secretary in 2008. Ms. Cohen is also General Counsel to the Institution, which she joined in 2006. Before assuming her present position she served most recently as Assistant General Counsel of Holtzbrinck Publishers, and Senior Vice President and General Counsel of Village Voice Media. Ms. Cohen is a graduate of University of Michigan (law and undergraduate).

COLLEEN SCOLLANS - Ms. Scollans became Vice President, Global Marketing in 2010. Prior to that, she was Vice President, Sales and Marketing, and previously, Director Online Sales and Merchandising at the Institution. She is a graduate of Muhlenberg College.

DAVID BOWERS - Mr. Bowers was elected to the position of Vice President, Global Business Development in 2010. He is responsible for helping to grow the Institution's digital licensing business in key markets worldwide. He is a graduate of Wesleyan University.

CASPER GRATHWOHL - Mr. Grathwohl is Senior Vice President, Group Strategy, a position to which he was elected in 2011. Prior to his current position, Mr. Grathwohl served as Vice President, Digital Publishing. He is a graduate of Kalamazoo College.

JOHN CHALLICE - Mr. Challice became Vice President, Publisher, Higher Education Division in 2009. Prior to joining the Institution, he served as as Editor in Chief of Science with Pearson/Prentice Hall. He is a graduate of the University of Toronto.

MARILYN OKRENT - Ms. Okrent was elected to the position of Vice President, Human Resources in 2006. Ms. Okrent joined the Institution in 1998 as Director of Human Resources. She is a graduate of Queens College and Adelphi University.

Employees

As of January 1, 2011, the Institution employed 521 employees, located mostly in New York, New York and in Cary, North Carolina. The work they perform may be categorized as follows: editorial (132), production (74), finance (47), marketing and sales (156), warehouse and distribution (87) and executive/administrative (25). Employees of the Institution are not represented by a union. The Institution believes that its relationship with its employees is excellent.

Pension Plans

The Institution maintains a defined contribution pension plan that covers almost all of its employees, through contributions to Teachers Insurance Annuity Association-College Retirement Equities Fund. The plan requires the Institution to make annual contributions equal to seven percent of the regular salary, as defined in the plan document. Institution contributions amounted to \$2,658,932 in fiscal year 2011.

In addition, the Institution has a voluntary contributory thrift plan that also covers almost all of its employees. The Institution's contributions are based on employee contributions which are subject to certain limitations. Contributions, which totaled \$321,145 in fiscal year 2011, are expensed in the period when employee contributions are made.

The Institution also provides health care and insurance benefits for retired staff who meet age and length-of-service requirements upon retirement. See note 8 of the notes to the financial statements of the Institution included below for further information.

Financial Information

Operations

The following table sets forth the results of the Institution's operations for the five fiscal years ended March 31, 2011:

Revenues and Expenses and Changes in Net Assets For the Five Fiscal Years Ended March 31, 2011 (In Thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Net Sales	\$149,518	\$150,588	\$147,196	\$147,304	\$151,727
Royalties	3,538	5,301	4,601	3,431	4,028
Contributions	446	459	243	205	180
Total Revenues	153,502	156,348	152,040	150,940	155,935
Expenses					
Cost of Sales	70,049	75,001	75,458	73,064	72,995
Operating Expenses	73,219	71,936	73,348	69,781	74,551
Total Expenses	143,268	146,937	148,806	142,845	147,546
Operating Margin	10,234	9,411	3,234	8,095	8,389
Others, net	(2,468)	4,113	1,774	747	4,623
Increase in Net Assets	7,766	13,524	5,008	8,842	13,012
Net Assets Beginning of Year	91,163	92,933	99,961	98,473	100,192
Contributions to Delegates ⁽¹⁾	(5,996)	(6,496)	(6,496)	(7,123)	(20,000)
Net Assets, End of Year	\$92,933	\$99,961	\$98,473	\$100,192	\$93,204

(1) The Institution from time to time elects to make grants to the Press to support scholarships, research, and other programs which are consistent with the exempt purpose and mission of both the Institution and the Press. The grants to the Press over the past five years are listed above on the line "Contributions to Delegates". FY2011 grants were to support the Clarendon Fund Scholarship Program and the John Fell OUP Research Fund. See note 9 of the notes to the financial statements of the Institution included below for further information regarding related-party transactions.

Revenues and cost of sales have remained consistent the past five fiscal years despite hard economic times. Strong revenues are a result of growth in online and electronic book sales, continued market growth in the area of Higher Education, and publishing efforts. Strong performers the past five years include Grove Dictionary of Music Online, Grove Dictionary of Art Online, OED Online, Oxford Reference Online, Adler Human Communication, and Adler Interplay.

Operating expenses have approximated 47 percent of net sales throughout the five year period. The decrease in other income/expense in 2007 resulted from accrual of approximately \$2,000,000 in connection with employee severance costs.

Financial Position

The following table sets forth the Institution's Statement of Financial Position for the five fiscal years ended March 31, 2011:

	Statement of Financial Position				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Current Assets					
Cash and cash equivalents	\$ 27,459	\$29,823	\$43,246	\$41,336	\$43,660
Accounts Receivable net	34,907	31,520	30,473	32,791	34,266
Inventories	31,761	36,687	30,291	24,681	26,879
Prepaid Assets	658	791	1,066	2,602	2,569
Total current assets	94,785	98,821	105,076	101,410	107,374
Fixed Assets – net					
Investments	27,566	30,412	28,537	42,837	40,282
Advances to Authors	2,089	2,097	2,026	2,001	2,887
Intangible Assets	6,311	5,848	6,540	7,285	7,873
Total Assets	44,629	36,993	30,125	24,399	16,602
	175,380	174,171	172,304	177,932	175,018
Current Liabilities⁽¹⁾					
Accounts Payable & accrued expenses	23,031	17,829	16,862	21,393	25,605
Royalty Payable	4,226	4,253	5,369	6,080	6,523
Payable to Affiliates	7,423	5,212	4,588	4,353	4,150
Bonds Payable	37,318	36,455	35,530	34,455	34,175
Accrued postretirement benefits -current	178	186	240	280	294
Allowance for estimated returns	6,750	6,483	7,264	6,860	7,825
Total current liabilities	78,926	70,418	69,853	73,421	78,572
Accrued Postretirement Benefits	3,521	3,792	3,978	4,319	3,242
Total Liabilities	82,447	74,210	73,831	77,740	81,814
Net Assets					
Unrestricted	92,252	99,174	98,071	99,728	92,941
Temporarily restricted	681	787	402	464	263
Total net assets	92,933	99,961	98,473	100,192	93,204
Total Liabilities and net assets	\$175,380	\$174,171	\$172,304	\$177,932	\$175,018

(1) For 2007 based on the repayment terms of the Letters of Credit and in accordance with the EITF No-D61, Classification by the Issuer of Redeemable Instruments That Are Subject to Remarketing Agreements, the related Bonds's payable amounts are included in the Current Liabilities.

The Institution's fixed assets are real estate, equipment and improvements at its offices in New York City and the Institution's distribution center in Cary, North Carolina (the "Cary Facility"). The significant change in fixed assets in fiscal year 2010 is the result of the Institution purchasing the Cary Facility from the Press.

Current assets compared to current liabilities during this five year period remained fairly constant at ratios of between 1.2:1 and 1.5:1. Note that the change in 2007 of the classification of Bonds payable to current impacts the current ratio. Current ratios excluding Bonds payable during the five year period were between 2.28:1 and 3.0:1.

Fiscal Year 2011 Comparison

Concentration of Credit Risk

Financial instruments, which potentially subject the Institution to concentration of credit risks, consist principally of cash and cash equivalents, investments, and accounts receivable. The Institution sells its books to individuals, book retailers, wholesalers, colleges and universities, and affiliates with a concentration in the domestic US market. The Institution provides allowances for doubtful accounts equal to the estimated losses that are expected to be incurred in collection or recovery of these receivables. These allowances are based on evaluation of management of various factors influencing the recoverability of the receivables and are intended to maintain the allowance at a level adequate to absorb losses related to receivables currently outstanding. The Institution maintains cash, the balance of which may exceed the federally insured limits, in federally insured depository institutions.

During fiscal year 2011, 3 customers exceeded 5% of net sales:

	Customer A	Customer B	Customer C
Percentage of net sales	18.5%	11.8%	7.7%
Percentage of trade accounts receivable at 3-31-2011	19.4%	21.3%	12.2%

During fiscal year 2010, 3 customers exceeded 5% of net sales:

	Customer A	Customer B	Customer C
Percentage of net sales	14.7%	11.1%	12.4%
Percentage of trade accounts receivable at 3-31-2010	16.7%	15.7%	21.9%

Acquisitions and Dispositions

The Institution from time to time purchases rights to literary titles that compliment its core products and to fit customers' needs. Titles the Institution purchased in 2011 include: (a) engineering textbooks from Great Lakes Press, Inc., for \$493,500 and (b) an art dictionary from Editions First Grund for \$450,000. During fiscal year 2010, the Institution completed an acquisition of law titles from Greenwood Press for \$120,000.

In 2011, in order to focus more on its core products, the Institution sold certain assets in its law division to Thompson Reuters for \$3,200,000, with \$320,000 held in escrow and included in accounts receivable at March 31, 2011. A \$239,155 gain associated with this transaction is included in other income for the year ended March 31, 2011.

During 2011 and 2010, the Institution and the Press reviewed their respective catalogues, which they do from time-to-time. In that period, the Institution sold assets of its law and sheet music division to the Press, with no gain recognized by the Institution in 2011. A gain recognized during fiscal year 2010 is included in other income.

Insurance

The Institution carries insurance for fire and extended coverage of its real and personal property, and comprehensive general liability insurance, each in amounts and at levels that it considers adequate. The Institution also maintains business interruption insurance in an amount which it considers adequate.

Litigation

The Institution is involved in various administrative proceedings and litigation. Although the outcome of any such claims or actions cannot be currently determined, while final resolution may have a significant impact on the Institution's financial results for a particular reporting period, the Institution is of the opinion that the eventual liability therefrom, if any, will not have a material effect on the financial position of the Institution or its ability to make required debt service payments.

Financial Statements

The Institution's Financial Statements for the fiscal years ended March 31, 2010 and March 31, 2011, as provided by the Institution, are attached as Appendix B – “Financial Statements of Oxford University Press, Inc.” In October 2011, the Institution shall file with Digital Assurance Certification LLC (“DAC”) its final audited financial statements with auditors report for the fiscal years ended March 31, 2010 and March 31, 2011.

PART 5 - THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services (“BOCES”), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the “Consolidation Act”) succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the “Agency”) and the Facilities Development Corporation (the “Corporation”), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)

At June 30, 2011, the Authority had approximately \$44.1 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority’s bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority’s bonds and notes include both special obligations and general obligations of the Authority. The Authority’s special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority’s general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at June 30, 2011 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
State University of New York Dormitory Facilities.....	\$ 2,478,656,000	\$ 1,139,920,000	\$ 0	\$ 1,139,920,000
State University of New York Educational and Athletic Facilities.....	14,369,077,999	6,216,904,624	0	6,216,904,624
Upstate Community Colleges of the State University of New York.....	1,644,630,000	688,210,000	0	688,210,000
Senior Colleges of the City University of New York.....	11,126,291,762	3,891,886,213	0	3,891,886,213
Community Colleges of the City University of New York.....	2,590,993,350	580,673,787	0	580,673,787
BOCES and School Districts.....	3,137,981,208	2,405,655,000	0	2,405,655,000
Judicial Facilities.....	2,161,277,717	676,092,717	0	676,092,717
New York State Departments of Health and Education and Other.....	7,018,125,000	4,777,730,000	0	4,777,730,000
Mental Health Services Facilities.....	8,306,980,000	3,942,415,000	0	3,942,415,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	<u>1,146,845,000</u>	<u>742,580,000</u>	<u>0</u>	<u>742,580,000</u>
Totals Public Programs.....	<u>\$ 54,754,333,036</u>	<u>\$ 25,062,067,341</u>	<u>\$ 0</u>	<u>\$ 25,062,067,341</u>
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions.....	\$ 20,406,784,952	\$ 10,910,736,293	\$ 78,095,000	\$ 10,988,831,293
Voluntary Non-Profit Hospitals.....	14,799,954,309	7,380,355,000	0	7,380,355,000
Facilities for the Aged.....	2,010,975,000	679,535,000	0	679,535,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs.....	<u>\$ 37,312,714,261</u>	<u>\$ 18,970,626,293</u>	<u>\$ 78,095,000</u>	<u>\$ 19,048,721,293</u>
Grand Totals Bonds and Notes.....	<u>\$ 92,067,047,297</u>	<u>\$ 44,032,693,634</u>	<u>\$ 78,095,000</u>	<u>\$ 44,110,788,634</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2011, the Agency had approximately \$257 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency’s bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2011 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 2,480,000
Insured Mortgage Programs	6,625,079,927	250,460,000
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>3,965,000</u>
Total Non-Public Programs.....	\$ 9,265,549,927	\$ 256,905,000
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 256,905,000</u>

Governance

The Authority carries out its programs through an eleven-member board, a full-time staff of approximately 660 persons, independent bond counsel and other outside advisors. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of the Authority annually choose the following officers, of which the first two must be members of the Authority: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of the Authority are as follows:

ALFONSO L. CARNEY, JR., *Chair*, New York.

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

JOHN B. JOHNSON, JR., *Vice-Chair*, Watertown.

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2013.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President/Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and a member of the Board of Directors at Ronald McDonald House of New York. Previously, Mr. Jiha served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. As the state's chief investment officer, he managed the assets of the NY Common Retirement Fund, valued at \$120 billion, and was also in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha was the Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds, the ratification of swap agreements, and the selection of financial advisors and underwriters. Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Earlier, Mr. Jiha served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

CHARLES G. MOERDLER, Esq., New York.

Charles Moerdler was appointed as a Member of the Authority by the Governor on March 16, 2010. Mr. Moerdler is a founding partner in the Litigation Practice of the law firm Stroock & Stroock & Lavan LLP. His areas of practice include defamation, antitrust, securities, real estate, class actions, health care, international law, labor law, administrative law and zoning. By appointment of the Appellate Division, First Department, Mr. Moerdler serves as Vice Chair of the Committee on Character and Fitness and as a Member of the Departmental Disciplinary Committee. He served as Commissioner of Housing and Buildings of the City of New York, as a real estate and development consultant to New York City Mayor John Lindsay, as a member of the City's Air Pollution Control Board, and as Chairman and Commissioner of the New York State Insurance Fund. Mr. Moerdler currently serves on the Board of Directors of the New York City Housing Development Corporation as well as the Metropolitan Transportation Authority and is a member of the New York City Board of Collective Bargaining. He holds a Bachelors of Arts degree from Long Island University and a Juris Doctor degree from Fordham University. His current term expires on March 31, 2012.

BERYL L. SNYDER, J.D., New York

Ms. Snyder was appointed as a member of the Authority by the Governor on June 15, 2011. She is currently a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. Previously, she was Vice President, General Counsel and a Director of Biocraft Laboratories, Inc. and a Director of Teva Pharmaceuticals. Ms. Snyder serves as a Board member of the Beatrice Snyder Foundation, the Roundabout Theater, the Advisory Committee of the Hospital of Joint Diseases and the Optometric Center of New York, where she also serves on the Investment Committee. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2013.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for “Arverne By The Sea,” where he is responsible for advancing and overseeing all facets of “Arverne by the Sea,” one of New York City’s largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department’s Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Romski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

ROMAN B. HEDGES, Ph.D., Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. He was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

JOHN B. KING, JR., J.D., Ed.D., *Commissioner of Education of the State of New York*, Slingerlands; *ex-officio*.

Dr. John B. King, Jr., was appointed by the Board of Regents to serve as President of the University of the State of New York and Commissioner of Education on July 15, 2011. As Commissioner of Education, Dr. King serves as chief executive officer of the State Education Department and as President of the University of the State of New York, which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Dr. King is also responsible for licensing, practice and oversight of numerous professions. Dr. King previously served as Senior Deputy Commissioner for P-12 Education at the New York State Education Department. Prior thereto, Dr. King served as a Managing Director with Uncommon Schools. Prior to this, Dr. King was Co-Founder and Co-Director for Curriculum & Instruction of Roxbury Preparatory Charter School and prior to that, Dr. King was a teacher in San Juan, Puerto Rico and Boston, Massachusetts. He holds a Bachelor of Arts degree in Government from Harvard University, a Master of Arts degree in Teaching of Social Studies from Teachers College, Columbia University, a Juris Doctor degree from Yale Law School and a Doctor of Education degree in Educational Administrative Practice from Teachers College, Columbia University.

NIRAV R. SHAH, M.D., M.P.H., *Commissioner of Health, Albany; ex-officio.*

Nirav R. Shah, M.D., M.P.H., was appointed Commissioner of Health on January 24, 2011. Prior to his appointment he served as Attending Physician at Bellevue Hospital Center, Associate Investigator at the Geisinger Center for Health Research in central Pennsylvania, and Assistant Professor of Medicine at the NYU Langone Medical Center. Dr. Shah is an expert in use of systems-based methods, a leading researcher in use of large scale clinical laboratories and electronic health records and he has served on the editorial boards of various medical journals. He is a graduate of Harvard College, received his medical and master of public health degrees from Yale School of Medicine, was a Robert Wood Johnson Clinical Scholar at UCLA and a National Research Service Award Fellow at NYU.

ROBERT L. MEGNA, *Budget Director of the State of New York, Albany; ex-officio.*

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

PAUL T. WILLIAMS, JR. is the President and chief executive officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the Vice President of the Authority, and assists the President in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10

years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

PAUL W. KUTEY is the Chief Financial Officer of the Authority. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising the Authority's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company, where his responsibilities included finance, operations and facilities management. Prior to joining AYCO Company, he served as Corporate Controller and Acting Chief Financial Officer for First Albany Companies, Inc. From 1982 until 2001, Mr. Kutey held increasingly responsible positions with PricewaterhouseCoopers, LLP, becoming Partner in 1993. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Reoffered Bonds.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect the Authority and its operations. The Authority is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including the Authority) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect the Authority and its operations.

Environmental Quality Review

The Authority complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder respecting the Project to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2011. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 6 - LEGALITY OF THE REOFFERED BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Reoffered Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Reoffered Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial bank

PART 7 - NEGOTIABLE INSTRUMENTS

The Reoffered Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Reoffered Bonds.

PART 8 - TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of each of the Reoffered Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Reoffered Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the respective issue of Reoffered Bonds. Pursuant to the Resolution and the Loan Agreements, the Authority and the Institution have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on each of the Reoffered Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the Institution have made certain representations and certifications in a Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986 for each of the Reoffered Bonds. In connection with the original issuance and delivery of each of the Reoffered Bonds, Bond Counsel also relied on the opinion of Counsel to the Institution as to all matters concerning the status of the Institution as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel has not independently verified the accuracy of those certifications and representations or those opinions.

On the date of original issuance and delivery of the Series 1993 Bonds, Whitman Breed Abbott & Morgan, as bond counsel in connection with the issuance of the Series 1993 Bonds, delivered its opinion that under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Authority and the Institution described above, interest on such Series 1993 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. In this opinion, Whitman Breed Abbott & Morgan also opined that interest on the Series 1993 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, but indicated that such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. **This opinion has not been**

updated or reissued in connection with the remarketing of the Series 1993 Bonds. This opinion is attached hereto as Appendix E-1.

On the date of original issuance and delivery of the Series 1996 Bonds, Haythe & Curley, as bond counsel in connection with the issuance of the Series 1996 Bonds, delivered its opinion that under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Authority and the Institution described above, interest on such Series 1996 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. In this opinion, Haythe & Curley also opined that interest on the Series 1996 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, but indicated that such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. **This opinion has not been updated or reissued in connection with the remarketing of the Series 1996 Bonds. This opinion is attached hereto as Appendix E-2.**

State Taxes

On the date of original issuance and delivery of each of the Series 1993 Bonds, Whitman Breed Abbott & Morgan, as bond counsel in connection with the issuance of the Series 1993 Bonds, delivered an opinion, that, under existing statutes, interest on the Series 1993 Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof, including The City of New York. **This opinion has not been updated or reissued in connection with the remarketing of the Series 1993 Bonds. This opinion is attached hereto as Appendix E-1.**

On the date of original issuance and delivery of each of the Series 1996 Bonds, Haythe & Curley, as bond counsel in connection with the issuance of the Series 1996 Bonds, delivered an opinion, that, under existing statutes, interest on the Series 1996 Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof, including The City of New York. **This opinion has not been updated or reissued in connection with the remarketing of the Series 1996 Bonds. This opinion is attached hereto as Appendix E-2.**

Ancillary Tax Matters

Ownership of the Reoffered Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit. Ownership of the Reoffered Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Reoffered Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Reoffered Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Reoffered Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Nixon Peabody LLP, as Bond Counsel for the Reoffered Bonds as a condition to the reoffering of each Series of the Reoffered Bonds will deliver its opinion to the effect that neither the substitution of the Letters of Credit for the Current Facilities nor the reoffering of the Reoffered Bonds will adversely affect the exclusion of interest on the Reoffered Bonds for purposes of federal income taxation under Section 103 of the Code. See “Appendix E-3 – Opinion of Bond Counsel” herein. Nixon Peabody LLP, as Bond Counsel will not update or reissue the original approving opinions rendered by Whitman Breed Abbott & Morgan, as bond counsel in connection with the issuance of the Series 1993 Bonds or of Haythe & Curley, as bond counsel in connection with the issuance of the Series 1996 Bonds. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Reoffered Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Federal Tax Law and Post Issuance Events

On September 12, 2011, the President released a legislative proposal that would, among other things, subject interest on tax-exempt bonds (including the Reoffered Bonds) to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. The proposal has not yet passed either of the two Houses of Congress and it is not possible to predict whether this proposal will be enacted into law. If enacted into law, such a proposal could affect the value or marketability of tax-exempt bonds (including the Reoffered Bonds).

More generally, legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Reoffered Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Reoffered Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Reoffered Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Reoffered Bonds may occur.

Prospective purchasers of the Reoffered Bonds should consult their own tax advisors regarding the impact of any change in law on the Reoffered Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Reoffered Bonds may affect the tax status of interest on the Reoffered Bonds. Bond Counsel expresses no opinion as to any Federal, state or local tax law consequences with respect to the Reoffered Bonds, or the interest thereon, if any action is taken with respect to the Reoffered Bonds or the proceeds thereof upon the advice or approval of other counsel.

PART 9 - STATE NOT LIABLE ON THE REOFFERED BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Reoffered Bonds are not a debt of the State and that the State is not liable on the Reoffered Bonds.

PART 10 - COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority's notes or bonds.

PART 11 - LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Reoffered Bonds by the Authority were subject to the approval of Whitman Breed Abbott & Morgan, New York, New York, Bond Counsel, whose approving opinion was delivered on November 10, 1993 in connection with the initial issuance of the Series 1993 Bonds, and Haythe & Curley, New York, New York, Bond Counsel, whose approving opinion was delivered on June 25, 1996 in connection with the initial issuance of the Series 1996 Bonds. Copies of the opinions delivered by Bond Counsel are set forth in Appendix E hereto.

Nixon Peabody LLP will, as a condition to the reoffering of each Series of the Reoffered Bonds, deliver its opinion to the effect that neither the substitution of the Letters of Credit for the Current Facilities nor the reoffering of the Reoffered Bonds will adversely affect the exclusion of interest on the Reoffered Bonds for purposes of federal income taxation under Section 103 of the Code. See "Appendix E-3 – Opinion of Bond Counsel".

There is not now pending any litigation restraining or enjoining the reoffering of the Reoffered Bonds or questioning or affecting the validity of the Reoffered Bonds or the proceedings and authority under which they were issued or are to be reoffered.

PART 12 - CONTINUING DISCLOSURE

In order to assist the Remarketing Agent in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended (“Rule 15c2-12”), the Institution, as Obligated Person, has undertaken in a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondholders to provide to DAC, on behalf of the Authority as the Authority’s disclosure dissemination agent, on or before 120 days after the end of each fiscal year, commencing with the fiscal year of the Institution ending March 31, 2012, for filing by DAC with the Municipal Securities Rulemaking Board (“MSRB”) and its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 4 - THE INSTITUTION” of this Reoffering Circular (the “Annual Information”), together with the Institution’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the Institution, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the Institution and the Authority, to file such information and financial statements, as promptly as practicable, but no later than three business days after receipt of the information by DAC from the Press, with the MSRB.

The Institution also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Institution, the Trustee or the Authority, DAC will file the Notices with the MSRB in a timely manner. With respect to the Reoffered Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the Institution, the Authority or the Trustee has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the Institution, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Institution, the Holders of the Reoffered Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the Institution, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the Institution, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of the following: operating data and financial information of the type as included herein in “PART 4 – THE INSTITUTION” under the headings “OPERATING INFORMATION” and “FINANCIAL STATEMENT INFORMATION” relating to: (1) *Financial Information*, similar to that set forth under the headings, “OPERATIONS;” and “FINANCIAL POSITION;”(2) *Fiscal Year Information*, similar to that set forth under the heading, “CONCENTRATION OF CREDIT RISK;” and “ACQUISITIONS and DISPOSITIONS;” (3) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the Obligated Person, retirement plans; (4) *endowment and similar funds*, unless such information is included in the audited financial statements of the Obligated Person;

(5) *plant values*, unless such information is included in the audited financial statements of the Obligated Person; and (6) outstanding *long term indebtedness*, unless such information is included in the audited financial statements of the Obligated Person, together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of financial and operating data concerning the Obligated Person.

The Notices include notices of any of the following events (the “Notice Events”) with respect to the Reoffered Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, IRS notices or events affecting the tax status of the Reoffered Bonds; (7) modifications to the rights of holders of the Reoffered Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Reoffered Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the Press; (14) merger, consolidation or acquisition of the Institution, if material; (15) appointment of a successor or additional trustee, or the change in name of a trustee, if material; and (16) and failure to provide annual financial information as required. In addition, DAC will undertake, for the benefit of the Holders of the Reoffered Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the Institution to provide the Annual Information and annual financial statements by the date required in the Institution’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the Institution, the Trustee and/or the Authority, and no person, including any Holder of the Reoffered Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the Institution may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Reoffered Bonds or by the Trustee on behalf of the Holders of Outstanding Reoffered Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Reoffered Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Reoffered Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 1993 Resolution, the Series 1996 Resolution or the applicable Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Reoffered Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Reoffered Bonds will be on file at the principal office of the Authority.

In the past five years, the Institution has not had an obligation to comply with a continuing disclosure undertaking entered into in connection with a tax-exempt offerings. In October 2011, the Institution has undertaken to file with DAC its final audited financial statements with auditors report for the fiscal years ended March 31, 2010 and March 31, 2011.

PART 13 - RATINGS

Moody’s has assigned the Reoffered Bonds long-term ratings of “Aa3” and short-term ratings of “VMIG 1.” The long-term and short-term ratings on the Reoffered Bonds are based upon the issuance and delivery to the Trustee of the Letter of Credit by the Bank. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency at the following address: Moody’s, 99 Church Street, New York, New York 10007. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating

agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Reoffered Bonds.

PART 14 - MISCELLANEOUS

References in this Reoffering Circular to the Act, the Resolution, the Bond Series Certificates, the Loan Agreements, the Letters of Credit and the Reimbursement Agreements do not purport to be complete. Refer to the Act, the Resolution, the Bond Series Certificates, the Loan Agreements, the Letters of Credit and the Reimbursement Agreements for full and complete details of their provisions. Copies of the Resolution, the Bond Series Certificates, the Loan Agreements, the Letters of Credit and the Reimbursement Agreements are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Reoffered Bonds are fully set forth in the Resolution. Neither any advertisement of the Reoffered Bonds nor this Reoffering Circular is to be construed as a contract with purchasers of the Reoffered Bonds.

Any statements in this Reoffering Circular involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information regarding the Institution and Principal and Interest Requirements was supplied by the Institution. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

“Appendix A - Definitions,” “Appendix C - Summary of Certain Provisions of the Loan Agreements,” “Appendix D - Summary of Certain Provisions of the Resolution” and “Appendix E - Approving Opinions of Bond Counsel” have been prepared by Nixon Peabody LLP, New York, New York, Bond Counsel.

“Appendix B - Financial Statements of Oxford University Press, Inc.” contains the financial statements of the Institution as of and for the year ended March 31, 2011.

The Institution has reviewed the parts of this Reoffering Circular describing the Institution, Principal and Interest Requirements and Appendix B. It is a condition to the delivery of the Reoffered Bonds that the Institution certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and the date of delivery of the Reoffered Bonds, such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The Institution has agreed to indemnify the Authority and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

The Bank has reviewed the parts of this Reoffering Circular describing the Letters of Credit, the Reimbursement Agreements and Appendix F. It is a condition to the delivery of the Reoffered Bonds that the Bank certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and the date of delivery of the Reoffered Bonds, such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The execution and delivery of this Reoffering Circular by an Authorized Officer have been duly authorized by the Authority.

DORMITORY AUTHORITY OF
THE STATE OF NEW YORK

By: /s/ Paul T. Williams, Jr.
Authorized Officer

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CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

Except as otherwise defined in this Official Statement the following terms, when used in this Official Statement (including the summaries of certain provisions of the Resolution, the Series 1996 Resolution and the Loan Agreement), have the meanings ascribed to them below:

Act means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 of Article 8 of the Public Authorities Law, as amended).

Act of Bankruptcy shall mean the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Institution or by the Authority under any applicable bankruptcy, reorganization, insolvency or similar law as is now or hereafter in effect.

Alternate Credit Facility shall mean any Credit Facility issued and delivered to the Trustee and/or the Tender Agent in substitution for or upon the expiration of a pre-existing Credit Facility, all in accordance with the Series Resolution.

Alternate Liquidity Facility shall mean a Liquidity Facility issued and delivered to the Trustee and/or the Tender Agent in substitution for or upon the expiration of a pre-existing Liquidity Facility, all in accordance with the Series Resolution.

Annual Administrative Fee means the annual fee for the general administrative expenses of the Authority in the amount or percentage stated in the Loan Agreement.

Applicable means (i) with respect to any Construction Fund, Arbitrage Rebate Fund, Debt Service Fund, Debt Service Reserve Fund, Building and Equipment Reserve Fund, the fund so designated and established by an Applicable Series Resolution authorizing an Applicable Series of Bonds relating to a particular Project, (ii) with respect to any Debt Service Reserve Fund Requirement, the Requirement established in connection with a Series of Bonds by this Resolution or the Applicable Series Resolution, (iii) with respect to any Building and Equipment Reserve Fund Requirement, the Requirement in connection with a Project established by the Applicable Series Resolution or Bond Series Certificate, (iv) with respect to any Series Resolution, the Series Resolution relating to a particular Project, (v) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project for the Institution, (vi) with respect to any Loan Agreement or Mortgage, the Loan Agreement or Mortgage, as applicable, entered into by and between the Institution and the Authority, relating to a particular Project for the Institution, (vii) with respect to a Credit Facility Issuer and Insurance Trustee, the respective Credit Facility Issuer and Insurance Trustee identified in the Applicable Series Resolution, (viii) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution and (ix) with respect to a Reserve Fund Facility and a Facility Provider, a Reserve Fund Facility which constitutes all or any part of the Debt Service Reserve Fund Requirement in connection with an Applicable Series of Bonds and the Facility Provider thereof.

Arbitrage Rebate Fund means the fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

Authority means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Authority.

Authority Fee means a fee payable to the Authority consisting of (a) all the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds and the financing and construction of a Project, plus (b) a payment to be made upon the issuance of a Series of Bonds in an amount set forth in the Applicable Loan Agreement.

Authorized Denominations shall, for the Bonds, mean with respect to the Daily Interest Rate Period, the Weekly Interest Rate Period, or the Short-Term Interest Rate Period, \$100,000 or any integral multiple thereof, or with respect to any Long-Term Interest Rate Period, \$5,000 or any integral multiple thereof.

Authorized Newspaper means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five days (other than legal holidays) in each calendar Week in the Borough of Manhattan, City and State of New York, designated by the Authority.

Authorized Officer means (i) in the case of the Authority, the Chairman, the Vice-Chairman, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the First Deputy Executive Director, the General Counsel, the Deputy Executive Director, Financial and Information Services, the Deputy Executive Director, Construction, the Deputy Executive Director, Planning and Financial Analysis, the Deputy Counsel, an Associate Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, the person or persons authorized by a resolution or the by-laws of the Institution to perform any act or execute any document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of such Trustee or the by-laws of such Trustee.

Authorized Representative shall mean (i) with respect to the Remarketing Agent any officer of the Remarketing Agent, who has express authority to take the actions required hereunder on behalf of the Remarketing Agent, (ii) with respect to the Tender Agent, any officer of the Tender Agent, who has express authority to take the actions required hereunder on behalf of the Tender Agent, and (iii) with respect to the Authority, the Institution and the Trustee, as the term “Authorized Officer” is defined in the Resolution.

Bank Bonds shall mean Bonds purchased with funds drawn under any Liquidity Facility and owned by or pledged to the Credit Facility Issuer or Liquidity Bank, as the case may be, in accordance with the Series Resolution,

Bank Bond Period means any period during which any Bonds are Bank Bonds.

Bond or Bonds means any of the bonds of the Authority authorized pursuant to the Resolution and issued pursuant to an Applicable Series Resolution, including the Bonds.

Bond Counsel means an attorney or a law firm, appointed by the Authority with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Registrar shall mean the Manufacturers and Traders Trust Company and any other commercial bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority, with the consent of the Institution, to perform the duties of Bond Registrar for any Series of Bonds.

Bond Series Certificate means a certificate of the Authority fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under an Applicable Series Resolution.

Bond Year means, unless otherwise stated in the Applicable Series Resolution, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

Bondholder, Holder of Bonds or Holder or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any Bonds of such Series.

Building and Equipment Reserve Fund means the fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

Building and Equipment Reserve Fund Requirement means the amount set forth in a Series Resolution or Bond Series Certificate relating to a Series of Bonds or the method and dates for its computation, if appropriate; provided, however, that such amount shall be reduced by the total of any amounts withdrawn from the Building and Equipment Reserve Fund and increased by the amount of each repayment required pursuant to the Loan Agreement to reimburse the amounts so withdrawn.

Business Day shall mean any day other than a Saturday, Sunday or other day on which banks are authorized or required to be closed in The City of New York, the city in which the respective Principal Offices of the Trustee, the Remarketing Agent, the Tender Agent, the Bond Registrar, the Paying Agent, the Liquidity Bank and the Credit Facility Issuer each are located, or on which the New York Stock Exchange is closed.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

Construction Fund means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

Contract Documents means any general contract or agreement for the construction of the Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the Institution relating to the construction of the Project, and any amendments to the foregoing.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of a Series of Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance and other credit enhancement on such Bonds, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Cost or Costs of the Project means, with respect to an Applicable Project, costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection therewith, including, but not limited to, (i) costs and expenses of the acquisition of the title to (including premiums and other charges in connection with obtaining title insurance) or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, renovation, repair and improvement of such Project, (iii) the cost of surety bonds and insurance of all kinds, that may be required or necessary prior to completion of such Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test scorings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of such Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay for the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the Institution or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with such Project (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series prior to, during and for a reasonable period or completion of the acquisition, construction, reconstruction, rehabilitation, renovation, repair, improvement or equipping of such Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant to the Resolution, to the Applicable Series Resolution or to the Applicable Loan Agreement.

Credit Facility means any letter of credit, insurance policy, guaranty, surety bond or other agreement satisfactory to the Authority which provides for, guarantees or insures payment of principal of and redemption premium, if agreed to by the Credit Facility Issuer and the Institution, and interest on the Bonds of any Series when due and includes any Substitute Credit Facility issued and delivered to the Trustee and/or the Tender Agent in substitution for or upon the expiration of a pre-existing Credit Facility, all in accordance with the Applicable Series Resolution.

Credit Facility Issuer means, with respect to an Applicable Series of Bonds for which a Credit Facility is held by the Trustee, the firm, association or corporation, including public bodies and governmental agencies, acceptable to the Authority, which has issued such Credit Facility in connection with such Applicable Series of Bonds, and the successor or assign of the obligations of such firm, association or corporation under such Credit Facility.

Credit Facility Issuer Default means, with respect to an Applicable Series of Bonds for which a Credit Facility is held by the Trustee, any of the following: (a) there shall occur a default in the payment of principal of or any interest on any Bond of such Series when required to be made by the Applicable Credit Facility, (b) the Applicable Credit Facility shall have been declared null and void or unenforceable in a final determination by a court of law of competent jurisdiction or (c) the Credit Facility Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assigner, trustee, custodian or sequestrator (or other similar official) of such Credit Facility Issuer or for any substantial part of its property, or shall make a general assignment for the benefit of creditors.

Daily Interest Rate shall mean a variable interest rate established on each Business Day in accordance with the Series Resolution.

Daily Interest Rate Period shall mean, with respect to Bond, each period during which a Daily Interest Rate is in effect for such Bond.

Debt Service Fund means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

Debt Service Requirement means, as of any time of determination thereof, an amount equal to the aggregate of i) with respect to the interest on Outstanding Bonds payable on the succeeding Interest Payment Date, the sum of the monthly payments of interest required to be made pursuant to the Loan Agreement since the preceding Interest Payment Date for such Bonds or, if there was no preceding interest payment date for such Series 1996 Bonds, since the date of issuance of such Bonds; and (ii) with respect to the principal and Sinking Fund Installments of Outstanding Bonds payable on any date on which the principal or a Sinking Fund Installment thereon is payable, the principal and Sinking Fund Installments thereof payable on such date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of dates occurring prior to such date on which payments with respect to such principal or Sinking Fund Installments are to be made pursuant to the Loan Agreement, multiplied by the number of dates on which such payments are to be made that have occurred on or prior to such date of determination.

Debt Service Reserve Fund means each such fund so designated and established by the Applicable Series Resolution pursuant to the Resolution.

Debt Service Reserve Fund Requirement means as of any particular date of computation, which date of computation shall be subsequent to July 1 of each calendar year, with respect to Bonds of a Series, an amount equal to the lesser of (i) the greatest amount required in the then current or any future calendar year to pay the sum of interest on Outstanding Bonds of such Series payable during such calendar year, and the principal and Sinking Fund Installments of such Outstanding Bonds payable on July 1 of such calendar year, excluding interest accruing on the Bonds of a Series from the dated date of any such Bonds to the January 1 or July 1 immediately preceding the first interest payment date, and (ii) an amount equal to ten percent (10%) of the net proceeds of the sale of Bonds of such Series, unless otherwise provided in the Applicable Series Resolution or the Applicable Bond Series Certificate. In connection with the Bonds, the Resolution has established the Debt Service Reserve Fund Requirement at zero.

Delivery Office shall mean such address as may be specified, from time to time, by the Tender Agent for receiving the Series 1996 Bonds and the notices set forth in the Series Resolution.

Eligible Funds shall mean (i) moneys drawn under the Liquidity Facility and the Credit Facility; (ii) all other amounts on deposit in the Debt Service Fund prior to the expiration of the Liquidity Facility and the Credit Facility as to which the Trustee has received an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment to the Bondholders of such moneys would not constitute a transfer which may be

avoided under any provision of the United States Bankruptcy Code or any similar law in the event of an Act of Bankruptcy, in form acceptable to any Rating Agency then rating the Bonds; (iii) after the expiration of any Liquidity Facility or Credit Facility, if the Bonds still being Outstanding, all amounts on deposit in any Fund or Account under the Resolution from whatever source; and (iv) investment earnings on the foregoing.

Excess Earnings means, with respect to such Series of Bonds, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

Exempt Obligation means an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category, by Moody’s and S&P (provided both are then rating the Applicable Series of Bonds), or, if such obligation is not rated by Moody’s and S&P, in the highest rating category by Moody’s or S&P (provided either one of such agencies is then rating the Applicable Series of Bonds), or, if such obligation is rated by neither Moody’s nor S&P, has been assigned a comparable rating by another nationally recognized rating service acceptable to the Authority and the Applicable Credit Facility Issuer.

Facility Provider means the issuer of any surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund as provided in the Resolution.

Favorable Opinion of Bond Counsel shall mean an opinion of Bond Counsel, addressed to the Authority, the Institution, the Credit Facility Issuer, the Liquidity Bank and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by the Resolution and the Act and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103 of the Code, in form and substance acceptable to the Authority, the Institution, the Credit Facility Issuer, the Liquidity Bank and the Trustee.

First Supplemental Resolution means, with respect to the Series 1996 Bonds, the First Supplemental Resolution adopted by the Authority on June 22, 2011, entitled: “First Supplemental Resolution to the Series Resolution Authorizing Up to \$14,600,000 Revenue Bonds, Series 1996 Adopted May 29, 1996.”

Fixed Interest Rate Period shall mean a Long-Term Interest Rate Period during which the Fixed Interest Rate is in effect.

Fixed Rate or Fixed Interest Rate shall mean a Long Term Interest Rate on the Bonds, fixed to maturity.

Government Obligation means a direct obligation of the United States of America, an obligation the timely payment of principal of, and interest on, which are fully and unconditionally guaranteed by the United States of America, an obligation (other than an obligation subject to variation in principal prepayment) to which the full faith and credit of the United States of America are pledged, an obligation of any of the following instrumentalities or agencies of the United States of America: (a) Federal Home Loan Bank System; (b) Export-Import Bank of the United States; (c) Federal Financing Bank; (d) Government National Mortgage Association; (e) Farmers Home Administration; (f) Federal Home Loan Mortgage Corporation; (g) Federal Housing Administration; (h) Private Export Funding Corp.; (i) Federal National Mortgage Association; and (j) upon the approval of the Authority, an obligation of any federal agency approved by the Authority and the Applicable Credit Facility Issuer, and a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America.

Governmental Requirements means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to the Project or the Mortgaged Property, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having or asserting jurisdiction over a Project or any Mortgaged Property or any part of either.

Gross Proceeds means, with respect to an Applicable Series of Bonds unless inconsistent with the provisions of the Code, (i) amounts received by the Authority from the sale of such Series of Bonds (other than amounts used to pay underwriters' fees and other expenses of issuing such Series of Bonds), (ii) amounts treated as transferred proceeds of such Series of Bonds in accordance with the Code, (iii) amounts treated as proceeds under the provisions of the Code relating to invested sinking funds, including any necessary allocation between two or more Series of Bonds in the manner required by the Code, (iv) amounts in the Debt Service Reserve Fund (other than amounts deposited therein from the source described in (i) hereof), (v) securities or obligations pledged by the Authority or the Institution as security for payment of debt service on such Bonds, (vi) amounts received with respect to obligations acquired with Gross Proceeds, (vii) amounts used to pay debt service on such Series of Bonds, and (viii) amounts received as a result of the investment of Gross Proceeds at a yield equal to or less than the yield on such Series of Bonds as such yield is determined in accordance with the Code.

Initial Credit Facility shall mean that certain irrevocable letter of credit dated the date of initial authentication and delivery of the Bonds and issued by the Initial Credit Facility Issuer, in favor of the Trustee, in an aggregate amount equal to the principal amount of the Series 1996 Bonds, plus during any period in which the Bonds are (i) in the Daily Interest Rate Period or the Weekly Interest Rate Period, forty-five days interest thereon or (ii) in any other Interest Rate Period other than the Daily Interest Rate Period or the Weekly Interest Rate Period, two hundred ten days interest thereon, in either case at an assumed interest rate of fifteen percent (15%) per annum.

Initial Credit Facility Issuer shall mean Barclays Bank, P.L.C., as issuer of the Initial Credit Facility.

Institution means Oxford University Press, Inc. a Delaware not-for-profit corporation and an organization described in Section 501(c)(3) of the Code.

Insurance Trustee means, with respect to an Applicable Series of Bonds for which a municipal insurance policy is held by the Trustee, the person, if any, designated in the municipal bond insurance policy issued by the Applicable Credit Facility Issuer in connection with an Applicable Series of Bonds with whom funds are to be deposited by such Credit Facility Issuer to make payment pursuant to such policy on account of the principal and Sinking Fund Installments of and interest on the Bonds of such Series.

Interest Accrual Date shall mean (i) with respect to each Daily Interest Rate Period or Weekly Interest Rate Period, the first day of each calendar month or such later date in such calendar month on which a particular Bond or Bonds became subject to a Daily Interest Rate Period or a Weekly Interest Rate Period and (ii) with respect to any other Interest Rate Period, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date.

Interest Payment Date shall mean (i) with respect to any Daily Interest Rate Period, the first Business Day of each calendar month commencing with the second calendar month in such Daily Interest Rate Period and the Business Day next succeeding the last day of such Daily Interest Rate Period; (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month commencing with the second calendar month in such Weekly Interest Rate Period and the Business Day next succeeding the last day of such Weekly Interest Rate Period; (iii) with respect to each Short-Term Interest Rate Period, the next succeeding Business Day after the end of each Short-Term; and (iv) with respect to any Long-Term Interest Rate Period, except as otherwise provided in the Resolution, July 1 and January 1 of each year, and the day next succeeding the last day of such Long-Term Interest Rate Period.

Interest Rate Period shall mean the Weekly Interest Rate Period, Short-Term Interest Rate Period, Long-Term Interest Rate Period or Fixed Interest Rate Period.

Investment Agreement means an agreement for the investment of moneys with a Qualified Financial Institution.

Liquidity Bank shall mean the issuer of a Liquidity Facility, in its capacity as provider of a Liquidity Facility, and its successors in such capacity and their assigns. If at any time there shall be more than one bank or other financial institution providing or issuing, either on a joint or several basis, a Liquidity Facility, then the term "Liquidity Bank" shall refer to the lead bank or financial institution or other agent appointed by such banks or

financial institutions as their representative under such Liquidity Facility. The initial Liquidity Bank is Barclays Bank PLC

Liquidity Facility shall mean a letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line or lines of credit or other similar agreement or agreements or any other agreement or agreements used to provide liquidity support for all or any portion of the Bonds which are subject to mandatory tender for purchase or purchase upon demand of the Holder in accordance with the terms of this Series Resolution. The term Liquidity Facility shall also mean any Alternate Liquidity Facility. The term Liquidity Facility shall include a Credit Facility only to the extent that such Credit Facility includes as part of its terms an agreement to provide liquidity support for any Bonds as set forth in the first sentence of this definition. The initial Liquidity Facility is the Initial Credit Facility.

Loan Agreement means the Loan Agreement or other agreement, by and between the Authority and the Institution in connection with the issuance of an Applicable Series of Bonds, as the same may from time to time be amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement.

Long-Term Interest Rate shall mean, with respect to any Bond, a term, non-variable interest rate established in accordance with the Series Resolution for a period in excess of 180 days, including a Fixed Interest Rate.

Long-Term Interest Rate Period shall mean, with respect to any Bond, each period during which a particular Long-Term Interest Rate is in effect for such Bond.

Maximum Interest Rate shall mean, with respect to the Bonds, the maximum rate of interest as set forth in the Series Resolution shall be the lesser of (i) fifteen percent (15%), or (ii) the maximum rate of interest permitted by law.

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

Mortgage means a mortgage granted by the Institution to the Authority in connection with the execution and delivery of a Loan Agreement, in form and substance satisfactory to the Authority, on the Mortgaged Property mortgaged in connection therewith, as security for the performance of the Institution's obligations under such Loan Agreement, as such Mortgage may be amended or modified as provided in such Loan Agreement.

Mortgaged Property means the property right described in an Applicable Mortgage and the buildings and improvements thereon or hereafter erected thereon and the fixtures, furnishings and equipment owned by the Institution and now or hereafter located therein or thereon.

Outstanding, when used in reference to Bonds of an Applicable Series means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under the Applicable Series Resolution except: (i) any such Bond canceled by the Trustee at or before such date, (ii) any such Bond deemed to have been paid in accordance with the Resolution; and (iii) any such Bond in lieu of or in substitution for which another such Bond shall have been authenticated and delivered pursuant to the Resolution.

Paying Agent means, with respect to an Applicable Series of Bonds, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of an Applicable Series Resolution, an Applicable Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of such Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Permitted Encumbrances means (i) the Loan Agreement, (ii) the Resolution, (iii) the Mortgage, (iv) any instrument recorded pursuant to the Loan Agreement, (v) any other encumbrances or matters approved in writing by the Authority and the Credit Facility Issuer, (vi) the Prior Pledges and (vii) those matters referred to in any title insurance policy described in the Loan Agreement and accepted by the Authority and the Credit Facility Issuer.

Person shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

Pledged Revenues means (a) all of the Institution's rights to receive payment, whether now existing or hereafter arising, as a result of or in connection with (i) the sales of its products and services as a publisher of books and journals and (ii) the entitlement to royalties related to its publishing rights to books and journals and from the sale of publishing rights to books and journals, and (b) any and all proceeds of the rights described in clause (a) of this paragraph.

Principal Office, when used with respect to the Trustee, shall mean the principal corporate trust office of the Manufacturers and Traders Trust Company and, when used with respect to the Bond Registrar, the Remarketing Agent and the Tender Agent, shall mean the respective offices thereof designated in writing to the Trustee unless, in the case of the Bond Registrar, the Trustee is performing such functions, in which case it shall mean the Principal Office of the Trustee.

Prior Pledges means the liens, security interests and pledges set forth in the Loan Agreement.

Project means a "dormitory" as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of an Applicable Series of Bonds, as more particularly described and designated in an Applicable Series Resolution.

Qualified Financial Institution means (i) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Banking Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an Investment Agreement is entered into by the Authority are rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "AA," however, with respect to an insurance company or association chartered or organized under the laws of any state of the United States, "AAA" or better by Moody's and S&P (provided both such agencies have outstanding a rating with respect to the Applicable Series of Bonds), or, if such obligations are not rated by both Moody's and S&P, by Moody's or S&P (provided one such agency shall have outstanding a rating with respect to the Applicable Series of Bonds) or, if such obligations are rated by neither Moody's nor S&P, have been assigned a comparable rating by another nationally recognized rating service acceptable to the Authority and the Applicable Credit Facility Issuer, but in no event shall such obligations be rated lower than the lowest rating assigned by Moody's or S&P to the Applicable Series of Bonds (provided such agency is then rating such Applicable Series) or (ii) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority and the Applicable Credit Facility Issuer.

Record Date means, unless the Applicable Series Resolution authorizing an Applicable Series of Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Redemption Price, when used with respect to a Bond of an Applicable Series, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution or to the Applicable Series Resolution or Applicable Bond Series Certificate.

Refunding Bonds means all Bonds, whether issued in one or more Applicable Series of Bonds, authenticated and delivered pursuant to the Resolution, an original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of such Bonds.

Reimbursement Agreement shall mean, with respect to the Bonds during the term of the Credit Facility, the Reimbursement and Security Agreement, dated as of by and between the Institution and the Credit Facility Issuer, and thereafter, with respect to the Bonds during the term of any Alternate Liquidity Facility or Alternate Credit Facility, a similar agreement between the Institution and the issuer of such Alternate Liquidity Facility or Alternate Credit Facility.

Remarketing Agent shall mean Barclays Capital Inc. or such other remarketing agent as may be appointed from time to time having the qualifications set forth in the Series Resolution.

Remarketing Agreement shall mean the Remarketing Agreement dated as of between the Authority and the Remarketing Agent pursuant to which the Remarketing Agent, with the consent of the Authority, has been appointed by the Institution as the exclusive agent for the remarketing of the Bonds delivered by Holders of the Bonds for purchase (or deemed purchased pursuant to the Series Resolution), and such other agreement appointing a Remarketing Agent as may be appointed from time to time having the qualifications set forth in the Series Resolution.

Reserve Fund Facility means a surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution.

Resolution means the Oxford University Press, Inc. Revenue Bond Resolution, as the same may from time to time be amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution.

Revenues means with respect to a particular Series of Bonds, all payments received or receivable by the Authority which pursuant to the Loan Agreement are to be paid to the Trustee (except payments to such Trustee for the administrative costs and expenses or fees of such Trustee and payments to such Trustee for deposit to the Applicable Arbitrage Rebate Fund) securing such 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 New York, or its successors and assigns.

Securities means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) any bond, debenture, note, or, with the consent of the Applicable Credit Facility Issuer, preferred stock or other similar obligation of any corporation incorporated in the United States, which security, at the time an investment therein is made or such security is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's or "AA" or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to the Authority and the Applicable Credit Facility Issuer and (v) with the consent of the Applicable Credit Facility Issuer, common stock of any corporation incorporated in the United States which, at the time an investment therein is made or such stock is deposited in any fund or account under the Resolution, is rated "A-" or better by S&P or Moody's or whose senior debt, if any, is rated without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better 1, by Moody's or "AA" or better by S&P or is rated with a comparable rating by any other nationally recognized rating service acceptable to the Authority and the Applicable Credit Facility Issuer.

Serial Bonds means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate.

Series means all of the Bonds authenticated and delivered on original issuance and pursuant thereto and the Applicable Series Resolution, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series 1993 Bonds means the Authority's Oxford University Press, Inc. Revenue Bonds, Series 1993 issued on December 21, 1993.

Series 1996 Bonds means the Series 1996 Bonds designated as “Dormitory Authority of the State of New York Oxford University Press, Inc. Revenue Bonds, Series 1996”, authorized to be issued pursuant to the Resolution and the Series Resolution in an amount not exceeding \$14,600,000, and dated their date of issue.

Series 1993 Resolution means, with respect to the Series 1993 Bonds, the Series 1993 Resolution, adopted by the Authority on November 10, 1993 entitled: “Series Resolution Authority up to \$30,000,000 Oxford University Press, Inc. Revenue Bonds, Series 1993.”

Series 1996 Resolution means, with respect to the Series 1996 Bonds, the Series 1996 Resolution, adopted by the Authority on May 29, 1996, entitled: “Series Resolution Authorizing up to \$14,600,000 Oxford University Press, Inc. Revenue Bonds, Series 1996.”

Series Resolution means a resolution of the members of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution.

Short-Term shall mean, with respect to each Bond, each period established in accordance with the Series Resolution during which such Bond shall bear interest at a Short-Term Interest Rate.

Short-Term Interest Rate shall mean, with respect to each Bond, a term, non-variable interest rate on such Series 1996 Bond established periodically in accordance with the Series Resolution.

Short-Term Interest Rate Period shall mean each period, comprised of Short-Terms, during which Short-Term Interest Rates are in effect.

Sinking Fund Installment means, with respect to any Series of Bonds, as of any date of calculation and with respect to any Bonds of such Series, so long as any such Bonds thereof are Outstanding, the amount of money required by the Applicable Series Resolution pursuant to which such Bonds were issued or by the Applicable Bond Series Certificate, to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of such Bond, and said future July 1 is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

State means the State of New York.

Supplemental Resolution means any resolution of the members of the Authority amending or supplementing this Resolution, any Applicable Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of the Resolution.

Supplemental Resolution No. 1 means, with respect to the Series 1993 Bonds, the Supplemental Resolution No. 1, adopted by the Authority on May 29, 1996, entitled: “Dormitory Authority of the State of New York Supplemental Resolution No. 1 to Oxford University Press, Inc. Series 1993 Resolution.”

Supplemental Resolution No. 2 means, with respect to the Series 1993 Bonds, the Supplemental Resolution No. 2, adopted by the Authority on June 22, 2011, entitled: “Dormitory Authority of the State of New York Supplemental Resolution No. 2 to Oxford University Press, Inc. Series 1993 Resolution.”

Tender Agent shall mean such tender agent as may be appointed by the Authority from time to time and having the qualifications set forth in the Series Resolution.

Term Bonds means with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments.

Trustee means a bank or trust company appointed as Trustee for an Applicable Series of Bonds pursuant to the Applicable Series Resolution or the Bond Series Certificate delivered under the Resolution and having the duties, responsibilities and rights provided for in the Resolution with respect to such Series, and its successors or successors and any other bank or trust company which may at any time be substituted in its place pursuant thereto.

Weekly Interest Rate shall mean a variable interest rate established weekly in accordance with the Series Resolution.

Weekly Interest Rate Period shall mean, with respect to any Bond, each period during which a Weekly Interest Rate is in effect for such Bond.

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FINANCIAL STATEMENTS OF OXFORD UNIVERSITY PRESS, INC.

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Oxford University Press, Inc.

Financial Statements and Supplemental Schedules as
of and for the Years Ended March 31, 2011 and 2010.

OXFORD UNIVERSITY PRESS, INC.

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OXFORD UNIVERSITY PRESS, INC.

STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 43,660,399	\$ 41,335,862
Accounts receivable — net of allowance for doubtful accounts of \$703,370 and \$966,019 in 2011 and 2010, respectively	33,533,185	31,974,370
Accounts receivable from affiliates — net	730,016	808,685
Accrued interest receivable	3,411	7,986
Inventories	26,878,945	24,681,152
Prepaid expenses and other current assets	<u>2,568,504</u>	<u>2,602,297</u>
Total current assets	107,374,460	101,410,352
FIXED ASSETS — Net	40,282,053	42,836,885
INVESTMENTS — At cost, which approximates market value (principally restricted)	2,887,350	2,001,163
ADVANCES AND LOANS TO AUTHORS — Net	7,872,865	7,285,187
INTANGIBLE ASSETS — Net of accumulated amortization of \$34,383,481 and \$28,304,429 in 2011 and 2010, respectively	<u>16,602,299</u>	<u>24,398,558</u>
TOTAL	<u>\$ 175,019,027</u>	<u>\$ 177,932,145</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 15,519,834	\$ 13,959,596
Royalties payable	6,523,101	6,080,241
Payables to affiliates — net	4,150,434	4,353,130
Deferred revenue — current portion	9,327,242	7,433,428
Accrued postretirement benefits — current portion	294,083	279,595
Allowance for estimated loss on future returns	7,825,060	6,859,523
Bonds payable	<u>34,175,000</u>	<u>34,455,000</u>
Total current liabilities	77,814,754	73,420,513
DEFERRED REVENUE	757,093	-
ACCRUED POSTRETIREMENT BENEFITS	<u>3,242,332</u>	<u>4,318,821</u>
Total liabilities	<u>81,814,179</u>	<u>77,739,334</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS:		
Unrestricted:		
Unrestricted — undesignated	93,438,810	101,315,963
Net asset charge — postretirement plan	<u>(497,308)</u>	<u>(1,588,243)</u>
Total unrestricted	92,941,502	99,727,720
Temporarily restricted	<u>263,346</u>	<u>465,091</u>
Total net assets	<u>93,204,848</u>	<u>100,192,811</u>
TOTAL	<u>\$ 175,019,027</u>	<u>\$ 177,932,145</u>

See notes to financial statements.

OXFORD UNIVERSITY PRESS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2011

	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS — Revenues:			
Net sales — including \$12,394,573 of sales to affiliates	\$ 151,727,339	\$ -	\$ 151,727,339
Royalties	4,028,411		4,028,411
Contributions		179,600	179,600
Net assets released from restrictions	<u>381,345</u>	<u>(381,345)</u>	<u>-</u>
Total revenues	156,137,095	(201,745)	155,935,350
COST OF SALES	<u>72,994,592</u>		<u>72,994,592</u>
GROSS MARGIN	<u>83,142,503</u>	<u>(201,745)</u>	<u>82,940,758</u>
OPERATING EXPENSES:			
Editorial	15,328,996		15,328,996
Online product development	1,180,925		1,180,925
Manufacturing	7,441,008		7,441,008
Marketing	14,316,814		14,316,814
Commissions	1,804,717		1,804,717
Advertising	5,564,354		5,564,354
Marketing gratis	2,215,044		2,215,044
Distribution	7,737,897		7,737,897
Data processing	7,023,263		7,023,263
Financial	2,758,512		2,758,512
General and administrative (including office and facility costs)	<u>9,179,819</u>		<u>9,179,819</u>
Total operating expenses	<u>74,551,349</u>	<u>-</u>	<u>74,551,349</u>
OPERATING MARGIN	8,591,154	(201,745)	8,389,409
OTHER INCOME — Net (Note 9)	3,448,387		3,448,387
INTEREST INCOME	171,618		171,618
INTEREST EXPENSE	<u>(88,312)</u>		<u>(88,312)</u>
INCREASE (DECREASE) IN NET ASSETS	12,122,847	(201,745)	11,921,102
CHANGE IN PENSION OBLIGATION NOT YET RECLASSIFIED AS COMPONENTS OF NET PERIODIC BENEFIT COST	1,090,935		1,090,935
CONTRIBUTIONS TO THE DELEGATES OF OXFORD UNIVERSITY PRESS	(20,000,000)		(20,000,000)
NET ASSETS — Beginning of year	<u>99,727,720</u>	<u>465,091</u>	<u>100,192,811</u>
NET ASSETS — End of year	<u>\$ 92,941,502</u>	<u>\$ 263,346</u>	<u>\$ 93,204,848</u>

See notes to financial statements.

OXFORD UNIVERSITY PRESS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2010

	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS — Revenues:			
Net sales — including \$12,773,618 of sales to affiliates	\$ 147,304,438	\$ -	\$ 147,304,438
Royalties	3,431,101		3,431,101
Contributions		204,699	204,699
Net assets released from restrictions	142,494	(142,494)	-
Total revenues	150,878,033	62,205	150,940,238
COST OF SALES	73,064,013		73,064,013
GROSS MARGIN	77,814,020	62,205	77,876,225
OPERATING EXPENSES:			
Editorial	14,151,172		14,151,172
Online product development	1,626,190		1,626,190
Manufacturing	7,152,045		7,152,045
Marketing	11,928,381		11,928,381
Commissions	1,168,544		1,168,544
Advertising	4,950,802		4,950,802
Marketing gratis	2,005,682		2,005,682
Distribution	7,930,297		7,930,297
Data processing	6,165,109		6,165,109
Financial	2,579,435		2,579,435
General and administrative (including office and facility costs)	10,123,313		10,123,313
Total operating expenses	69,780,970	-	69,780,970
OPERATING MARGIN	8,033,050	62,205	8,095,255
OTHER INCOME — Net (Note 9)	991,381		991,381
INTEREST INCOME	201,014		201,014
INTEREST EXPENSE	(91,722)		(91,722)
INCREASE IN NET ASSETS	9,133,723	62,205	9,195,928
CHANGE IN PENSION OBLIGATION NOT YET RECLASSIFIED AS COMPONENTS OF NET PERIODIC BENEFIT COST	(353,547)		(353,547)
CONTRIBUTIONS TO THE DELEGATES OF OXFORD UNIVERSITY PRESS	(7,123,335)		(7,123,335)
NET ASSETS — Beginning of year	98,070,879	402,886	98,473,765
NET ASSETS — End of year	<u>\$ 99,727,720</u>	<u>\$ 465,091</u>	<u>\$ 100,192,811</u>

See notes to financial statements.

OXFORD UNIVERSITY PRESS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 11,921,102	\$ 9,195,928
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,537,444	16,577,327
Provision for bad debts and future sales returns	1,134,569	(1,437,539)
Gain on sale of assets	(239,155)	
Impairment and loss on contractual commitments		2,212,689
Changes in assets and liabilities:		
Accounts receivable	(1,407,847)	(1,459,629)
Accounts receivable from affiliates	78,669	176,757
Accrued interest receivable	4,575	(1,752)
Inventories	(9,288,368)	(976,308)
Prepaid expenses and other assets	3,022,023	(1,536,672)
Advances and loans to authors	(612,231)	(744,822)
Accounts payable, accrued expenses, and deferred revenue	3,929,240	3,329,576
Royalties payable	442,860	711,706
Payable to affiliates	(202,696)	(235,145)
Accrued postretirement benefits	28,934	26,776
Net cash provided by operating activities	<u>25,349,119</u>	<u>25,838,892</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits to investments	(1,180,000)	
Withdrawals of investments	293,813	24,501
Purchase of fixed assets	(914,895)	(19,340,711)
Acquisitions of titles	(943,500)	(234,054)
Net cash used in investing activities	<u>(2,744,582)</u>	<u>(19,550,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to Delegates of Oxford University Press	(20,000,000)	(7,123,335)
Payments of principal balance of bonds	(280,000)	(1,075,000)
Net cash used in financing activities	<u>(20,280,000)</u>	<u>(8,198,335)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,324,537	(1,909,707)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>41,335,862</u>	<u>43,245,569</u>
End of year	<u>\$ 43,660,399</u>	<u>\$ 41,335,862</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid for interest		
	<u>\$ 88,312</u>	<u>\$ 91,722</u>

See notes to financial statements.

OXFORD UNIVERSITY PRESS, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations — Oxford University Press, Inc. (“Press” or “OUP, Inc.”) is a not-for-profit corporation affiliated with Oxford University Press in England (OUP UK), which is organized as a department of Oxford University in England. Press publishes works that further Oxford University’s objectives of excellence in research, scholarship, and education. The activities of the University are educational. The Press maintains an active scholarly publishing program, producing approximately 325 scholarly research monographs each year and distributing close to 800 such works from our U.S. office and other offices of Oxford University’s Oxford University Press (UK).

Basis of Presentation — The financial statements have been prepared in accordance with the principles contained in the Audit and Accounting Guide, *Not-for-Profit Organizations*, published by the American Institute of Certified Public Accountants.

Reclassifications — The 2010 statement of financial position has been reclassified to conform with the 2011 classification of deferred revenue, which was previously included in accounts payable and accrued expenses.

The 2010 statement of activities has been reclassified to conform with the 2011 classification of general and administrative (including office and facility) expenses, which were previously reported separately.

Use of Estimates in the Preparation of Financial Statements — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, the sales returns allowance, the inventory reserve, the allowance for advances and for loans to authors, intangible asset amortization periods, and the postretirement benefit liability.

Cash and Cash Equivalents — For purposes of the financial statements, cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

Investments — Investments consist of U.S. Treasury notes stated at cost, which approximates market value. These investments have stated maturities of less than one year. The investments are pledged as collateral on the bonds payable (see Note 5).

Inventories — Inventories, which include paper stock costs; printing and binding costs; and, for first printings, plant costs (printers’ plates, dies, engravings, artwork, and certain costs associated with online products), are carried at the lower of average cost or market. Plant costs associated with the printing of physical books are inventoried and are amortized over the 12-month period following initial publication. Plant costs associated with online products are amortized over a 36-month period.

Intangible Assets — Intangible assets consist of publishing rights and intellectual property related to both print and online titles of various acquisitions. These costs are amortized using the straight-line method over 5, 7, and 15 years based on management’s estimate of the income-producing period of the titles.

Intangible asset amortization expense was \$6,079,052 and \$5,960,596 for the years ended March 31, 2011 and 2010, respectively.

Estimated future amortization expense associated with intangible assets as of March 31, 2011, is as follows:

Years Ending March 31	
2012	\$ 4,906,804
2013	2,037,720
2014	2,037,720
2015	2,037,720
2016	1,904,966
Thereafter	<u>3,677,369</u>
 Total	 <u>\$16,602,299</u>

Press adopted new accounting guidance related to intangible assets in fiscal year 2011. See further discussion within the “Recently Adopted Accounting Standards” section within this footnote.

Fixed Assets — Fixed assets are stated at cost. Depreciation or amortization is computed on the straight-line method over the estimated useful life of the related assets or, with respect to leasehold improvements, over the term of the lease, if shorter.

Estimated useful lives for fixed assets are as follows:

Warehouse equipment	5–10 years
Computer hardware	3–5 years
Computer software	3–5 years
Furniture and fixtures	5–10 years
Building improvements	15 years
Office buildings	50 years

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition, the asset and related accumulated depreciation or amortization accounts are relieved and any related gain or loss is charged to other income or expense.

Asset Impairment — On an annual basis, Press reviews its intangible assets and fixed assets to verify the appropriateness of the remaining useful lives. These long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The recoverability of the carrying value of an asset group is assessed by management whenever events or changes in circumstances indicate that an impairment of the asset group’s carrying value may have occurred. When indicators of impairment are present, management

evaluates the carrying value of the asset group in relation to the operating performance and future undiscounted cash flows of the underlying assets. The net book value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted future cash flows is less than book value.

No impairment indicators were identified during the year ended March 31, 2011. During fiscal year 2010, Press recognized a loss of \$2,210,427 to write off capital software in process and accrue for related contract costs for software that was being developed and deemed no longer usable. Such losses were recognized as a component of other income in the accompanying statement of activities.

Advances and Loans to Authors and Royalties Payable — Press makes advances of royalties to authors currently working on manuscripts. Royalties on publications are charged to expense in the period during which sales are recorded and are applied as a reduction of advances made to respective authors or accrued as a liability to such authors. Press follows the policy of reducing authors' advances to realizable value when it appears that subsequent sales will not liquidate the balance of the advance or when delivery of the manuscript is uncertain. Accordingly, a reserve for uncollectible author advances in the amounts of \$10,635,159 and \$9,963,152 has been recorded as of March 31, 2011 and 2010, respectively.

The amount of royalties advanced to an author is specified by the terms of the author's contract. Generally, half of the agreed-upon amount is advanced upon signing the contract and the remaining half is advanced upon delivery of the manuscript.

Postretirement Benefits — Press accrues the projected future cost of providing postretirement benefits during the period that employees render the services necessary to be eligible for such benefits.

Revenue Recognition and Returns — Press records sales when shipments are made and provides an allowance for estimated loss on future sales returns. Press generally accepts the return of books from its customers during the period the book is in active publication.

Press has evaluated sales of certain electronic content and the related ongoing maintenance agreements under accounting standards governing multiple-element arrangements and has determined that there is no objective and reliable evidence of the fair value for the sale of the electronic content. However, the fair value of the ongoing maintenance is determinable. Therefore, Press recognizes revenue for the sale of the content after the content has been provided to its customers. Revenue associated with the maintenance agreements is recognized on a straight-line basis over the life of the agreement.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be for unrestricted purposes, unless specifically restricted by the donor.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Such amounts totaled \$381,345 and \$142,494 for the years ended March 31, 2011 and 2010, respectively.

Shipping and Handling Costs — Freight charges billed to customers are included in net sales and freight expense incurred with shipping products to customers is included as a component of distribution operating expense in the accompanying statements of activities. Freight revenue included in net sales was \$3,271,172 and \$3,223,321 for the years ended March 31, 2011 and 2010, respectively.

Advertising Expense — The cost of advertising is expensed as incurred rather than when the advertisement is run. Advertising costs are recorded as a component of operating expenses in the statements of activities.

Net Assets — Net assets of OUP, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets — Unrestricted net assets consist of net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets — Temporarily restricted net assets consist of grants and contributions restricted for use in specific endeavors of OUP, Inc. or restricted due to time.

Permanently Restricted Net Assets — Permanently restricted net assets consist of net assets subject to donor-imposed stipulations that they be maintained permanently by OUP, Inc. OUP, Inc. had no permanently restricted net assets as of March 31, 2011 and 2010.

Concentration of Credit Risk — Financial instruments, which potentially subject Press to concentration of credit risks, consist principally of cash and cash equivalents, investments, and accounts receivable. Press sells its books to individuals, book retailers, wholesalers, colleges and universities, and other Press affiliates with a concentration in the domestic U.S. market. Press provides allowances for doubtful accounts equal to the estimated losses that are expected to be incurred in collection or recovery of these receivables. These allowances are based on the evaluation by management of various factors influencing the recoverability of the receivables and are intended to maintain the allowance at a level adequate to absorb losses related to receivables currently outstanding. Press maintains cash, the balance of which may exceed the federally insured limits, in federally insured depository institutions.

During the year ended March 31, 2011, there were three customers that exceeded 5% of net sales. Information related to these customers is as follows:

	Customer A	Customer B	Customer C
Percentage of net sales	18.5%	11.8%	7.7%
Percentage of trade accounts receivable at March 31, 2011	19.4%	21.3%	12.2%

During the year ended March 31, 2010, there were three customers that exceeded 5% of net sales. Information related to these customers is as follows:

	Customer A	Customer B	Customer C
Percentage of net sales	14.7 %	11.1 %	12.4 %
Percentage of trade accounts receivable at March 31, 2010	16.7	15.7	21.9

Income Taxes — Press is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

Taxes Collected from Customers — In certain tax jurisdictions, Press is required to collect sales tax on certain sales. The amounts collected are excluded from the statements of activities.

Recently Adopted Accounting Standards — In April 2009, Financial Accounting Standards Board (FASB) issued guidance that affected the accounting for goodwill and intangibles of not-for-profit entities. This guidance was adopted in the fiscal year 2011. Press evaluated all previously recognized intangible assets existing at April 1, 2011, and determined that all such assets are finite-lived intangible assets associated with literary titles acquired. The remaining lives of all such assets were reassessed and were found to be appropriate under the new guidance. The adoption of this guidance had no impact on Press' financial position or results of operations.

In October 2009, FASB issued guidance that affected the accounting for multiple-deliverable revenue arrangements. This guidance requires that arrangement considerations be allocated at the inception of the arrangement to all deliverables using the relative selling price method and provides for expanded disclosures related to such arrangements. It is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Press is currently evaluating the impact of adoption on its financial position and results of operations.

2. ACQUISITIONS AND DISPOSITIONS

Acquisitions — From time to time, Press purchases the rights associated with literary titles complimentary to its core products in order to better fulfill its customers' needs.

During fiscal year 2011, Press completed two acquisitions. Press acquired titles related to engineering textbooks from Great Lakes Press, Inc. for \$493,500 and an art dictionary from Éditions First Gründ, a French corporation, for \$450,000. A total of \$848,793 was assigned to intangible assets associated with these purchases. The weighted-average amortization period for intangible assets acquired in fiscal year 2011 is five years.

During fiscal year 2010, Press completed an acquisition of law titles from Greenwood Press for \$120,000.

The statement of activities includes the revenue and expenses associated with these titles since the date of their acquisition. The purchase price of each acquisition has been allocated to the underlying assets and liabilities acquired. The remaining purchase price was allocated to intangible assets related to the literary works and any associated contracts.

Dispositions — In order to focus more on its core products, Press sold certain assets of its law division to Thompson Reuters for \$3,200,000 of which \$320,000 was held in escrow and included in accounts receivable at March 31, 2011. A gain associated with this transaction totaled \$239,155 and is included in other income for the year ended March 31, 2011.

OUP, Inc. and OUP UK periodically review the titles held within their respective catalogues and transfer titles where it makes sense to do so. During 2011 and 2010, Press sold certain assets of its law and sheet music division to Chancellor, Masters, and Scholars of the University of Oxford for \$188,500 and \$1,264,516, respectively. No gain or loss was recognized related to the sale for the year ended March 31, 2011. During fiscal year 2010, a gain associated with the sale totaled \$581,843 and is included in other income.

3. INVENTORIES

Inventories as of March 31, 2011 and 2010, consist of the following:

	2011	2010
Raw materials	\$ 152,496	\$ 74,358
Publications in progress	38,716	30,328
Finished stock	23,555,992	21,571,157
Deferred plant cost	<u>6,864,631</u>	<u>6,921,187</u>
	30,611,835	28,597,030
Less reserves for obsolescence	<u>3,732,890</u>	<u>3,915,878</u>
Total	<u>\$26,878,945</u>	<u>\$24,681,152</u>

Amortization expense on plant costs for the years ended March 31, 2011 and 2010, totaled \$7,537,535 and \$6,586,400, respectively.

4. FIXED ASSETS

Fixed assets as of March 31, 2011 and 2010, consist of the following:

	2011	2010
Office buildings	\$35,413,341	\$35,413,341
Land	4,080,000	4,080,000
Warehouse equipment	6,630,959	6,613,694
Computer hardware	5,933,852	5,790,238
Computer software	13,292,279	14,639,218
Furniture and fixtures	5,071,510	4,947,221
Building improvements	15,619,840	15,459,277
Construction in progress	<u>423,496</u>	<u>346,514</u>
	86,465,277	87,289,503
Less accumulated depreciation and amortization	<u>46,183,224</u>	<u>44,452,618</u>
Total	<u>\$40,282,053</u>	<u>\$42,836,885</u>

Depreciation and amortization expense on fixed assets for the years ended March 31, 2011 and 2010, totaled \$2,920,857 and \$4,030,331, respectively.

5. NET ASSETS

Temporarily restricted net assets as of March 31, 2011 and 2010, are available for the following purpose:

	2011	2010
Publications	<u>\$ 263,346</u>	<u>\$ 465,091</u>

Net assets were released from donor restrictions during the years ended March 31, 2011 and 2010, by incurring expenses satisfying the following purpose restrictions specified by donors:

	2011	2010
Publications	<u>\$ 381,345</u>	<u>\$ 142,494</u>

6. BONDS PAYABLE

Bonds payable consist of Series 1993 Tax-Exempt Bonds ("Series 1993 bonds") issued on December 21, 1993, and Series 1996 Tax-Exempt Bonds ("Series 1996 bonds") issued on June 25, 1996. The bond resolutions provided for the sale of \$29,385,000 and \$13,610,000, respectively, of revenue bonds to be used for the acquisition, fit-out, and equipping of office condominium space at 198 Madison Avenue in New York City and related costs and certain expenses incurred in connection with the issuance of the bonds.

Press maintains a mandatory debt service fund pursuant to the bond agreement as well as a property and reserve fund for each issue, which were established by the bond resolutions and must be maintained at levels prescribed in the bond resolutions. The balance in the debt service fund for the Series 1993 bonds was \$632,364 and \$47,889 at March 31, 2011 and 2010, respectively. The balance in the debt service fund for the Series 1996 bonds was \$311,911 and \$16,853 at March 31, 2011 and 2010, respectively. The balance in the property and reserve fund for the Series 1993 bonds was \$1,334,563 and \$1,335,588 at March 31, 2011 and 2010, respectively. The balance in the property and reserve fund for the Series 1996 bonds was \$608,512 and \$600,833 at March 31, 2011 and 2010, respectively. These amounts are reflected in the statements of financial position as noncurrent investments.

Series 1993 Bonds — The bond resolution provides that bonds may be issued as fixed or variable rate bonds. The Series 1993 bonds, aggregating \$23,675,000 and \$23,855,000 at March 31, 2011 and 2010, respectively, currently bear interest at a variable rate (daily), and interest thereon is paid monthly. The rate at March 31, 2011 and 2010, was 0.21% and 0.20%, respectively. Interest expense incurred on the bonds during fiscal years 2011 and 2010 amounted to \$58,744 and \$56,810, respectively. The bonds are subject to optional and mandatory redemption in whole or in part, prior to maturity, at par, plus accrued interest. Mandatory sinking fund installments of principal are due annually from July 1, 1997 to July 1, 2022, with final maturity of the bonds on July 1, 2023. In conjunction with the issuance of these bonds, OUP, Inc. entered into various agreements, including an irrevocable letter of credit, with the Dormitory Authority of the State of New York (DASNY), the issuer; Manufacturers and Traders Company (the "Trustee"); and Landesbank Hessen — Thuringen Girozentrale (the bank who provided the letter of credit securing repayment of the bonds) (the "Bank"). These agreements provide for various obligations and covenants between OUP, Inc., DASNY, and the Bank. Press was in compliance with these covenants as of March 31, 2011.

Series 1996 Bonds — The bond resolution provides that bonds may be issued as fixed or variable rate bonds. The Series 1996 bonds, aggregating \$10,500,000 and \$10,600,000 at March 31, 2011 and 2010, respectively, currently bear interest at a variable rate (weekly), and interest thereon is paid monthly. The rate at March 31, 2011 and 2010, was 0.25% and 0.18%, respectively. Interest expense incurred on the bonds during fiscal years 2011 and 2010 amounted to \$29,568 and \$34,912, respectively. The bonds are subject to optional and mandatory redemption in whole or in part, prior to maturity, at par, plus accrued interest. Mandatory sinking fund installments of principal are due annually from July 1, 1998 to July 1, 2024, with final maturity of the bonds on July 1, 2025. In conjunction with the issuance of these bonds, OUP, Inc. entered into various agreements, including an irrevocable letter of credit, with DASNY, the Trustee, and the Bank. These agreements provide for various obligations and covenants between OUP, Inc., DASNY, and the Bank. Press was in compliance with these covenants as of March 31, 2011.

Irrevocable Letters of Credit — As discussed above, Press has entered into irrevocable letters of credit related to both the Series 1993 bonds and Series 1996 bonds. The letters of credit were entered into in connection with security agreements with the Bank. The security agreements for both series of bonds have similar terms and both expire on December 31, 2015.

Under the terms of the security agreements, in the event of a failed remarketing of the bonds and the bank is required to make a letter of credit payment to a tendering bondholder, Press is required to pay the Bank the aggregate amount of the tender advances on the earliest of (i) 90 days after the date of the tender advance, (ii) the date of remarketing of the related bonds, or (iii) the expiration date of the security agreement. Based on these letter of credit repayment terms and in accordance with accounting guidance regarding the classification of redeemable instruments that are subject to remarketing agreements, the related bonds payable amounts are included in current liabilities in the accompanying statements of financial position.

Sinking fund requirements and scheduled principal payments on both bond issuances for the five years subsequent to March 31, 2011, and thereafter are as follows:

Years Ending March 31	Sinking Fund Requirements	Principal Payments
2012	\$ 1,282,500	\$ 1,200,000
2013	1,388,750	1,310,000
2014	1,512,500	1,415,000
2015	1,717,500	1,545,000
2016	1,910,000	1,775,000
Thereafter	<u>25,463,750</u>	<u>26,930,000</u>
Total	<u>\$33,275,000</u>	<u>\$ 34,175,000</u>

Press has granted a mortgage and security interest in certain real property to DASNY.

Chancellor, Masters, and Scholars of the University of Oxford, an affiliated party, has entered into guaranty agreements, which guarantee the obligations of Press to the Bank.

7. PENSION PLAN AND THRIFT PLAN

Effective October 1, 1987, Press formed a defined contribution pension plan, which covers substantially all of Press' employees. The plan provides for Press to make annual contributions equal to 7% of eligible employees' regular salary, as defined in the plan document. Press contributions amounted to \$2,658,932 and \$2,372,132 for the years ended March 31, 2011 and 2010, respectively, and are included in operating expenses.

In addition, Press has a voluntary contributory thrift plan, which covers substantially all of Press' employees. Press contributes to this plan based upon eligible employees' contributions, which are subject to certain limitations. Contributions of \$321,145 and \$154,426 for the years ended March 31, 2011 and 2010, respectively, are expensed in the period that employee contributions are made.

8. POSTRETIREMENT BENEFITS

Press provides certain medical benefits for retirees and their spouses. Employees hired before April 1, 2007, who have reached the age of 65 and have met the minimum service requirements, become eligible for these benefits. It is Press' practice to fund these benefits as incurred.

Effective April 1, 2010, an amendment was made to the plan, which changed the eligibility from age 55 with 10 years of service to age 60 with 20 years of service. A premium cap was established which will limit Press' payments for benefits. Additionally, spouses of future retirees will not be eligible for health benefits. This amendment applies to a varying degree to active employees depending on their age and years of service, so that employees nearing retirement are not significantly affected by this amendment. This amendment resulted in a \$1.1 million reduction in the recorded liability as of March 31, 2011.

An adjustment to the existing unrecognized prior service cost base was measured as of April 1, 2009, to reflect the impact of the cap on employer contributions put in effect for grandfathered participants, as annual employer claim cost for these participants is capped at the 2008 claim cost level and the participants are assumed to pay 100% of the excess of the actual claims over the 2008 claims amount.

Information regarding Press' postretirement benefit plan as of and for the years ended March 31, 2011 and 2010, is as follows:

	2011	2010
Funded status and amounts recognized in the statements of financial position:		
Benefit obligation funded status	\$ (3,536,415)	\$ (4,598,416)
Less current liability	<u>294,083</u>	<u>279,595</u>
Noncurrent liability	<u>\$ (3,242,332)</u>	<u>\$ (4,318,821)</u>
Amounts recognized in unrestricted net assets not yet recognized as net periodic benefit cost consist of the following:		
Transition obligations	\$ 483,234	\$ 563,772
Cumulative unrecognized prior service cost	(829,866)	257,342
Cumulative unrecognized net losses	<u>843,940</u>	<u>767,129</u>
Total	<u>\$ 497,308</u>	<u>\$ 1,588,243</u>
Discount rate used to determine the benefit obligation as of March 31	5.18 %	5.76 %
Discount rate used to determine the net periodic benefit cost	5.76 %	7.20 %
Net periodic benefit cost	<u>\$ 310,021</u>	<u>\$ 282,378</u>
Benefits paid:		
Employer contributions	\$ 281,087	\$ 255,602
Plan participant contributions	<u>166,468</u>	<u>200,161</u>
Total benefits paid	<u>\$ 447,555</u>	<u>\$ 455,763</u>

	2011	2010
Amounts in unrestricted net assets that are expected to be recognized as net periodic benefit cost during the next year are as follows:		
Amortization of transition obligation	\$ 80,538	\$ 80,538
Prior service (credit) cost	(47,721)	21,609
Net loss	26,807	17,450
Changes in pension obligation not yet reclassified as components of net periodic benefit cost:		
Net loss	\$ 93,504	\$ 538,227
Prior service credit	(1,134,929)	(82,532)
Amortization of loss	(16,692)	
Amortization of transition obligation	(80,539)	(80,539)
Amortization of prior service credit (cost)	47,721	(21,609)
Total recognized in unrestricted net assets not yet reclassified as components of net periodic benefit cost:	<u>\$ (1,090,935)</u>	<u>\$ 353,547</u>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ (780,914)</u>	<u>\$ 887,381</u>

The benefits paid during the years ended March 31, 2011 and 2010, of \$281,087 and \$255,602, respectively, were paid by Press on behalf of the plan. Press anticipates making such payments of \$294,083 during the year ending March 31, 2012.

Postretirement benefit payments as of March 31, 2011, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending March 31	
2012	\$ 294,083
2013	308,724
2014	290,508
2015	290,188
2016	298,746
2017-2021	<u>1,182,372</u>
Total	<u>\$2,664,621</u>

The assumed health care cost trend at March 31, 2011, was 11%, declining gradually to a rate of 5% in 2017, for pre-65 medical costs. Dental costs were assumed to increase at 5% for all years. Increasing the assumed trend rate for health care costs by one percentage point would increase the total accumulated postretirement benefit obligation by \$156,890 and increase the service cost and interest cost components of expense by \$17,820. Decreasing the assumed trend rate for health care costs by one percentage point would decrease the total accumulated postretirement benefit obligation by \$136,186 and decrease the service cost and interest cost components of expense by \$14,807.

The assumed health care cost trend at March 31, 2010, was 10%, declining gradually to a rate of 5% in 2015, for pre-65 medical costs. Dental costs were assumed to increase at 5% for all years. Increasing the assumed trend rate for health care costs by one percentage point would increase the total accumulated postretirement benefit obligation by \$339,054 and increase the service cost and interest cost components of expense by \$51,172. Decreasing the assumed trend rate for health care costs by one percentage point would decrease the total accumulated postretirement benefit obligation by \$288,352 and decrease the service cost and interest cost components of expense by \$42,376.

9. RELATED-PARTY TRANSACTIONS

Press buys inventory from and sells products to OUP UK and its affiliated entities. Press also provides various services to OUP UK, and other affiliated parties, for which Press is reimbursed on a cost-plus or allocated basis.

For the years ended March 31, 2011 and 2010, net sales included sales to affiliates of \$12,394,573 and \$12,773,618, respectively. For the years ended March 31, 2011 and 2010, cost of sales included purchases of inventory from affiliates of \$20,242,365 and \$19,007,293, respectively. At March 31, 2011 and 2010, as a result of transactions with related parties, accounts receivable included affiliated party receivables of \$730,016 and \$808,685, respectively, and payables to affiliates of \$4,150,434 and \$4,353,130, respectively.

Press has entered into various agreements with OUP UK covering services relating to editorial, marketing, inventory storage, order fulfillment, office services, and other services for certain areas of OUP UK, including its English Language Teaching (ELT), Journals, and Academic departments. Agreements generally are cancelable by either party with a six-month notice. Press is paid 12% of the sales value for order fulfillment and inventory handling for ELT and reimbursed for providing certain services at cost, plus 10% for these three departments of OUP UK. For the year ended March 31, 2011, \$1,223,304 and \$1,507,229 was included in other income related to 12% commission and 10% service, respectively, for these agreements, and \$1,117,918 and \$1,355,983 for March 31, 2010.

In addition to the amounts noted above, Press charges ELT and Journals for an allocation of administrative costs, rent, and facility-related costs. These charges are included in other income and totaled \$1,367,774 and \$1,537,509 for the years ended March 31, 2011 and 2010, respectively.

Press and OUP UK charge each other for salaries, benefits, and travel of individual employees who provide services to the other. For the years ended March 31, 2011 and 2010, Press charged OUP UK \$835,019 and \$982,530, respectively, recognized as an offset to operating expenses. For the years ended March 31, 2011 and 2010, OUP UK charged Press \$3,053,786 and \$3,321,119, respectively, recognized within operating expenses.

Press has entered into a trademark license agreement with OUP UK. Under this agreement, OUP UK charges Press a 2% trademark fee on net receipts from sales of domestic published titles. For the years ended March 31, 2011 and 2010, \$2,017,119 and \$1,882,569, respectively, were included as a reduction of other income related to this 2% management fee.

Press is paid 20% commission for all licensing sales it facilitates on behalf of OUP UK for titles owned by OUP UK. Likewise, OUP UK earns a 20% commission on licensing sales of works owned by OUP, Inc. For the years ended March 31, 2011 and 2010, Press earned commissions of \$979,379 and \$633,111, respectively, which are included in other income. Press paid commissions of \$287,864 and \$244,215 to OUP UK for the years ended March 31, 2011 and 2010, respectively. These commissions paid are also included in other income.

In general, Press settles transactions with affiliates monthly on a net basis.

See Note 2 related to the sale of certain titles to Chancellor, Masters, and Scholars of the University of Oxford.

Press purchased its office building and distribution facility and the associated land on September 4, 2009, from Chancellor, Masters, and Scholars of the University of Oxford for \$17,500,000.

10. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Cash, Investments, Accounts Receivable, Accounts Payable, and Accrued Expenses — The carrying amount of these financial instruments approximates fair value because of their short maturity.

Bonds Payable — The carrying amount of bonds payable, which bear interest at variable rates, approximates the fair value.

11. COMMITMENTS AND CONTINGENCIES

Litigation Matters — Press is involved in various administrative matters or litigation. While the final resolution of any matter may have a significant impact on Press' financial results for a particular reporting period, management believes that the ultimate disposition of these matters will not have a materially adverse effect upon the financial position, results of operations, and cash flows of Press.

12. SUBSEQUENT EVENTS

No events have occurred subsequent to March 31, 2011, which require disclosure in the financial statements. Press has evaluated subsequent events through July 5, 2011, the date the financial statements were available for issuance.

* * * * *

SUPPLEMENTAL SCHEDULES

OXFORD UNIVERSITY PRESS, INC.

**SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF MARCH 31, 2011**

	OUP, Inc. — Publishing Accounts	OUP, Inc. — Property and Reserve Fund Accounts	Eliminations	Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 38,318,049	\$ 5,342,350	\$ -	\$ 43,660,399
Accounts receivable — net	33,533,185			33,533,185
Intercompany accounts receivable	6,819,982		(6,819,982)	-
Accounts receivable from affiliates — net	730,016			730,016
Accrued interest receivable		3,411		3,411
Inventories	26,878,945			26,878,945
Prepaid expenses and other current assets	2,568,504			2,568,504
Total current assets	108,848,681	5,345,761	(6,819,982)	107,374,460
FIXED ASSETS — Net	4,278,798	36,003,255		40,282,053
INVESTMENTS — At cost, which approximates market value (principally restricted)		2,887,350		2,887,350
ADVANCES AND LOANS TO AUTHORS	7,872,865			7,872,865
INTANGIBLE ASSETS — Net	16,602,299			16,602,299
TOTAL	<u>\$ 137,602,643</u>	<u>\$ 44,236,366</u>	<u>\$ (6,819,982)</u>	<u>\$ 175,019,027</u>

(Continued)

OXFORD UNIVERSITY PRESS, INC.

**SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF MARCH 31, 2011**

	OUP, Inc. — Publishing Accounts	OUP, Inc. — Property and Reserve Fund Accounts	Eliminations	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 15,330,051	\$ 189,783	\$ -	\$ 15,519,834
Intercompany accounts payable		819,982	(819,982)	-
Royalties payable	6,523,101			6,523,101
Payables to affiliates — net	4,150,434			4,150,434
Deferred revenue	9,327,242			9,327,242
Accrued postretirement benefits — current portion	294,083			294,083
Allowances for estimated loss on future returns	7,825,060			7,825,060
Bonds payable		34,175,000		34,175,000
Total current liabilities	43,449,971	35,184,765	(819,982)	77,814,754
DEFERRED REVENUE	757,093			757,093
ACCRUED POSTRETIREMENT BENEFITS	3,242,332			3,242,332
LONG-TERM DEBT		6,000,000	(6,000,000)	-
Total liabilities	47,449,396	41,184,765	(6,819,982)	81,814,179
NET ASSETS:				
Unrestricted	89,889,901	3,051,601		92,941,502
Temporarily restricted	263,346			263,346
Total net assets	90,153,247	3,051,601	-	93,204,848
TOTAL	\$137,602,643	\$44,236,366	\$ (6,819,982)	\$175,019,027

(Concluded)

OXFORD UNIVERSITY PRESS, INC.

**SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF MARCH 31, 2010**

ASSETS	OUP, Inc. — Publishing Accounts	OUP, Inc. — Property and Reserve Fund Accounts	Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	\$ 38,209,550	\$ 3,126,312	\$ -	\$ 41,335,862
Accounts receivable — net	31,974,370			31,974,370
Intercompany accounts receivable	7,044,303		(7,044,303)	-
Accounts receivable from affiliates — net	808,685			808,685
Accrued interest receivable		7,986		7,986
Inventories	24,681,152			24,681,152
Prepaid expenses and other current assets	<u>2,602,297</u>			<u>2,602,297</u>
Total current assets	105,320,357	3,134,298	(7,044,303)	101,410,352
FIXED ASSETS — Net	5,688,998	37,147,887		42,836,885
INVESTMENTS — At cost, which approximates market value (principally restricted)		2,001,163		2,001,163
ADVANCES AND LOANS TO AUTHORS	7,285,187			7,285,187
INTANGIBLE ASSETS — Net	<u>24,398,558</u>			<u>24,398,558</u>
TOTAL	<u>\$ 142,693,100</u>	<u>\$ 42,283,348</u>	<u>\$ (7,044,303)</u>	<u>\$ 177,932,145</u>

(Continued)

OXFORD UNIVERSITY PRESS, INC.

**SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF MARCH 31, 2010**

	OUP, Inc. — Publishing Accounts	OUP, Inc. — Property and Reserve Fund Accounts	Eliminations	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 13,723,740	\$ 235,856	\$ -	\$ 13,959,596
Royalties payable	6,080,241			6,080,241
Payables to affiliates — net	4,353,130			4,353,130
Deferred revenue	7,433,428			7,433,428
Accrued postretirement benefits — current portion	279,595			279,595
Allowances for estimated loss on future returns	6,859,523	34,455,000		6,859,523
Bonds payable				34,455,000
Total current liabilities	38,729,657	34,690,856	-	73,420,513
ACCRUED POSTRETIREMENT BENEFITS				
LONG-TERM DEBT				
Total liabilities	43,048,478	7,044,303	(7,044,303)	43,188,821
NET ASSETS:				
Unrestricted	99,179,531	548,189		99,727,720
Temporarily restricted	465,091			465,091
Total net assets	99,644,622	548,189	-	100,192,811
TOTAL	<u>\$ 142,693,100</u>	<u>\$ 42,283,348</u>	<u>\$ (7,044,303)</u>	<u>\$ 177,932,145</u>

(Concluded)

OXFORD UNIVERSITY PRESS, INC.

SUPPLEMENTAL STATEMENT OF ACTIVITIES INFORMATION FOR THE YEAR ENDED MARCH 31, 2011

	OUP, Inc. — Publishing Accounts	OUP, Inc. — Temporarily Restricted	OUP, Inc. — Property and Reserve Fund Accounts	Eliminations	Total
CHANGES IN NET ASSETS — Revenues:					
Net sales	\$ 151,727,339	\$ -	\$ -	\$ -	\$ 151,727,339
Royalties	4,028,411				4,028,411
Contributions	381,345	179,600			560,945
Net assets released from restrictions	(381,345)	(381,345)			(762,690)
Total revenues	156,137,095	(201,745)			155,935,350
COST OF SALES	72,994,592				72,994,592
GROSS MARGIN	83,142,503	(201,745)			82,940,758
OPERATING EXPENSES:					
Editorial	15,328,996				15,328,996
Online product development	1,180,925				1,180,925
Manufacturing	7,441,008				7,441,008
Marketing	14,316,814				14,316,814
Commissions	1,804,717				1,804,717
Advertising	5,564,354				5,564,354
Marketing gratis	2,215,044				2,215,044
Distribution	7,737,897				7,737,897
Data processing	7,023,263				7,023,263
Financial	2,758,512				2,758,512
General and administrative (including office and facility costs)	11,166,778		3,333,878	(5,320,837)	9,179,819
Total operating expenses	76,538,308		3,333,878	(5,320,837)	74,551,349
OPERATING MARGIN	6,604,195	(201,745)			6,389,409
OTHER INCOME (EXPENSES) — Net	2,611,418		6,157,806	(5,320,837)	3,448,387
INTEREST INCOME	403,822		20,265	(252,469)	171,618
INTEREST EXPENSE			(340,781)	252,469	(88,312)
INCREASE IN NET ASSETS	9,619,435	(201,745)	2,503,412		11,921,102
CHANGE IN PENSION OBLIGATION NOT YET RECLASSIFIED AS COMPONENTS OF NET PERIODIC BENEFIT COST	1,090,935				1,090,935
CONTRIBUTIONS TO THE DELEGATES OF OXFORD UNIVERSITY PRESS	(20,000,000)				(20,000,000)
NET ASSETS — Beginning of year	99,179,531	465,091	548,189		100,192,811
NET ASSETS — End of year	\$ 89,889,901	\$ 263,346	\$ 3,051,601	\$ -	\$ 93,204,848

OXFORD UNIVERSITY PRESS, INC.

SUPPLEMENTAL STATEMENT OF ACTIVITIES INFORMATION FOR THE YEAR ENDED MARCH 31, 2010

	OUP, Inc. — Publishing Accounts	OUP, Inc. — Temporarily Restricted	OUP, Inc. — Property and Reserve Fund Accounts	Eliminations	Total
CHANGES IN NET ASSETS — Revenues:					
Net sales	\$ 147,304,438	\$ -	\$ -	\$ -	\$ 147,304,438
Royalties	3,431,101				3,431,101
Contributions	204,699	204,699			204,699
Net assets released from restrictions	142,494	(142,494)			-
Total revenues	150,878,033	62,205	-	-	150,940,238
COST OF SALES	73,064,013				73,064,013
GROSS MARGIN	77,814,020	62,205			77,876,225
OPERATING EXPENSES:					
Editorial	14,151,172				14,151,172
Online product development	1,626,190				1,626,190
Manufacturing	7,152,045				7,152,045
Marketing	11,928,381				11,928,381
Commissions	1,168,544				1,168,544
Advertising	4,950,802				4,950,802
Marketing gratis	2,005,682				2,005,682
Distribution	7,930,297				7,930,297
Data processing	6,165,109				6,165,109
Financial	2,579,435				2,579,435
General and administrative (including office and facility costs)	11,439,152		3,820,250	(5,136,089)	10,123,313
Total operating expenses	71,096,809	-	3,820,250	(5,136,089)	69,780,970
OPERATING MARGIN	6,717,211	62,205	(3,820,250)	5,136,089	8,095,255
OTHER INCOME (EXPENSES) — Net	253,645		5,873,825	(5,136,089)	991,381
INTEREST INCOME	341,317		46,589	(186,892)	201,014
INTEREST EXPENSE			(278,614)	186,892	(91,722)
INCREASE IN NET ASSETS	7,312,173	62,205	1,821,550	-	9,195,928
CHANGE IN PENSION OBLIGATION NOT YET RECLASSIFIED AS COMPONENTS OF NET PERIODIC BENEFIT COST	(353,547)				(353,547)
CONTRIBUTIONS TO THE DELEGATES OF OXFORD UNIVERSITY PRESS	(7,123,335)				(7,123,335)
NET ASSETS — Beginning of year	99,344,240	402,886	(1,273,361)		98,473,765
NET ASSETS — End of year	\$ 99,179,531	\$ 465,091	\$ 548,189	\$ -	\$ 100,192,811

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE 1993 LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement pertaining to the Series 1993 Bonds and the 1993 Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

Duration of the Loan Agreement

The Loan Agreement shall remain in full force and effect until no Series 1993 Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; provided, however, that certain liabilities and obligations of the Institution under the Loan Agreement shall nevertheless survive any such termination.

(Section 42)

Construction of a Project

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Series 1993 Resolution and under the Loan Agreement, the Institution shall complete the acquisition, design, construction, reconstruction, rehabilitation, renovation and improving or otherwise providing and furnishing and equipping of the Project in connection with which the Series 1993 Bonds are issued, substantially in accordance with the Contract Documents related to such Project. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available therefor in the Series 1993 Construction Fund, cause the Institution to be reimbursed for, or pay, any costs and expenses incurred by the Institution which constitute Costs of such Project, provided such costs and expenses are approved by the Authority, which approval shall not be unreasonably withheld.

To the extent that moneys are available therefor, moneys in the Series 1993 Construction Fund shall be disbursed as construction of the Project progresses, but not more frequently than once a month, unless otherwise agreed to in writing by the Authority, in amounts and at the times as shall be requested by the Institution pursuant to a request for disbursement, but not in excess of that needed, in the reasonable judgment of the Authority, to reimburse the Institution for, or to pay, any costs and expenses constituting Costs of such Project previously paid or then due; provided that the Authority may, in its sole discretion, withhold or delay making any advance in connection with such Project at any time there is pending an action or proceeding, judicial or administrative, challenging the Institution's right to undertake such Project or any part thereof, or in which there is in issue (i) the validity of any governmental permit, consent or authorization, or the issuance thereof, necessary in connection with such Project or any part thereof, or (ii) the due authorization or validity of the Series 1993 Bonds, unless the Institution has provided the Authority with security in such form and amount as may be reasonably required by the Authority.

Prior to making and delivering any certificate required pursuant to the Resolution to be delivered to the Trustee in connection with payments to be made pursuant to the Resolution, the Institution shall deliver to the Authority the following:

- (1) copies of all invoices, paid or unpaid;
- (2) copies of front and back of canceled checks, if any; and
- (3) a certificate of an Authorized Officer of the Institution certifying that the amount of money for which payment is requisitioned has been incurred or expended for items which constitute Costs of the Project for which such certificate is delivered and that each amount contained therein has not been the basis of any prior disbursement from the Series 1993 Construction Fund.

The Institution will receive the disbursements of moneys in the Series 1993 Construction Fund to be made under the Loan Agreement, and will hold the right to receive the same, as a trust fund for the purpose of paying the Costs of the Project for which each disbursement was made, and will apply the same first to such payment before using any part thereof for any other purposes.

The Institution shall permit the Authority and its authorized representatives and the Credit Facility Issuer, upon reasonable notice, at any time during normal operating hours, to enter upon the property of the Institution, the Project and the Mortgaged Property to inspect such Project and such Mortgaged Property and all materials, fixtures and articles used or to be used in construction of such Project, and to examine all Contract Documents. The Institution shall furnish to the Authority and its authorized representatives and the Credit Facility Issuer, when requested, copies of such Contract Documents. The Institution agrees to retain all documentation of expenditures for items which constitute Costs of the Project for at least seven (7) years after the date of completion of the Project to which such documentation relates.

The Authority, in its sole and absolute discretion, may waive, from time to time, any of the conditions set forth in this Section. Any such waiver shall not be deemed a waiver by the Authority of its right to thereafter require compliance with any such condition. The Institution acknowledges and agrees that disbursements from the Series 1993 Construction Fund are to be made by the Trustee and shall be made in accordance with the Resolution only upon receipt by the Trustee of the documents required by the Resolution to be executed and delivered in connection with such disbursements.

The Project shall be deemed to be complete upon delivery to the Authority, the Credit Facility Issuer and the Trustee of a certificate signed by an Authorized Officer of the Institution, which certificate shall be delivered as soon as practicable after the completion of such Project, or upon delivery to the Trustee and the Institution of a certificate signed by the Authority and delivered at any time after completion of such Project. Any such certificate shall comply with the requirements of the Resolution. The Authority agrees that it will not execute and deliver any such certificate unless the Authority has notified the Institution in writing that, in the Authority's judgment, such Project has been completed substantially in accordance with the plans and specifications therefor and is ready for occupancy and the Institution has failed to execute and deliver the certificate provided for in the Loan Agreement within thirty (30) days after such notice is given. The moneys, if any, remaining in the Series 1993 Construction Fund after the Project has been deemed to be complete shall be paid as provided in the Resolution.

(Section 5)

Amendment of a Project; Sale or Conveyance of a Project; Cost Increases; Additional Obligations

The Project may be amended by agreements supplementing the Loan Agreement by and between the Authority and the Institution, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

The Institution covenants that it shall not transfer, sell, encumber or convey any interest in the Project or any part thereof or interest therein, including development rights, without the prior written consent of the Authority and the Credit Facility Issuer, which consent shall be accompanied by (i) an agreement by the Institution to comply with all terms and conditions of such consent and (ii) a Favorable Opinion of Bond Counsel. As a condition to such approval, the Authority or the Credit Facility Issuer may require that the Institution pay to the Trustee for deposit in the Series 1993 Debt Service Fund an amount not to exceed the principal amount of the Series 1993 Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in a Project or which comprise a part of a Project provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

The Institution shall provide such moneys or an irrevocable letter of credit or other security in such form as may be acceptable to the Authority as in the reasonable judgment of the Authority may be required to pay the cost of completing the Project in excess of the moneys, letter of credit or other security in the Series 1993 Construction Fund, whether such moneys, letter of credit or other security are required as a result of an increase in the scope of

such Project or otherwise. Such moneys, letter of credit or other security shall be paid or available to the Trustee for deposit in the Series 1993 Construction Fund within thirty (30) days of receipt of notice from the Authority that such moneys or other security are required.

The Authority, upon request of the Institution, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing the Project in excess of the moneys in the Series 1993 Construction Fund.

(Section 6)

Financial Obligations of the Institution; General and Unconditional Obligation; Voluntary Payments

Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or under the Loan Agreement, including moneys in the Series 1993 Debt Service Fund, but excluding moneys from the Series 1993 Debt Service Reserve Fund or the Series 1993 Building and Equipment Reserve Fund, and interest accrued but unpaid on investments held in the Series 1993 Debt Service Fund, the Institution unconditionally agrees to pay with respect to the Outstanding Series 1993 Bonds, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(a) On or before the date of delivery of the Series 1993 Bonds, an amount set forth in the Series Resolution to be applied as a credit against payment of the Authority Fee as estimated by the Authority to be such amount;

(b) On or before the date of delivery of the Series 1993 Bonds, such amount, if any, as in the reasonable judgment of the Authority is necessary to pay the Costs of Issuance of the Series 1993 Bonds, and other costs in connection with the issuance of such Bonds;

(c) (i) With respect to the Series 1993 Bonds when they are in a Daily, Weekly or Short-Term Interest Rate Period, as the case may be, on the twentieth (20th) day of each month, the interest to accrue for that month on such Bonds, assuming that such Bonds bear interest at a rate per annum equal to (A) the weighted average rate of interest per annum borne by such Bonds during the previous month or portion thereof during which such Bonds bore interest at a Daily, Weekly or Short-Term Interest Rate, as the case may be, plus one percent (1%) per annum, or (B) if such Bonds bore interest during the previous month at other than a Daily, Weekly or Short-Term Interest Rate, the rate per annum at which such Bonds bore interest on the first Business Day of the month in which the payment is to be made, plus one percent (1%) per annum; and (ii) with respect to all Series 1993 Bonds other than Series 1993 Bonds that are in a Daily, Weekly or Short-Term Interest Rate Period or are Bank Bonds, on the twentieth (20th) day of each month prior to each Interest Payment Date with respect to such Series 1993 Bonds an amount equal to the interest coming due on such Series 1993 Bonds on the succeeding Interest Payment Date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such succeeding Interest Payment Date on the Series 1993 Bonds;

(d) With respect to the Bonds that are Bank Bonds, on the twentieth (20th) day of each month, one-sixth (1/6) of the principal coming due on the next Interest Payment Date with respect to such Bonds; provided, however, that, if there are less than six (6) such payment dates prior to the Interest Payment Date on which principal on such Bonds comes due, on each payment date prior to such Interest Payment Date the Institution shall pay an amount equal to the principal coming due on such Interest Payment Date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such Interest Payment Date; and (ii) with respect to the Bonds, other than Bonds that are Bank Bonds, on the twentieth (20th) day of each month commencing on the twentieth (20th) day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installment coming due on such July 1; provided, however, that, if with respect to a Series of Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due, on each payment date prior to July 1 the Institution shall pay an amount equal to the principal and Sinking Fund Installments coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1:

At least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased is to be paid, the difference between the amount required to pay the Redemption price or purchase price of such Bonds and the amount available therefor pursuant to any Credit Facility securing said Bonds;

(e) Subject to the terms of the Loan Agreement, on each December 10, and on each June 10 of a Bond Year, the amount necessary to make the amount on deposit in the Series 1993 Building and Equipment Reserve Fund equal to the Building and Equipment Reserve Fund Requirement for such Building and Equipment Reserve Fund pursuant to the terms of the Loan Agreement and of the Series Resolution. Payments required to be made pursuant to this paragraph may be made by delivery to the Trustee of Securities for deposit in the Series 1993 Building and Equipment Reserve Fund valued, as of a date not more than five (5) days prior to the delivery thereof, in accordance with the Resolution, at not less than the payment then to be made;

(f) The Annual Administrative Fee through the final maturity date or earlier date on which Series 1993 Bonds are no longer Outstanding;

(g) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 1993 Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement, or of the Mortgage, the Resolution or the Series Resolution in accordance with the terms of the Loan Agreement and thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution or the Series Resolution;

(h) Promptly upon demand by the Authority (a copy of which demand shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement;

(i) Promptly upon demand by the Authority, the difference between the amount on deposit in the Series 1993 Arbitrage Rebate Fund or otherwise available therefor under the Resolution for the payment of any rebate required by the Code to be made and the amount required in the opinion of the Authority to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Series 1993 Bonds;

(j) On any Business Day, if the amount on deposit in the Series 1993 Debt Service Fund is less than the amounts required for payment of interest, principal or Sinking Fund Installments on the Outstanding Series 1993 Bonds due and payable on such date and provided that funds therefor are not available under the Credit Facility or otherwise available under the terms of the Resolution and the Series Resolution, the amount of any such deficiency;

(k) On the date any amount is due and payable to the Credit Facility Issuer for the Bonds under the Reimbursement Agreement, such amount; and

(l) On any Business Day, if the amount on deposit with the Tender Agent is less than the amount required for payment of the purchase price of the Series 1993 Bonds, which have been tendered for purchase or deemed purchased on such date, the amount of such deficiency.

Notwithstanding the preceding sentence, with respect to Series 1993 Bonds that are in a Daily, Weekly or Short-Term Interest Rate Period or are Bank Bonds, moneys available in the Series 1993 Debt Service Fund for payments due under paragraphs (c) and (d) above shall be disregarded when calculating the payments to be made under paragraphs (c) and (d) above except with respect to those payments to be made on June 10th and December 10th of each year, with respect to Series 1993 Bonds in a Daily, Weekly or Short-Term Interest Rate Period, and the twentieth (20th) day of the month preceding each Interest Payment Date with respect to Bank Bonds, and on such other interest payment dates as the Authority may specify.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (d) of this subdivision on account of a Sinking Fund Installment if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Series 1993 Bonds to be redeemed through a Sinking Fund Installment payable on the next succeeding July 1, the Institution delivers to the Trustee for cancellation one or more Series 1993 Bonds and maturity to be so redeemed on such July 1. The amount of the credit shall be equal to the principal amount of the Series 1993 Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by paragraphs (c), (d), (e), (i) and (k) of this subdivision directly to the Trustee for deposit in the Series 1993 Debt Service Fund and application in accordance with the Resolution or the Series Resolution, the payments required by paragraph (b) of this subdivision directly to the Trustee for deposit in the Series 1993 Construction Fund or other fund established under the Resolution or the Series Resolution, as directed by the Authority, the payments required by paragraph (f) of this subdivision directly to the Trustee for deposit in the Series 1993 Building and Equipment Reserve Fund, the payments required by paragraph (j) of this subdivision, directly to the Trustee for deposit in the Series 1993 Arbitrage Rebate Fund, the payments required by paragraphs (a), (g) and (h) of this subdivision directly to the Authority, and the payments required by paragraph (l) of this subdivision directly to the Credit Facility Issuer. The Institution agrees to designate all payments made under the Loan Agreement as payments relating to the Series 1993 Bonds.

Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this subdivision), (i) all moneys paid by the Institution to the Trustee pursuant to paragraphs (c), (d), (e), (i) and (k) above (other than moneys received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority in satisfaction of the Institution's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Series 1993 Bonds to the extent of such payment and (ii) the transfer by the Trustee of any moneys (other than moneys described in clause (i) of this subdivision) held by it in the Series 1993 Construction Fund to the Series 1993 Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the Institution of a payment in satisfaction of the Institution's indebtedness to the Authority with respect to the Redemption Price of the Series 1993 Bonds to the extent of the amount of moneys transferred. Immediately after receipt or transfer of such moneys, as the case may be, by the Trustee, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Series 1993 Bondholders, regardless of the actual due date or applicable payment date of any payment to the Series 1993 Bondholders, except in respect to the payment to the Institution by the Trustee as provided for in the Resolution.

The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Series 1993 Bonds are, or the Resolution or the Series Resolution is, invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Series 1993 Construction Fund.

The Loan Agreement and the obligation of the Institution to make payments under the Loan Agreement are general obligations of the Institution.

The Authority, for the convenience of the Institution, shall furnish to the Institution statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse non-payment of the amounts payable under the Loan Agreement at the time and in the

manner provided in the Loan Agreement. The Institution shall notify the Authority as to the amount and date of each payment made to the Trustee by the Institution.

The Authority shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to this Section which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the Loan Agreement arising out of the Institution's failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

The Institution, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the directions of the Authority in the Series 1993 Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any deposit in the Series 1993 Debt Service Fund made pursuant to the Loan Agreement, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution or the Series Resolution, including the purchase or redemption of all Series 1993 Bonds Outstanding, or to pay or provide for the payment of all Series 1993 Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Series 1993 Bonds Outstanding, or to cause all Series 1993 Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

As soon as practicable after the Project is deemed to be complete pursuant to the Loan Agreement, the Authority shall determine, and notify the Institution of, the actual Authority Fee incurred by the Institution in connection with such Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Series 1993 Construction Fund, shall be paid by the Institution. If upon such determination the actual amount of the Authority Fee incurred by the Institution in connection with such Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the Institution the amount paid in excess of such actual amount.

Except as provided for under the Loan Agreement, the Institution and the Authority agree that the only loan to be made under this Loan Agreement shall be in connection with the issuance of the Series 1993 Bonds. The Institution and the Authority further agree that the only loan to be made under the 1993 Loan Agreement shall be that which was made in connection with the issuance of the Series 1993 Bonds. The Institution and the Authority acknowledge that the obligations of the Institution in connection with the issuance of any series of bonds in addition to the Series 1993 Bonds and the Series 1993 Bonds shall be secured by separate loan agreements

(Section 9)

Reserve Funds

The Institution agrees that it will at all times maintain on deposit in the Series 1993 Debt Service Reserve Fund an amount at least equal to the Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund; provided, however, that the Institution shall be required to deliver moneys, Government Obligations or Exempt Obligations to the Trustee for deposit in the Series 1993 Debt Service Reserve Fund as a result of a deficiency in such fund only after the notice required by the Resolution is given; and provided, further, that the Institution shall not deliver to the Trustee, and the Trustee shall not accept, moneys, Government Obligations or Exempt Obligations for deposit in the Series 1993 Debt Service Reserve Fund unless and until all obligations of the Institution under the Loan Agreement that are due and payable have been paid.

The Institution may deliver to the Trustee a Reserve Fund Facility for all or any part of a Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Resolution. Whenever a Reserve Fund Facility has been delivered to the Trustee and the Institution is required to restore a Debt Service Reserve Fund Requirement, it shall reimburse directly, or pay to the Authority an amount sufficient to reimburse, the Facility Provider in order to cause such Reserve Fund Facility to be restored to its full amount and shall then deliver

additional moneys or Government Obligations or Exempt Obligations necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

The Institution shall at all times maintain on deposit in the Series 1993 Building and Equipment Reserve Fund Securities the value of which is not less than the Building and Equipment Reserve Fund Requirement for such Building and Equipment Reserve Fund; provided that the Institution shall be required to deliver additional Securities to the Trustee for deposit in the Series 1993 Building and Equipment Reserve Fund as a result of a deficiency therein only upon receipt of a notice thereof given pursuant to the Resolution. Deposits, withdrawals and substitutions of Securities in the Series 1993 Building and Equipment Reserve Fund shall be made in accordance with the Loan Agreement and with the Resolution.

The delivery to the Trustee of Government Obligations, Exempt Obligations and other Securities from time to time made by the Institution pursuant to the Loan Agreement shall constitute a pledge thereof, and shall create a security interest therein, for the benefit of the Authority to secure performance of the Institution's obligations under the Loan Agreement and for the benefit of the Trustee to secure the performance of the obligations of the Authority under the Resolution. The Institution authorizes the Authority pursuant to the Resolution to pledge such Government Obligations, Exempt Obligations and other Securities to secure payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Series 1993 Bonds, whether at maturity, upon acceleration or otherwise, and the fees and expenses of the Trustee, and to make provision for and give directions with respect to the custody, reinvestment and disposition thereof in any manner not inconsistent with the terms of the Loan Agreement and of the Resolution or the Series Resolution.

All Government Obligations, Exempt Obligations and other Securities deposited with the Trustee pursuant to the Loan Agreement, other than United States Treasury Certificates of Indebtedness State and Local Government Series ("SLGS") (subject to provisions for registration thereof), and the principal thereof and the interest, dividends or other income payable with respect thereto, shall be payable to bearer or to the registered owner. All such Government Obligations, Exempt Obligations and other Securities in registered form shall be registered in the name of the Trustee (in its fiduciary capacity) or its nominee. Record ownership of all such Government Obligations, Exempt Obligations and other Securities shall be transferred promptly following their delivery to the Trustee into the name of the Trustee in its fiduciary capacity) or its nominee. The Institution appoints the Trustee its lawful attorney-in-fact for the purpose of effecting such registrations and transfers.

The Institution, in the Loan Agreement, agrees that upon each delivery to the Trustee of Government Obligations, Exempt Obligations or other Securities, whether initially or upon later delivery or substitution, the Institution shall deliver to the Authority and the Trustee a certificate of an Authorized Officer of the Institution to the effect that the Institution warrants and represents that the Government Obligations, Exempt Obligations or other Securities delivered by the Institution (i) are on the date of delivery thereof free and clear of any lien, pledge, charge, security interest or other encumbrance or any statutory, contractual or other restriction that would be inconsistent with or interfere with or prohibit the pledge, application or disposition thereof as contemplated in the Loan Agreement, by the Series Resolution or by the Resolution and (ii) are pledged under the Loan Agreement pursuant to appropriate corporate action of the Institution duly had and taken.

If there is not an Event of Default by the Institution under the terms of the Loan Agreement, moneys in the Series 1993 Building and Equipment Reserve Fund not required to be deposited in the Series 1993 Debt Service Reserve Fund pursuant to the Resolution may be applied to defray costs, other than of ordinary maintenance and repair, of renewing, repairing, replacing, renovating or improving the Project or the Mortgaged Property, but only in the following order of priority: (1) to meet building integrity and habitability needs; (2) to meet fire and life safety requirements; and (3) to meet other Project and Mortgaged Property related changes. The Institution shall submit a certificate of an Authorized Officer thereof to the Authority (i) requesting the proposed withdrawal, (ii) detailing the need(s) and use(s) for such withdrawal, and (iii) certifying that such Project and the Mortgaged Property complies with priority number 1 above; if the request is for moneys to fund the appropriate costs for priority number 2 above, or certifying that such Project and the Mortgaged Property comply with both priority numbers 1 and 2 above if the request is for moneys to fund the appropriate costs for priority number 3 above. If the certificate of the Authorized Officer of the Institution meets the reasonable satisfaction of the Authority, the Authority shall cause the certificate required as a condition precedent to a withdrawal from the Series 1993 Building and Equipment Reserve Fund to be filed with the Trustee in accordance with the Resolution and on terms and conditions reasonably required by the Authority, and shall deliver a copy of such certificate to the Credit Facility Provider. In the event of a withdrawal from the Series 1993 Building and Equipment Reserve Fund pursuant to subdivision 2 of Section 5.08 of the

Resolution, the Institution shall, within five (5) days after receipt of notice from the Trustee of such withdrawal, pay the amount of such withdrawal to the Trustee for deposit in the Series 1993 Building and Equipment Reserve Fund. In the event of a withdrawal from the Series 1993 Building and Equipment Reserve Fund other than pursuant to subdivision 2 of Section 5.08 of the Resolution, the Institution shall pay one-tenth (1/10) of the amount of such withdrawal to the Trustee for deposit in the Series 1993 Building and Equipment Reserve Fund on the tenth (10th) day of each June and December commencing on the first such date immediately following such withdrawal until such withdrawal has been repaid or until the amount on deposit in the Series 1993 Building and Equipment Reserve Fund equals the Building and Equipment Reserve Fund Requirement for such Building and Equipment Reserve Fund. Notwithstanding the foregoing, the Authority, in its sole discretion, may permit the Institution to pay one-twelfth (1/12) or one-fourteenth (1/14) of the amount of such withdrawal to the Trustee for deposit in the Series 1993 Building and Equipment Reserve Fund on the tenth (10th) day of each June and December commencing on the first such date immediately following such withdrawal until such withdrawal has been repaid or until the amount on deposit in the Series 1993 Building and Equipment Reserve Fund equals the Building and Equipment Reserve Fund Requirement. The Authority shall advise the Trustee in writing if the payments by the Institution are not to be made in ten (10) installments. Such payments may be made by delivering to the Trustee for deposit in the Series 1993 Building and Equipment Reserve Fund Securities valued as of a date not more than five (5) days prior to delivery thereof in accordance with the Resolution at not less than the amount of the payment then to be made.

Prior to the initial delivery of Government Obligations, Exempt Obligations or other Securities (other than moneys) to the Trustee pursuant to the Loan Agreement, and upon any later delivery or substitution (provided, however, for purposes of this subdivision, substitution shall not be deemed to include open market transactions for Securities within the Series 1993 Building and Equipment Reserve Fund), the Institution will, at its cost and expense, provide to the Authority, the Credit Facility Issuer and the Trustee a written opinion of counsel satisfactory to the Authority to the effect that the Institution has full corporate power and authority to pledge such Government Obligations, Exempt Obligations and other Securities as security in accordance with the Loan Agreement, such Government Obligations, Exempt Obligations and other Securities have been duly delivered by the Institution to the Trustee, such delivery creates a valid and binding pledge and security interest therein in accordance with the terms of the Loan Agreement and of the Resolution, and nothing has come to the attention of such counsel that would lead it to believe that the Government Obligations, Exempt Obligations and other Securities delivered by the Institution are not free and clear of all liens, pledges, encumbrances and security interests or are subject to any statutory, contractual or other restriction which would invalidate or render unenforceable the pledge and security interest therein, or the application or disposition thereof, contemplated in the Loan Agreement or by the Resolution. In lieu of providing a written opinion of counsel to the Institution as required in the Loan Agreement after every substitution of Government Obligations, Exempt Obligations or other Securities in the Series 1993 Building and Equipment Reserve Fund, the Institution may provide such written opinion of counsel after the first substitution provided that it shall furnish to the Authority, the Credit Facility Issuer and the Trustee, once in every calendar quarter (in the first week of each January, April, July and October) thereafter in which a substitution is made, a further written opinion of counsel to the Institution to the effect that all Government Obligations, Exempt Obligations or other Securities deposited into any fund or account established under the Resolution or the Series Resolution, to and including the date of such opinion of counsel, comply with the requirements of this paragraph.

(Section 10)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in, and assign to the Authority the Pledged Revenues, together with the Institution's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, grant and security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that it shall not

hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by the Loan Agreement.

(Section 11)

Collection of Pledged Revenues

Commencing on the date on which the Series 1993 Bonds are first issued and delivered and continuing until no Series 1993 Bonds are Outstanding, the Institution shall deliver to the Trustee, for the benefit of the Series 1993 Bondholders, all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the Institution's receipt thereof. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be so made notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee, for the benefit of the Series 1993 Bondholders, any payments received by the Institution with respect to the Pledged Revenues (other than such amounts subject to the Prior Pledges).

Notwithstanding anything to the contrary in the Loan Agreement, the Institution shall not be required to deliver Pledged Revenues to the Trustee, for the benefit of the Series 1993 Bondholders (a) at any time that there are no amounts currently due and payable by the Institution under the Loan Agreement or (b) on the day amounts are due and payable under the Loan Agreement (after giving effect to any grace periods provided in the Reimbursement Agreement with respect to amounts payable with respect thereto) if such amounts are being paid in full on such date.

Any Pledged Revenues collected by the Institution that are not required to be paid to the Trustee pursuant to the Loan Agreement, including any amounts to make up any deficiencies in any funds or accounts established pursuant to the Resolution or the Series Resolution, shall be free and clear of the security interest granted in the Loan Agreement and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement), nor any event which but for the passage of time or the giving of notice, or both, would be an Event of Default, has occurred and is continuing.

(Section 12)

Assignment; Mortgage; Lien on Fixtures; Furnishings and Equipment

At or before the delivery by the Authority of the Series 1993 Bonds, the Institution shall execute and deliver to the Authority the Mortgage acceptable to the Authority, in recordable form, which Mortgage shall constitute a first lien on the Mortgaged Property, subject only to the Permitted Encumbrances.

Prior to any assignment of the Mortgage to the Trustee, the Authority, with the consent of the Credit Facility Issuer, but without the consent of the Trustee or the Holders of Series 1993 Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on the Mortgaged Property and the Mortgage Property or such security interest may be released from the lien of the Mortgage, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Series 1993 Debt Service Fund an amount not to exceed the aggregate principal amount of the Outstanding Series 1993 Bonds at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures from the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Warranty as to Title; Encumbrances; Title Insurance

The Institution warrants and represents to the Authority that it will have, on the date of issuance of the Series 1993 Bonds, good and marketable title to the Project and the Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for

purposes hereof and of the Institution's purposes and programs with such rights of way, easements or other rights in land or interest in common elements or limited common elements as may be reasonably necessary for ingress and egress to and from such Project and the Mortgaged Property, for proper operation and utilization of such Project and such Mortgaged Property and for the utilities required to serve such Project and such Mortgaged Property.

The Institution covenants that title obtained by the Institution to the Project and the Mortgaged Property shall be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances and such other encumbrances approved in writing by the Authority.

The Institution agrees to provide or reimburse the Authority for providing at the sole option of the Authority prior to the closing of title with respect to the property constituting the Project, (i) a contract vendee's title insurance policy together with an assignment of the proceeds of such policy, and, upon the closing of title to the Mortgaged Property, a title insurance policy in form and substance, and by insurer(s) acceptable to the Authority and the Credit Facility Issuer, in the amount of the aggregate principal amount of the Series 1993 Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid first lien on the Mortgaged Property, free and clear of liens and encumbrances except Permitted Encumbrances, and (ii) a current perimeter plan or drawing showing the space (location and dimensions) constituting the Mortgaged Property and identifying the common elements that serve such Mortgaged Property, certified to the Authority and the issuer of the title insurance policy and showing any easements to which such Mortgaged Property is subject.

The Institution warrants, represents and covenants that (i) the Project and the Mortgaged Property are and shall be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation), and (ii) to the extent applicable, the Project and the Mortgaged Property shall have its own separate and independent means of access, apart from any other property owned by the Institution or others. Such access, however, may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution or within common elements or limited common elements that serve the Mortgaged Property.

(Section 14)

Consent to Pledge and Assignment by the Authority

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (h), (j) and (1) of subdivision 1 of Section 9 of the Loan Agreement, any or all security interests or assignments granted by the Institution under the Loan Agreement or in connection with the Loan Agreement, including without limitation the security interest and assignment in or of the Pledged Revenues, the Mortgaged Property, the Government Obligations, Exempt Obligations and other Securities delivered pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement and all funds and accounts established by the Resolution (other than any Arbitrage Rebate Fund) and pledged under the Resolution in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this Section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor in the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required in the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any realization upon the Mortgaged Property, and any pledge made or security interest granted in the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or of the obligations of the Institution under the Loan Agreement. The Institution consents to and authorizes the assignment by the Authority to the Credit Facility Issuer of all payments received or receivable by the Authority pursuant to the Loan Agreement, together with the right to receive the same and all proceeds thereof.

The Institution covenants, warrants and represents that it is duly authorized by all applicable laws, its certificate of incorporation and by-laws to enter into the Loan Agreement, to incur the indebtedness contemplated

thereby, to make and deliver the Mortgage, and to pledge, grant a security interest in and assign to the Authority and the Trustee, for the benefit of the Series 1993 Bondholders, the Pledged Revenues (subject to the Prior Pledges) and the Government Obligations, Exempt Obligations and other Securities delivered pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement in the manner and to the extent provided in the Loan Agreement and in the Resolution. The Institution further covenants, warrants and represents that any and all pledges, security interests in and assignments to the Authority and the Trustee for the benefit of the Series 1993 Bondholders, granted or made pursuant to the Loan Agreement or to the Mortgage are and shall be free and clear of any pledge, lien, charge, security interest or encumbrance prior thereto, or of equal rank therewith, other than the Permitted Encumbrances, and that all corporate action on the part of the Institution to that end has been duly and validly taken. The Institution further covenants that the provisions of the Loan Agreement are and shall be valid and legally enforceable obligations of the Institution in accordance with their terms. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge, security interest in and assignment of the Pledged Revenues and the Government Obligations, Exempt Obligations and other Securities delivered pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement and all of the rights of the Authority and Trustee for the benefit of the Bondholders under the Loan Agreement, under the Series Resolution and under the Resolution and the Mortgage against all claims and demands of all persons whomsoever. The Institution further covenants, warrants and represents that the execution and delivery of the Loan Agreement, of the Mortgage, and the consummation of the transactions contemplated in the Loan Agreement and thereby and compliance with the provisions in the Loan Agreement and thereof, including, but not limited to, the assignment as security or the granting of a security interest in the Government Obligations, Exempt Obligations and other Securities delivered to the Trustee pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement, do not violate, conflict with or result in a breach of any of the terms of the Loan Agreement or provisions of, or constitute a default under, the certificate of incorporation or by-laws of the Institution or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the Institution is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

(Section 15)

Tax-Exempt Status

The Institution represents that (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code, (ii) it has received a letter or other notification from the Internal Revenue Service to that effect, (iii) such letter or other notification has not been modified, limited or revoked, (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist, and (vi) it is exempt from federal income taxes under Section 501(a) of the Code. The Institution agrees that (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the exempt purposes of the Institution under Section 501(c)(3) of the Code, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 16)

Arbitrage

The Institution covenants that it shall take no action, nor shall it consent to the taking of any action, nor shall it fail to take any action or consent to the failure to take any action, the making of any investment or the use of the proceeds of the Series 1993 Bonds, which would cause the Series 1993 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Series 1993 Bonds at the time of such action, investment or use. The Institution (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase Series 1993 Bonds in an amount related to the amount of any obligation to be acquired from the Institution by the Authority.

The Institution will, on a timely basis, provide the Authority with all necessary information and funds not in the Authority's possession, to enable the Authority to comply with the arbitrage and rebate requirements of the Code as identified in the Resolution.

(Section 34)

Rebate Calculation

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of Excess Earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution the Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 35)

Use of a Project

The Institution agrees that, unless in the opinion of Bond Counsel the Project may be occupied or used other than as required by this Section, at least ninety-five percent (95%) of the Project shall be occupied or used primarily for activities related to the tax exempt purposes of the Institution, or, on a temporary basis, persons connected with activities incidental to the operations of the Institution, subject to and consistent with the requirements of the Loan Agreement.

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the Institution shall have sole and exclusive control of, possession of and responsibility for (i) the Project and the Mortgaged Property, (ii) the operation of the Project and the Mortgaged Property and supervision of the activities conducted therein or in connection with any part thereof, and (iii) the maintenance, repair and replacement of the Project and the Mortgaged Property.

The Institution agrees that with respect to the Project, or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or any portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion; and, further provided, however, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit such Project or a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion of real property thereof financed by Series 1993 Bonds is being used for any purpose proscribed in the Loan Agreement. The Institution further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in such Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases' the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of such Project, or, if included in such Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said

restriction shall be without any force or effect. For the purposes of this Section, an involuntary transfer or disposition of the Project, or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 20 and 21)

Covenant as to Insurance

The Institution shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by institutions providing services similar to those provided by the Institution.

The Institution shall, with respect to the Project and the Mortgaged Property, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers acceptable to the Authority, the following insurance:

(a) with respect to any building or Mortgaged Property the construction of which shall not have been completed (and until insurance is procured pursuant to paragraph (b) of this subdivision), builders' risk insurance against direct physical loss or damage thereto by fire and lightning, extended coverage perils and vandalism and malicious mischief, or with respect to the acquisition and installation of equipment or machinery, in lieu of builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred percent (100%) completed value basis on the insurable portion. The builders' risk coverage will include the prime contractors or the installer and the Institution as named insureds, as their interests may appear;

(b) at all times (except during a period when builders' risk insurance is in effect as required by paragraph (a) of this subdivision 2), insurance against direct physical loss or damage to such Project or the Mortgaged Property by fire and lightning, extended coverage perils and vandalism and malicious mischief on the plant, structure, machinery, equipment and apparatus comprising the insured property, in an amount not less than eighty percent (80%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; provided, however, that the inclusion of such Project or the Mortgaged Property under a blanket insurance policy or policies of the Institution insuring against the aforesaid hazards in an amount aggregating at least ninety percent (90%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions of this paragraph with respect to such Project or the Mortgaged Property; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the Institution and the Authority from becoming co-insurers under the applicable terms of such policy;

(c) at all times, statutory workers' compensation insurance, covering loss resulting from injury, sickness, disability or death of employees and employer's liability insurance with limits of at least \$1,000,000 for each accident, each sickness, and aggregate occupational illness or sickness;

(d) at all times, statutory disability benefits;

(e) at all times, insurance protecting the Authority and the Institution against loss or losses from liabilities arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of injury to persons, and \$500,000 per accident or occurrence on account of injury to the property of others, or \$2,000,000 combined single limit with \$2,000,000 policy aggregate, excluding liability imposed upon the Authority or the Institution by any applicable workers' compensation law;

(f) commencing with the date on which such Project or any improvement on the Mortgaged Property or any part thereof is completed or first occupied, or any equipment, machinery, fixture or personal property covered by comprehensive boiler and machinery coverage is accepted, whichever occurs earlier, insurance providing comprehensive boiler and machinery coverage in an amount considered adequate by the Authority, which insurance may include deductible provisions approved by the Authority; and

(g) each other form of insurance which the Institution is required by law to provide and such other kinds of Insurance in such amounts as from time to time may be reasonably required by the Authority.

Any insurance procured and maintained by the Authority or the Institution pursuant to this Section, including any blanket insurance policy, may include deductible provisions reasonably satisfactory to the Authority and the Institution. In determining whether or not any insurance required by this Section is reasonably obtainable or if the deductible on any such insurance is a reasonable deductible, the Authority may rely solely and exclusively upon the advice and judgment of any insurance consultant chosen by the Institution and approved by the Authority, and any such decision by the Authority, based upon such advice and judgment, shall be conclusive.

No provision of this Section shall be construed to prohibit the Institution from self-insuring against any risk at the recommendation of any insurance consultant chosen by the Institution and approved by the Authority provided, however, that self insurance plans shall not cover property, plant and equipment. The Institution shall also cause an annual evaluation of such self-insurance plans to be performed by an independent insurance consultant. The Institution shall provide adequate funding of such self-insurance if and to the extent recommended by such insurance consultant and approved by the Authority.

Each policy maintained pursuant to subdivision 2 of this Section shall provide that the insurer writing such policy shall give at least thirty (30) days notice in writing to the Authority of the cancellation or non-renewal or material change in the policy unless a lesser period of notice is expressly approved in writing by the Authority. The Institution, not later than July 15 of each year, shall provide to the Authority and the Credit Facility Issuer a list describing all policies of insurance maintained as of June 30 by the Institution pursuant to this Section stating with respect to each such policy (i) the insurer, (ii) the insured parties or loss payees, (iii) the level of coverage, and (iv) such other information as the Authority may have reasonably requested.

All policies and certificates of insurance shall be open to inspection by the Authority and the Trustee or their representatives at all reasonable times. If any change shall be made in any such insurance, a description and notice of such change shall be furnished to the Authority and the Trustee at the time of such change. The Institution covenants and agrees not to make any change in any policy of insurance which would reduce the coverage or increase the deductible thereunder without first securing the prior written approval of the Authority.

All policies of insurance required pursuant to the Loan Agreement, other than policies of workers' compensation insurance, shall include the Authority and the Institution, and, upon assignment of the Mortgage pursuant to the Resolution, the assignees of the Authority, as named insureds or as mortgagee or as loss payee as their interests may appear.

In the event the Institution fails to provide the insurance required by the Loan Agreement, the Authority may elect at any time thereafter to procure and maintain the insurance required by this Section at the expense of the Institution. The policies procured and maintained by the Authority shall be open to inspection by the Institution at all reasonable times, and, upon request of the Institution, a complete list describing such policies as of the June 30 preceding the Authority's receipt of such request shall be furnished to the Institution by the Authority.

(Section 23)

Damage or Condemnation

In the event of a taking of the Project or the Mortgaged Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project or the Mortgaged Property, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award shall be paid upon receipt thereof by the Institution or the Authority to the Trustee for deposit in the Series 1993 Construction Fund, and

(a) if within 120 days from the receipt by the Authority of actual notice or knowledge of the occurrence, the Institution and the Authority agree in writing that the Project, the Mortgaged Property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore such Project, the Mortgaged Property or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or

restoration shall be paid from time to time as the work progresses, subject to such conditions and limitations as the Authority may reasonably impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and, to the extent such proceeds are not sufficient, from the Series 1993 Building and Equipment Reserve Fund or from funds to be provided by the Institution; or

(b) if no agreement for the repair, restoration or replacement of the Project, the Mortgaged Property or the affected portion thereof shall be reached by the Authority and the Institution within such 120 day period, all respective proceeds (other than the proceeds of builders' risk insurance which shall be deposited pursuant to the Resolution and the Series Resolution) shall be transferred from the Series 1993 Construction Fund in which such proceeds were deposited to the Series 1993 Debt Service Fund for the redemption at par, at the option of the Authority, of Series 1993 Bonds on any future interest payment date.

(Section 24)

Events of Default and Remedies

As used in the Loan Agreement the term "Event of Default" shall mean:

(a) the Institution shall default in the timely payment of any amount payable, or in the delivery of any Securities required, pursuant to Sections 9 and 10 of the Loan Agreement or the payment of any other amounts required to be delivered or paid in accordance with the Loan Agreement, with the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days;

(b) the Institution defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Authority or the Trustee;

(c) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an "event of default" (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 1993 Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the Institution shall be in default under the Mortgage and such default continues beyond any applicable grace period;

(e) the Institution shall (i) be generally not paying its debts as they become due, (ii) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (iii) make a general assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers, of itself or of any substantial part of its property, (v) be adjudicated insolvent or be liquidated or (vi) take corporate action for the purpose of any of the foregoing;

(f) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Institution, or any petition for any such relief shall be filed against the Institution and such petition shall not be dismissed within ninety (90) days;

(g) the certificate of incorporation of the Institution shall be suspended or revoked;

(h) a petition to dissolve the Institution shall be filed by the Institution with the legislature of the State of Delaware or other governmental authority having jurisdiction over the Institution, including the State;

(i) an order of dissolution of the Institution shall be made by the legislature of the State of Delaware or other governmental authority having jurisdiction over the Institution, including the State, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days; a petition shall be filed with a court having jurisdiction for an order directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;

(j) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(k) a final judgment for the payment of money which in the judgment of the Authority will adversely affect the rights of the Bondholders shall be rendered against the Institution and at any time after thirty (30) days from the entry thereof (i) such judgment shall not have been discharged or (ii) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process for the enforcement thereof, to have been stayed pending determination of such appeal; or

(l) an "event of default" (as defined in the Liquidity Facility or Credit Facility, as the case may be) shall have occurred and be continuing after any applicable grace periods therefor shall have expired under the terms of the Liquidity Facility or Credit Facility, as the case may be.

Upon the occurrence of an Event of Default, the Authority may take any one or more of the following actions:

(a) declare all sums payable by the Institution under the Loan Agreement immediately due and payable;

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Series 1993 Bonds or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

(c) withhold any or all further performance under the Loan Agreement;

(d) maintain an action against the Institution under Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement or of the Mortgage;

(e) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Series 1993 Debt Service Reserve Fund and the Series 1993 Building and Equipment Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Series 1993 Bonds, or any other obligation or liability of the Institution or the Authority arising herefrom, from any Series Resolution or from the Resolution;

(f) realize upon any security interest which the Authority may then have in the pledge and assignment of the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, and in a manner consistent with the rights of the holders of indebtedness secured by the Prior Pledges, by any one or more of the following actions: (i) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the Pledged Revenues assigned under the Loan Agreement, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (ii) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that the Authority may, in its discretion, immediately collect the entire amount of interest, principal, and Sinking Fund Installments, if any, coming due with respect to the Series 1993 Bonds on the next January 1 and July 1, subject to the Prior Pledges and of acceleration to the extent of Pledged

Revenues, and may continue to do so commencing on each January 1 and July 1 to the extent of amounts due to the Authority under the Loan Agreement on the next July 1 and January 1, with respect to Pledged Revenues, until such amounts are fully collected; provided, however, that written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors; and provided further that until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (iii) following the above-mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (iv) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority, provided that the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement including the fees and expenses of the Authority; and provided further that the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes; and provided further that the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (v) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid Pledged Revenues assigned under the Loan Agreement, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; and (vi) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(g) to the extent permitted by law, (i) enter upon the Project and complete the construction of such Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect such Project, all at the risk, cost and expense of the Institution, consent to such entry being in the Loan Agreement given by the Institution, (ii) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the Institution in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of the Project, and (iv) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of this paragraph (g), (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of the Project, (y) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of the Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of the Project, and (z) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this paragraph (g) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the Authority upon demand. The Institution in the Loan Agreement irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by this subparagraph during the term;

(h) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement, under the Mortgage, or by law, including foreclosure of the Mortgage, and any other action or proceeding permitted by the terms of the Loan Agreement, by the Mortgage, or by law; and

(i) realize upon any security interest in the fixtures, furnishings and equipment, including any one or more of the following actions: (i) enter the Project or Mortgaged Property and take possession of any such fixtures, furnishings and equipment; or (ii) sell, lease or otherwise dispose of any such fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or

to the Mortgage, or separately, whether or not possession has been secured; provided, however, that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five (5) days' prior written notice to the Institution of the time and place of such sale.

All rights and remedies in the Loan Agreement given or granted to the Authority are, to the extent permitted by law, cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Authority's right to exercise such remedy thereafter.

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made pursuant to paragraph (a) of subdivision 2 of this Section and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 29)

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SUMMARY OF CERTAIN PROVISIONS OF THE 1996 LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement pertaining to the Series 1996 Bonds and the 1996 Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

Duration of the Loan Agreement

The Loan Agreement shall remain in full force and effect until no Series 1996 Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; provided, however, that certain liabilities and obligations of the Institution under the Loan Agreement shall nevertheless survive any such termination.

(Section 42)

Construction of a Project

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Series 1996 Resolution and under the Loan Agreement, the Institution shall complete the acquisition, design, construction, reconstruction, rehabilitation, renovation and improving or otherwise providing and furnishing and equipping of the Project in connection with which the Series 1996 Bonds are issued, substantially in accordance with the Contract Documents related to such Project. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available therefor in the Series 1996 Construction Fund, cause the Institution to be reimbursed for, or pay, any costs and expenses incurred by the Institution which constitute Costs of such Project, provided such costs and expenses are approved by the Authority, which approval shall not be unreasonably withheld.

To the extent that moneys are available therefor, moneys in the Series 1996 Construction Fund shall be disbursed as construction of the Project progresses, but not more frequently than once a month, unless otherwise agreed to in writing by the Authority, in amounts and at the times as shall be requested by the Institution pursuant to a request for disbursement, but not in excess of that needed, in the reasonable judgment of the Authority, to reimburse the Institution for, or to pay, any costs and expenses constituting Costs of such Project previously paid or then due; provided that the Authority may, in its sole discretion, withhold or delay making any advance in connection with such Project at any time there is pending an action or proceeding, judicial or administrative, challenging the Institution's right to undertake such Project or any part thereof, or in which there is in issue (i) the validity of any governmental permit, consent or authorization, or the issuance thereof, necessary in connection with such Project or any part thereof, or (ii) the due authorization or validity of the Series 1996 Bonds, unless the Institution has provided the Authority with security in such form and amount as may be reasonably required by the Authority.

Prior to making and delivering any certificate required pursuant to the Resolution to be delivered to the Trustee in connection with payments to be made pursuant to the Resolution, the Institution shall deliver to the Authority the following:

- (1) copies of all invoices, paid or unpaid;
- (2) copies of front and back of canceled checks, if any; and
- (3) a certificate of an Authorized Officer of the Institution certifying that the amount of money for which payment is requisitioned has been incurred or expended for items which constitute Costs of the Project for which such certificate is delivered and that each amount contained therein has not been the basis of any prior disbursement from the Series 1996 Construction Fund.

The Institution will receive the disbursements of moneys in the Series 1996 Construction Fund to be made under the Loan Agreement, and will hold the right to receive the same, as a trust fund for the purpose of paying the Costs of the Project for which each disbursement was made, and will apply the same first to such payment before using any part thereof for any other purposes.

The Institution shall permit the Authority and its authorized representatives and the Credit Facility Issuer, upon reasonable notice, at any time during normal operating hours, to enter upon the property of the Institution, the Project and the Mortgaged Property to inspect such Project and such Mortgaged Property and all materials, fixtures and articles used or to be used in construction of such Project, and to examine all Contract Documents. The

Institution shall furnish to the Authority and its authorized representatives and the Credit Facility Issuer, when requested, copies of such Contract Documents. The Institution agrees to retain all documentation of expenditures for items which constitute Costs of the Project for at least seven (7) years after the date of completion of the Project to which such documentation relates.

The Authority, in its sole and absolute discretion, may waive, from time to time, any of the conditions set forth in this Section. Any such waiver shall not be deemed a waiver by the Authority of its right to thereafter require compliance with any such condition. The Institution acknowledges and agrees that disbursements from the Series 1996 Construction Fund are to be made by the Trustee and shall be made in accordance with the Resolution only upon receipt by the Trustee of the documents required by the Resolution to be executed and delivered in connection with such disbursements.

The Project shall be deemed to be complete upon delivery to the Authority, the Credit Facility Issuer and the Trustee of a certificate signed by an Authorized Officer of the Institution, which certificate shall be delivered as soon as practicable after the completion of such Project, or upon delivery to the Trustee and the Institution of a certificate signed by the Authority and delivered at any time after completion of such Project. Any such certificate shall comply with the requirements of the Resolution. The Authority agrees that it will not execute and deliver any such certificate unless the Authority has notified the Institution in writing that, in the Authority's judgment, such Project has been completed substantially in accordance with the plans and specifications therefor and is ready for occupancy and the Institution has failed to execute and deliver the certificate provided for in the Loan Agreement within thirty (30) days after such notice is given. The moneys, if any, remaining in the Series 1996 Construction Fund after the Project has been deemed to be complete shall be paid as provided in the Resolution.

(Section 5)

Amendment of a Project; Sale or Conveyance of a Project; Cost Increases; Additional Obligations

The Project may be amended by agreements supplementing the Loan Agreement by and between the Authority and the Institution, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

The Institution covenants that it shall not transfer, sell, encumber or convey any interest in the Project or any part thereof or interest therein, including development rights, without the prior written consent of the Authority and the Credit Facility Issuer, which consent shall be accompanied by (i) an agreement by the Institution to comply with all terms and conditions of such consent and (ii) a Favorable Opinion of Bond Counsel. As a condition to such approval, the Authority or the Credit Facility Issuer may require that the Institution pay to the Trustee for deposit in the Series 1996 Debt Service Fund an amount not to exceed the principal amount of the Series 1996 Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in a Project or which comprise a part of a Project provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

The Institution shall provide such moneys or an irrevocable letter of credit or other security in such form as may be acceptable to the Authority as in the reasonable judgment of the Authority may be required to pay the cost of completing the Project in excess of the moneys, letter of credit or other security in the Series 1996 Construction Fund, whether such moneys, letter of credit or other security are required as a result of an increase in the scope of such Project or otherwise. Such moneys, letter of credit or other security shall be paid or available to the Trustee for deposit in the Series 1996 Construction Fund within thirty (30) days of receipt of notice from the Authority that such moneys or other security are required.

The Authority, upon request of the Institution, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing the Project in excess of the moneys in the Series 1996 Construction Fund.

(Section 6)

Financial Obligations of the Institution; General and Unconditional Obligation; Voluntary Payments

Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or under the Loan Agreement, including moneys in the Series 1996 Debt Service Fund, but excluding moneys from the Series 1996 Debt Service Reserve Fund or the Series 1996 Building and Equipment Reserve Fund, and interest accrued but unpaid on investments held in the Series 1996 Debt Service Fund, the Institution unconditionally agrees

to pay with respect to the Outstanding Series 1996 Bonds, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(a) On or before the date of delivery of the Series 1996 Bonds, an amount set forth in the Series Resolution to be applied as a credit against payment of the Authority Fee as estimated by the Authority to be such amount;

(b) On or before the date of delivery of the Series 1996 Bonds, such amount, if any, as in the reasonable judgment of the Authority is necessary to pay the Costs of Issuance of the Series 1996 Bonds, and other costs in connection with the issuance of such Bonds;

(c) (i) With respect to the Series 1996 Bonds when they are in a Daily, Weekly or Short-Term Interest Rate Period, as the case may be, on the twentieth (20th) day of each month, the interest to accrue for that month on such Bonds, assuming that such Bonds bear interest at a rate per annum equal to (A) the weighted average rate of interest per annum borne by such Bonds during the previous month or portion thereof during which such Bonds bore interest at a Daily, Weekly or Short-Term Interest Rate, as the case may be, plus one percent (1%) per annum, or (B) if such Bonds bore interest during the previous month at other than a Daily, Weekly or Short-Term Interest Rate, the rate per annum at which such Bonds bore interest on the first Business Day of the month in which the payment is to be made, plus one percent (1%) per annum; and (ii) with respect to all Series 1996 Bonds other than Series 1996 Bonds that are in a Daily, Weekly or Short-Term Interest Rate Period or are Bank Bonds, on the twentieth (20th) day of each month prior to each Interest Payment Date with respect to such Series 1996 Bonds an amount equal to the interest coming due on such Series 1996 Bonds on the succeeding Interest Payment Date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such succeeding Interest Payment Date on the Series 1996 Bonds;

(d) On the twentieth (20th) day of each month commencing on the 20th day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installment coming due on such July 1; provided, however, that, if with respect to the Series 1996 Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due, on each payment date prior to such July 1 the Institution shall pay an amount equal to the principal and Sinking Fund Installments coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1;

(e) Subject to the terms of the Loan Agreement, on each December 10, and on each June 10 of a Bond Year, the amount necessary to make the amount on deposit in the Series 1996 Building and Equipment Reserve Fund equal to the Building and Equipment Reserve Fund Requirement for such Building and Equipment Reserve Fund pursuant to the terms of the Loan Agreement and of the Series Resolution. Payments required to be made pursuant to this paragraph may be made by delivery to the Trustee of Securities for deposit in the Series 1996 Building and Equipment Reserve Fund valued, as of a date not more than five (5) days prior to the delivery thereof, in accordance with the Resolution, at not less than the payment then to be made;

(f) The Annual Administrative Fee through the final maturity date or earlier date on which Series 1996 Bonds are no longer Outstanding;

(g) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 1996 Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement, or of the Mortgage, the Resolution or the Series Resolution in accordance with the terms of the Loan Agreement and thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution or the Series Resolution;

(h) Promptly upon demand by the Authority (a copy of which demand shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement;

(i) Promptly upon demand by the Authority, the difference between the amount on deposit in the Series 1996 Arbitrage Rebate Fund or otherwise available therefor under the Resolution for the payment of any rebate required by the Code to be made and the amount required in the opinion of the Authority to be rebated to the

Department of the Treasury of the United States of America in accordance with the Code in connection with the Series 1996 Bonds;

(j) On any Business Day, if the amount on deposit in the Series 1996 Debt Service Fund is less than the amounts required for payment of interest, principal or Sinking Fund Installments on the Outstanding Series 1996 Bonds due and payable on such date and provided that funds therefor are not available under the Credit Facility or otherwise available under the terms of the Resolution and the Series Resolution, the amount of any such deficiency;

(k) On the date any amount is due and payable to the Credit Facility Issuer for the Bonds under the Reimbursement Agreement, such amount; and

(l) On any Business Day, if the amount on deposit with the Tender Agent is less than the amount required for payment of the purchase price of the Series 1996 Bonds, which have been tendered for purchase or deemed purchased on such date, the amount of such deficiency.

Notwithstanding the preceding sentence, with respect to Series 1996 Bonds that are in a Daily, Weekly or Short-Term Interest Rate Period or are Bank Bonds, moneys available in the Series 1996 Debt Service Fund for payments due under paragraphs (c) and (d) above shall be disregarded when calculating the payments to be made under paragraphs (c) and (d) above except with respect to those payments to be made on June 10th and December 10th of each year, with respect to Series 1996 Bonds in a Daily, Weekly or Short-Term Interest Rate Period, and the twentieth (20th) day of the month preceding each Interest Payment Date with respect to Bank Bonds, and on such other interest payment dates as the Authority may specify.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to paragraph (d) of this subdivision on account of a Sinking Fund Installment if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Series 1996 Bonds to be redeemed through a Sinking Fund Installment payable on the next succeeding July 1, the Institution delivers to the Trustee for cancellation one or more Series 1996 Bonds and maturity to be so redeemed on such July 1. The amount of the credit shall be equal to the principal amount of the Series 1996 Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by paragraphs (c), (d), (e), (i) and (k) of this subdivision directly to the Trustee for deposit in the Series 1996 Debt Service Fund and application in accordance with the Resolution or the Series Resolution, the payments required by paragraph (b) of this subdivision directly to the Trustee for deposit in the Series 1996 Construction Fund or other fund established under the Resolution or the Series Resolution, as directed by the Authority, the payments required by paragraph (f) of this subdivision directly to the Trustee for deposit in the Series 1996 Building and Equipment Reserve Fund, the payments required by paragraph (j) of this subdivision, directly to the Trustee for deposit in the Series 1996 Arbitrage Rebate Fund, the payments required by paragraphs (a), (g) and (h) of this subdivision directly to the Authority, and the payments required by paragraph (l) of this subdivision directly to the Credit Facility Issuer. The Institution agrees to designate all payments made under the Loan Agreement as payments relating to the Series 1996 Bonds.

Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this subdivision), (i) all moneys paid by the Institution to the Trustee pursuant to paragraphs (c), (d), (e), (i) and (k) above (other than moneys received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority in satisfaction of the Institution's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Series 1996 Bonds to the extent of such payment and (ii) the transfer by the Trustee of any moneys (other than moneys described in clause (i) of this subdivision) held by it in the Series 1996 Construction Fund to the Series 1996 Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the Institution of a payment in satisfaction of the Institution's indebtedness to the Authority with respect to the Redemption Price of the Series 1996 Bonds to the extent of the amount of moneys transferred. Immediately after receipt or transfer of such moneys, as the case may be, by the Trustee, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Series 1996 Bondholders, regardless of the actual due date or applicable payment date of any payment to the Series 1996 Bondholders, except in respect to the payment to the Institution by the Trustee as provided for in the Resolution.

The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any

event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Series 1996 Bonds are, or the Resolution or the Series Resolution is, invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Series 1996 Construction Fund.

The Loan Agreement and the obligation of the Institution to make payments under the Loan Agreement are general obligations of the Institution.

The Authority, for the convenience of the Institution, shall furnish to the Institution statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided in the Loan Agreement. The Institution shall notify the Authority as to the amount and date of each payment made to the Trustee by the Institution.

The Authority shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to this Section which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the Loan Agreement arising out of the Institution's failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

The Institution, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the directions of the Authority in the Series 1996 Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any deposit in the Series 1996 Debt Service Fund made pursuant to the Loan Agreement, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution or the Series Resolution, including the purchase or redemption of all Series 1996 Bonds Outstanding, or to pay or provide for the payment of all Series 1996 Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Series 1996 Bonds Outstanding, or to cause all Series 1996 Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

As soon as practicable after the Project is deemed to be complete pursuant to the Loan Agreement, the Authority shall determine, and notify the Institution of, the actual Authority Fee incurred by the Institution in connection with such Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Series 1996 Construction Fund, shall be paid by the Institution. If upon such determination the actual amount of the Authority Fee incurred by the Institution in connection with such Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the Institution the amount paid in excess of such actual amount.

Except as provided for under the Loan Agreement, the Institution and the Authority agree that the only loan to be made under this Loan Agreement shall be in connection with the issuance of the Series 1996 Bonds. The Institution and the Authority further agree that the only loan to be made under the 1993 Loan Agreement shall be that which was made in connection with the issuance of the Series 1993 Bonds. The Institution and the Authority acknowledge that the obligations of the Institution in connection with the issuance of any series of bonds in addition to the Series 1993 Bonds and the Series 1996 Bonds shall be secured by separate loan agreements

(Section 9)

Reserve Funds

The Institution agrees that it will at all times maintain on deposit in the Series 1996 Debt Service Reserve Fund an amount at least equal to the Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund; provided, however, that the Institution shall be required to deliver moneys, Government Obligations or Exempt Obligations to the Trustee for deposit in the Series 1996 Debt Service Reserve Fund as a result of a deficiency in such fund only after the notice required by the Resolution is given; and provided, further, that the Institution shall not deliver to the Trustee, and the Trustee shall not accept, moneys, Government Obligations or Exempt Obligations for deposit in the Series 1996 Debt Service Reserve Fund unless and until all obligations of the Institution under the Loan Agreement that are due and payable have been paid.

The Institution may deliver to the Trustee a Reserve Fund Facility for all or any part of a Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Resolution. Whenever a Reserve Fund Facility has been delivered to the Trustee and the Institution is required to restore a Debt Service Reserve Fund Requirement, it shall reimburse directly, or pay to the Authority an amount sufficient to reimburse, the Facility Provider in order to cause such Reserve Fund Facility to be restored to its full amount and shall then deliver additional moneys or Government Obligations or Exempt Obligations necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

The Institution shall at all times maintain on deposit in the Series 1996 Building and Equipment Reserve Fund Securities the value of which is not less than the Building and Equipment Reserve Fund Requirement for such Building and Equipment Reserve Fund; provided that the Institution shall be required to deliver additional Securities to the Trustee for deposit in the Series 1996 Building and Equipment Reserve Fund as a result of a deficiency therein only upon receipt of a notice thereof given pursuant to the Resolution. Deposits, withdrawals and substitutions of Securities in the Series 1996 Building and Equipment Reserve Fund shall be made in accordance with the Loan Agreement and with the Resolution.

The delivery to the Trustee of Government Obligations, Exempt Obligations and other Securities from time to time made by the Institution pursuant to the Loan Agreement shall constitute a pledge thereof, and shall create a security interest therein, for the benefit of the Authority to secure performance of the Institution's obligations under the Loan Agreement and for the benefit of the Trustee to secure the performance of the obligations of the Authority under the Resolution. The Institution authorizes the Authority pursuant to the Resolution to pledge such Government Obligations, Exempt Obligations and other Securities to secure payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Series 1996 Bonds, whether at maturity, upon acceleration or otherwise, and the fees and expenses of the Trustee, and to make provision for and give directions with respect to the custody, reinvestment and disposition thereof in any manner not inconsistent with the terms of the Loan Agreement and of the Resolution or the Series Resolution.

All Government Obligations, Exempt Obligations and other Securities deposited with the Trustee pursuant to the Loan Agreement, other than United States Treasury Certificates of Indebtedness State and Local Government Series ("SLGS") (subject to provisions for registration thereof), and the principal thereof and the interest, dividends or other income payable with respect thereto, shall be payable to bearer or to the registered owner. All such Government Obligations, Exempt Obligations and other Securities in registered form shall be registered in the name of the Trustee (in its fiduciary capacity) or its nominee. Record ownership of all such Government Obligations, Exempt Obligations and other Securities shall be transferred promptly following their delivery to the Trustee into the name of the Trustee in its fiduciary capacity) or its nominee. The Institution appoints the Trustee its lawful attorney-in-fact for the purpose of effecting such registrations and transfers.

The Institution, in the Loan Agreement, agrees that upon each delivery to the Trustee of Government Obligations, Exempt Obligations or other Securities, whether initially or upon later delivery or substitution, the Institution shall deliver to the Authority and the Trustee a certificate of an Authorized Officer of the Institution to the effect that the Institution warrants and represents that the Government Obligations, Exempt Obligations or other Securities delivered by the Institution (i) are on the date of delivery thereof free and clear of any lien, pledge, charge, security interest or other encumbrance or any statutory, contractual or other restriction that would be inconsistent with or interfere with or prohibit the pledge, application or disposition thereof as contemplated in the Loan Agreement, by the Series Resolution or by the Resolution and (ii) are pledged under the Loan Agreement pursuant to appropriate corporate action of the Institution duly had and taken.

If there is not an Event of Default by the Institution under the terms of the Loan Agreement, moneys in the Series 1996 Building and Equipment Reserve Fund not required to be deposited in the Series 1996 Debt Service Fund pursuant to the Resolution may be applied to defray costs, other than of ordinary maintenance and repair, of

renewing, repairing, replacing, renovating or improving the Project or the Mortgaged Property, but only in the following order of priority: (1) to meet building integrity and habitability needs; (2) to meet fire and life safety requirements; and (3) to meet other Project and Mortgaged Property related changes. The Institution shall submit a certificate of an Authorized Officer thereof to the Authority (i) requesting the proposed withdrawal, (ii) detailing the need(s) and use(s) for such withdrawal, and (iii) certifying that such Project and the Mortgaged Property complies with priority number 1 above; if the request is for moneys to fund the appropriate costs for priority number 2 above, or certifying that such Project and the Mortgaged Property comply with both priority numbers 1 and 2 above if the request is for moneys to fund the appropriate costs for priority number 3 above. If the certificate of the Authorized Officer of the Institution meets the reasonable satisfaction of the Authority, the Authority shall cause the certificate required as a condition precedent to a withdrawal from the Series 1996 Building and Equipment Reserve Fund to be filed with the Trustee in accordance with the Resolution and on terms and conditions reasonably required by the Authority, and shall deliver a copy of such certificate to the Credit Facility Provider. In the event of a withdrawal from the Series 1996 Building and Equipment Reserve Fund pursuant to subdivision 2 of Section 5.08 of the Resolution, the Institution shall, within five (5) days after receipt of notice from the Trustee of such withdrawal, pay the amount of such withdrawal to the Trustee for deposit in the Series 1996 Building and Equipment Reserve Fund. In the event of a withdrawal from the Series 1996 Building and Equipment Reserve Fund other than pursuant to subdivision 2 of Section 5.08 of the Resolution, the Institution shall pay one-tenth (1/10) of the amount of such withdrawal to the Trustee for deposit in the Series 1996 Building and Equipment Reserve Fund on the tenth (10th) day of each June and December commencing on the first such date immediately following such withdrawal until such withdrawal has been repaid or until the amount on deposit in the Series 1996 Building and Equipment Reserve Fund equals the Building and Equipment Reserve Fund Requirement for such Building and Equipment Reserve Fund. Notwithstanding the foregoing, the Authority, in its sole discretion, may permit the Institution to pay one-twelfth (1/12) or one-fourteenth (1/14) of the amount of such withdrawal to the Trustee for deposit in the Series 1996 Building and Equipment Reserve Fund on the tenth (10th) day of each June and December commencing on the first such date immediately following such withdrawal until such withdrawal has been repaid or until the amount on deposit in the Series 1996 Building and Equipment Reserve Fund equals the Building and Equipment Reserve Fund Requirement. The Authority shall advise the Trustee in writing if the payments by the Institution are not to be made in ten (10) installments. Such payments may be made by delivering to the Trustee for deposit in the Series 1996 Building and Equipment Reserve Fund Securities valued as of a date not more than five (5) days prior to delivery thereof in accordance with the Resolution at not less than the amount of the payment then to be made.

Prior to the initial delivery of Government Obligations, Exempt Obligations or other Securities (other than moneys) to the Trustee pursuant to the Loan Agreement, and upon any later delivery or substitution (provided, however, for purposes of this subdivision, substitution shall not be deemed to include open market transactions for Securities within the Series 1996 Building and Equipment Reserve Fund), the Institution will, at its cost and expense, provide to the Authority, the Credit Facility Issuer and the Trustee a written opinion of counsel satisfactory to the Authority to the effect that the Institution has full corporate power and authority to pledge such Government Obligations, Exempt Obligations and other Securities as security in accordance with the Loan Agreement, such Government Obligations, Exempt Obligations and other Securities have been duly delivered by the Institution to the Trustee, such delivery creates a valid and binding pledge and security interest therein in accordance with the terms of the Loan Agreement and of the Resolution, and nothing has come to the attention of such counsel that would lead it to believe that the Government Obligations, Exempt Obligations and other Securities delivered by the Institution are not free and clear of all liens, pledges, encumbrances and security interests or are subject to any statutory, contractual or other restriction which would invalidate or render unenforceable the pledge and security interest therein, or the application or disposition thereof, contemplated in the Loan Agreement or by the Resolution. In lieu of providing a written opinion of counsel to the Institution as required in the Loan Agreement after every substitution of Government Obligations, Exempt Obligations or other Securities in the Series 1996 Building and Equipment Reserve Fund, the Institution may provide such written opinion of counsel after the first substitution provided that it shall furnish to the Authority, the Credit Facility Issuer and the Trustee, once in every calendar quarter (in the first week of each January, April, July and October) thereafter in which a substitution is made, a further written opinion of counsel to the Institution to the effect that all Government Obligations, Exempt Obligations or other Securities deposited into any fund or account established under the Resolution or the Series Resolution, to and including the date of such opinion of counsel, comply with the requirements of this paragraph.

(Section 10)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in, and assign to

the Authority the Pledged Revenues, together with the Institution's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, grant and security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution's performance under the Loan Agreement. The Institution agrees that it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by the Loan Agreement.

(Section 11)

Collection of Pledged Revenues

Commencing on the date on which the Series 1996 Bonds are first issued and delivered and continuing until no Series 1996 Bonds are Outstanding, the Institution shall deliver to the Trustee, for the benefit of the Series 1996 Bondholders, all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the Institution's receipt thereof. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be so made notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee, for the benefit of the Series 1996 Bondholders, any payments received by the Institution with respect to the Pledged Revenues (other than such amounts subject to the Prior Pledges).

Notwithstanding anything to the contrary in the Loan Agreement, the Institution shall not be required to deliver Pledged Revenues to the Trustee, for the benefit of the Series 1996 Bondholders (a) at any time that there are no amounts currently due and payable by the Institution under the Loan Agreement or (b) on the day amounts are due and payable under the Loan Agreement (after giving effect to any grace periods provided in the Reimbursement Agreement with respect to amounts payable with respect thereto) if such amounts are being paid in full on such date.

Any Pledged Revenues collected by the Institution that are not required to be paid to the Trustee pursuant to the Loan Agreement, including any amounts to make up any deficiencies in any funds or accounts established pursuant to the Resolution or the Series Resolution, shall be free and clear of the security interest granted in the Loan Agreement and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement), nor any event which but for the passage of time or the giving of notice, or both, would be an Event of Default, has occurred and is continuing.

(Section 12)

Assignment; Mortgage; Lien on Fixtures, Furnishings and Equipment

At or before the delivery by the Authority of the Series 1996 Bonds, the Institution shall execute and deliver to the Authority the Mortgage acceptable to the Authority, in recordable form, which Mortgage shall constitute a first lien on the Mortgaged Property, subject only to the Permitted Encumbrances.

Prior to any assignment of the Mortgage to the Trustee, the Authority, with the consent of the Credit Facility Issuer, but without the consent of the Trustee or the Holders of Series 1996 Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on the Mortgaged Property and the Mortgaged Property or such security interest may be released from the lien of the Mortgage, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Series 1996 Debt Service Fund an amount not to exceed the aggregate principal amount of the Outstanding Series 1996 Bonds at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures from the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Warranty as to Title; Encumbrances; Title Insurance

The Institution warrants and represents to the Authority that it will have, on the date of issuance of the Series 1996 Bonds, good and marketable title to the Project and the Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes hereof and of the Institution's purposes and programs with such rights of way, easements or other rights in

land or interest in common elements or limited common elements as may be reasonably necessary for ingress and egress to and from such Project and the Mortgaged Property, for proper operation and utilization of such Project and such Mortgaged Property and for the utilities required to serve such Project and such Mortgaged Property.

The Institution covenants that title obtained by the Institution to the Project and the Mortgaged Property shall be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances and such other encumbrances approved in writing by the Authority.

The Institution agrees to provide or reimburse the Authority for providing at the sole option of the Authority prior to the closing of title with respect to the property constituting the Project, (i) a contract vendee's title insurance policy together with an assignment of the proceeds of such policy, and, upon the closing of title to the Mortgaged Property, a title insurance policy in form and substance, and by insurer(s) acceptable to the Authority and the Credit Facility Issuer, in the amount of the aggregate principal amount of the Series 1996 Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid first lien on the Mortgaged Property, free and clear of liens and encumbrances except Permitted Encumbrances, and (ii) a current perimeter plan or drawing showing the space (location and dimensions) constituting the Mortgaged Property and identifying the common elements that serve such Mortgaged Property, certified to the Authority and the issuer of the title insurance policy and showing any easements to which such Mortgaged Property is subject.

The Institution warrants, represents and covenants that (i) the Project and the Mortgaged Property are and shall be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation), and (ii) to the extent applicable, the Project and the Mortgaged Property shall have its own separate and independent means of access, apart from any other property owned by the Institution or others. Such access, however, may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution or within common elements or limited common elements that serve the Mortgaged Property.

(Section 14)

Consent to Pledge and Assignment by the Authority

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (h), (j) and (l) of subdivision 1 of Section 9 of the Loan Agreement, any or all security interests or assignments granted by the Institution under the Loan Agreement or in connection with the Loan Agreement, including without limitation the security interest and assignment in or of the Pledged Revenues, the Mortgaged Property, the Government Obligations, Exempt Obligations and other Securities delivered pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement and all funds and accounts established by the Resolution (other than any Arbitrage Rebate Fund) and pledged under the Resolution in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated in the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this Section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor in the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required in the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any realization upon the Mortgaged Property, and any pledge made or security interest granted in the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or of the obligations of the Institution under the Loan Agreement. The Institution consents to and authorizes the assignment by the Authority to the Credit Facility Issuer of all payments received or receivable by the Authority pursuant to the Loan Agreement, together with the right to receive the same and all proceeds thereof.

The Institution covenants, warrants and represents that it is duly authorized by all applicable laws, its certificate of incorporation and by-laws to enter into the Loan Agreement, to incur the indebtedness contemplated thereby, to make and deliver the Mortgage, and to pledge, grant a security interest in and assign to the Authority and the Trustee, for the benefit of the Series 1996 Bondholders, the Pledged Revenues (subject to the Prior Pledges) and the Government Obligations, Exempt Obligations and other Securities delivered pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement in the manner and to the extent provided in the Loan Agreement and in the Resolution. The Institution further covenants, warrants and represents that any and all pledges, security interests in

and assignments to the Authority and the Trustee for the benefit of the Series 1996 Bondholders, granted or made pursuant to the Loan Agreement or to the Mortgage are and shall be free and clear of any pledge, lien, charge, security interest or encumbrance prior thereto, or of equal rank therewith, other than the Permitted Encumbrances, and that all corporate action on the part of the Institution to that end has been duly and validly taken. The Institution further covenants that the provisions of the Loan Agreement are and shall be valid and legally enforceable obligations of the Institution in accordance with their terms. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge, security interest in and assignment of the Pledged Revenues and the Government Obligations, Exempt Obligations and other Securities delivered pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement and all of the rights of the Authority and Trustee for the benefit of the Bondholders under the Loan Agreement, under the Series Resolution and under the Resolution and the Mortgage against all claims and demands of all persons whomsoever. The Institution further covenants, warrants and represents that the execution and delivery of the Loan Agreement, of the Mortgage, and the consummation of the transactions contemplated in the Loan Agreement and thereby and compliance with the provisions in the Loan Agreement and thereof, including, but not limited to, the assignment as security or the granting of a security interest in the Government Obligations, Exempt Obligations and other Securities delivered to the Trustee pursuant to subdivision 1 of Section 9 or Section 10 of the Loan Agreement, do not violate, conflict with or result in a breach of any of the terms of the Loan Agreement or provisions of, or constitute a default under, the certificate of incorporation or by-laws of the Institution or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the Institution is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

(Section 15)

Tax-Exempt Status

The Institution represents that (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code, (ii) it has received a letter or other notification from the Internal Revenue Service to that effect, (iii) such letter or other notification has not been modified, limited or revoked, (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification, (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist, and (vi) it is exempt from federal income taxes under Section 501(a) of the Code. The Institution agrees that (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the Institution as an organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in any manner, or for any trade or business or other non-exempt use unrelated to the exempt purposes of the Institution under Section 501(c)(3) of the Code, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 16)

Arbitrage

The Institution covenants that it shall take no action, nor shall it consent to the taking of any action, nor shall it fail to take any action or consent to the failure to take any action, the making of any investment or the use of the proceeds of the Series 1996 Bonds, which would cause the Series 1996 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Series 1996 Bonds at the time of such action, investment or use. The Institution (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase Series 1996 Bonds in an amount related to the amount of any obligation to be acquired from the Institution by the Authority. The Institution will, on a timely basis, provide the Authority with all necessary information and funds not in the Authority’s possession, to enable the Authority to comply with the arbitrage and rebate requirements of the Code as identified in the Resolution.

(Section 34)

Rebate Calculation

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of Excess Earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable

times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution the Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 35)

Use of a Project

The Institution agrees that, unless in the opinion of Bond Counsel the Project may be occupied or used other than as required by this Section, at least ninety-five percent (95%) of the Project shall be occupied or used primarily for activities related to the tax exempt purposes of the Institution, or, on a temporary basis, persons connected with activities incidental to the operations of the Institution, subject to and consistent with the requirements of the Loan Agreement.

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the Institution shall have sole and exclusive control of, possession of and responsibility for (i) the Project and the Mortgaged Property, (ii) the operation of the Project and the Mortgaged Property and supervision of the activities conducted therein or in connection with any part thereof, and (iii) the maintenance, repair and replacement of the Project and the Mortgaged Property.

The Institution agrees that with respect to the Project, or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or any portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion; and, further provided, however, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit such Project or a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion of real property thereof financed by Series 1996 Bonds is being used for any purpose proscribed in the Loan Agreement. The Institution further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in such Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases' the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of such Project, or, if included in such Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of this Section, an involuntary transfer or disposition of the Project, or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 20 and 21)

Covenant as to Insurance

The Institution shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by institutions providing services similar to those provided by the Institution.

The Institution shall, with respect to the Project and the Mortgaged Property, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers acceptable to the Authority, the following insurance:

(a) with respect to any building or Mortgaged Property the construction of which shall not have been completed (and until insurance is procured pursuant to paragraph (b) of this subdivision), builders' risk insurance against direct physical loss or damage thereto by fire and lightning, extended coverage perils and vandalism and

malicious mischief, or with respect to the acquisition and installation of equipment or machinery, in lieu of builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred percent (100%) completed value basis on the insurable portion. The builders' risk coverage will include the prime contractors or the installer and the Institution as named insureds, as their interests may appear;

(b) at all times (except during a period when builders' risk insurance is in effect as required by paragraph (a) of this subdivision 2), insurance against direct physical loss or damage to such Project or the Mortgaged Property by fire and lightning, extended coverage perils and vandalism and malicious mischief on the plant, structure, machinery, equipment and apparatus comprising the insured property, in an amount not less than eighty percent (80%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; provided, however, that the inclusion of such Project or the Mortgaged Property under a blanket insurance policy or policies of the Institution insuring against the aforesaid hazards in an amount aggregating at least ninety percent (90%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions of this paragraph with respect to such Project or the Mortgaged Property; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the Institution and the Authority from becoming co-insurers under the applicable terms of such policy;

(c) at all times, statutory workers' compensation insurance, covering loss resulting from injury, sickness, disability or death of employees and employer's liability insurance with limits of at least \$1,000,000 for each accident, each sickness, and aggregate occupational illness or sickness;

(d) at all times, statutory disability benefits;

(e) at all times, insurance protecting the Authority and the Institution against loss or losses from liabilities arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of injury to persons, and \$500,000 per accident or occurrence on account of injury to the property of others, or \$2,000,000 combined single limit with \$2,000,000 policy aggregate, excluding liability imposed upon the Authority or the Institution by any applicable workers' compensation law;

(f) commencing with the date on which such Project or any improvement on the Mortgaged Property or any part thereof is completed or first occupied, or any equipment, machinery, fixture or personal property covered by comprehensive boiler and machinery coverage is accepted, whichever occurs earlier, insurance providing comprehensive boiler and machinery coverage in an amount considered adequate by the Authority, which insurance may include deductible provisions approved by the Authority; and

(g) each other form of insurance which the Institution is required by law to provide and such other kinds of Insurance in such amounts as from time to time may be reasonably required by the Authority.

Any insurance procured and maintained by the Authority or the Institution pursuant to this Section, including any blanket insurance policy, may include deductible provisions reasonably satisfactory to the Authority and the Institution. In determining whether or not any insurance required by this Section is reasonably obtainable or if the deductible on any such insurance is a reasonable deductible, the Authority may rely solely and exclusively upon the advice and judgment of any insurance consultant chosen by the Institution and approved by the Authority, and any such decision by the Authority, based upon such advice and judgment, shall be conclusive.

No provision of this Section shall be construed to prohibit the Institution from self-insuring against any risk at the recommendation of any insurance consultant chosen by the Institution and approved by the Authority provided, however, that self insurance plans shall not cover property, plant and equipment. The Institution shall also cause an annual evaluation of such self-insurance plans to be performed by an independent insurance consultant. The Institution shall provide adequate funding of such self-insurance if and to the extent recommended by such insurance consultant and approved by the Authority.

Each policy maintained pursuant to subdivision 2 of this Section shall provide that the insurer writing such policy shall give at least thirty (30) days notice in writing to the Authority of the cancellation or non-renewal or material change in the policy unless a lesser period of notice is expressly approved in writing by the Authority. The Institution, not later than July 15 of each year, shall provide to the Authority and the Credit Facility Issuer a list describing all policies of insurance maintained as of June 30 by the Institution pursuant to this Section stating with

respect to each such policy (i) the insurer, (ii) the insured parties or loss payees, (iii) the level of coverage, and (iv) such other information as the Authority may have reasonably requested.

All policies and certificates of insurance shall be open to inspection by the Authority and the Trustee or their representatives at all reasonable times. If any change shall be made in any such insurance, a description and notice of such change shall be furnished to the Authority and the Trustee at the time of such change. The Institution covenants and agrees not to make any change in any policy of insurance which would reduce the coverage or increase the deductible thereunder without first securing the prior written approval of the Authority.

All policies of insurance required pursuant to the Loan Agreement, other than policies of workers' compensation insurance, shall include the Authority and the Institution, and, upon assignment of the Mortgage pursuant to the Resolution, the assignees of the Authority, as named insureds or as mortgagee or as loss payee as their interests may appear.

In the event the Institution fails to provide the insurance required by the Loan Agreement, the Authority may elect at any time thereafter to procure and maintain the insurance required by this Section at the expense of the Institution. The policies procured and maintained by the Authority shall be open to inspection by the Institution at all reasonable times, and, upon request of the Institution, a complete list describing such policies as of the June 30 preceding the Authority's receipt of such request shall be furnished to the Institution by the Authority.

(Section 23)

Damage or Condemnation

In the event of a taking of the Project or the Mortgaged Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project or the Mortgaged Property, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award shall be paid upon receipt thereof by the Institution or the Authority to the Trustee for deposit in the Series 1996 Construction Fund, and

(a) if within 120 days from the receipt by the Authority of actual notice or knowledge of the occurrence, the Institution and the Authority agree in writing that the Project, the Mortgaged Property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore such Project, the Mortgaged Property or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid from time to time as the work progresses, subject to such conditions and limitations as the Authority may reasonably impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and, to the extent such proceeds are not sufficient, from the Series 1996 Building and Equipment Reserve Fund or from funds to be provided by the Institution; or

(b) if no agreement for the repair, restoration or replacement of the Project, the Mortgaged Property or the affected portion thereof shall be reached by the Authority and the Institution within such 120 day period, all respective proceeds (other than the proceeds of builders' risk insurance which shall be deposited pursuant to the Resolution and the Series Resolution) shall be transferred from the Series 1996 Construction Fund in which such proceeds were deposited to the Series 1996 Debt Service Fund for the redemption at par, at the option of the Authority, of Series 1996 Bonds on any future interest payment date.

(Section 24)

Events of Default and Remedies

As used in the Loan Agreement the term "Event of Default" shall mean:

(a) the Institution shall default in the timely payment of any amount payable, or in the delivery of any Securities required, pursuant to Sections 9 and 10 of the Loan Agreement or the payment of any other amounts required to be delivered or paid in accordance with the Loan Agreement, with the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days;

(b) the Institution defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Institution by the Authority or the Trustee;

(c) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an

“event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 1996 Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the Institution shall be in default under the Mortgage and such default continues beyond any applicable grace period;

(e) the Institution shall (i) be generally not paying its debts as they become due, (ii) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (iii) make a general assignment for the benefit of its creditors, (iv) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers, of itself or of any substantial part of its property, (v) be adjudicated insolvent or be liquidated or (vi) take corporate action for the purpose of any of the foregoing;

(f) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Institution, or any petition for any such relief shall be filed against the Institution and such petition shall not be dismissed within ninety (90) days;

(g) the certificate of incorporation of the Institution shall be suspended or revoked;

(h) a petition to dissolve the Institution shall be filed by the Institution with the legislature of the State of Delaware or other governmental authority having jurisdiction over the Institution, including the State;

(i) an order of dissolution of the Institution shall be made by the legislature of the State of Delaware or other governmental authority having jurisdiction over the Institution, including the State, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days; a petition shall be filed with a court having jurisdiction for an order directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;

(j) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the Institution, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(k) a final judgment for the payment of money which in the judgment of the Authority will adversely affect the rights of the Bondholders shall be rendered against the Institution and at any time after thirty (30) days from the entry thereof (i) such judgment shall not have been discharged or (ii) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process for the enforcement thereof, to have been stayed pending determination of such appeal; or

(l) an “event of default” (as defined in the Liquidity Facility or Credit Facility, as the case may be) shall have occurred and be continuing after any applicable grace periods therefor shall have expired under the terms of the Liquidity Facility or Credit Facility, as the case may be.

Upon the occurrence of an Event of Default, the Authority may take any one or more of the following actions:

(a) declare all sums payable by the Institution under the Loan Agreement immediately due and payable;

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Series 1996 Bonds or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority’s sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

(c) withhold any or all further performance under the Loan Agreement;

(d) maintain an action against the Institution under Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement or of the Mortgage;

(e) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Series 1996 Debt Service Reserve Fund and the Series 1996 Building and Equipment Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Series 1996 Bonds, or any other obligation or liability of the Institution or the Authority arising herefrom, from any Series Resolution or from the Resolution;

(f) realize upon any security interest which the Authority may then have in the pledge and assignment of the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, and in a manner consistent with the rights of the holders of indebtedness secured by the Prior Pledges, by any one or more of the following actions: (i) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, to the extent of the Pledged Revenues assigned under the Loan Agreement, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (ii) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that the Authority may, in its discretion, immediately collect the entire amount of interest, principal, and Sinking Fund Installments, if any, coming due with respect to the Series 1996 Bonds on the next January 1 and July 1, subject to the Prior Pledges and of acceleration to the extent of Pledged Revenues, and may continue to do so commencing on each January 1 and July 1 to the extent of amounts due to the Authority under the Loan Agreement on the next July 1 and January 1, with respect to Pledged Revenues, until such amounts are fully collected; provided, however, that written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors; and provided further that until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (iii) following the above-mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (iv) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority, provided that the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Institution under the Loan Agreement including the fees and expenses of the Authority; and provided further that the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes; and provided further that the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (v) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid Pledged Revenues assigned under the Loan Agreement, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; and (vi) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(g) to the extent permitted by law, (i) enter upon the Project and complete the construction of such Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect such Project, all at the risk, cost and expense of the Institution, consent to such entry being in the Loan Agreement given by the Institution, (ii) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the Institution in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of the Project, and (iv) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of this paragraph (g), (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of the Project, (y) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of the Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of the Project, and (z) take or refrain from taking such action under the Loan

Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this paragraph (g) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the Authority upon demand. The Institution in the Loan Agreement irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by this subparagraph during the term;

(h) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement, under the Mortgage, or by law, including foreclosure of the Mortgage, and any other action or proceeding permitted by the terms of the Loan Agreement, by the Mortgage, or by law; and

(i) realize upon any security interest in the fixtures, furnishings and equipment, including any one or more of the following actions: (i) enter the Project or Mortgaged Property and take possession of any such fixtures, furnishings and equipment; or (ii) sell, lease or otherwise dispose of any such fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or to the Mortgage, or separately, whether or not possession has been secured; provided, however, that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five (5) days' prior written notice to the Institution of the time and place of such sale.

All rights and remedies in the Loan Agreement given or granted to the Authority are, to the extent permitted by law, cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Authority's right to exercise such remedy thereafter.

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made pursuant to paragraph (a) of subdivision 2 of this Section and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 29)

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**SUMMARY OF CERTAIN PROVISIONS OF THE
RESOLUTION AND THE SERIES RESOLUTIONS**

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**SUMMARY OF CERTAIN PROVISIONS OF THE
RESOLUTION AND THE SERIES RESOLUTIONS**

The following is a summary of certain provisions of the Resolution and the Series 1996 Resolution pertaining to the Series 1993 Bonds, the Series 1996 Bonds and the 1996 Project. Such summary does not purport to be complete and reference is made to the Resolution, the Series 1993 Resolution, and the Series 1996 Resolution for full and complete statements of each of its provisions. Defined terms used in this Appendix shall have the meanings ascribed to them in Appendix A. Unless otherwise indicated, references to section numbers herein refer to sections in the Resolution.

Resolution, Series 1993 Resolution, Series Resolutions, Series 1993 Bonds and Series 1996 Bonds Constitute Separate Contracts

The Resolution authorizes the issuance by the Authority, from time to time, of its revenue bonds in one or more Series, each such Series to be authorized by a separate Applicable Series Resolution and, *inter alia*, unless otherwise provided in the Applicable Series Resolutions, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of an Applicable Series authorized to be issued hereunder and under the Applicable Series Resolution by those who shall hold or own the same from time to time, this Resolution and the Applicable Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of the Bonds of an Applicable Series, and the pledge and assignment made herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bonds of a Series over any other Bonds of such Series, except as expressly provided herein or permitted hereby or by the Applicable Series Resolution.

(Section 1.03)

Pledge of Revenues

The proceeds from the sale of an Applicable Series of Bonds, the Revenues, the Authority's security interest in the Pledged Revenues and all funds authorized hereby and established pursuant to an Applicable Series Resolution, other than an Applicable Arbitrage Rebate Fund, are hereby, subject to the adoption of an Applicable Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Applicable Series of Bonds and as security for the performance of any other obligation of the Authority hereunder and under an Applicable Series Resolution with respect to such Series, all in accordance with the provisions hereof and thereof. The pledge made hereby, subject to the adoption of and except as provided in an Applicable Series Resolution, shall relate only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made hereby is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Applicable Series of Bonds, the Revenues of the Institution, the Authority's security interest in the Pledged Revenues of the Institution and all funds and accounts established hereby and pursuant to the Applicable Series Resolution which are pledged hereby and pursuant to the Applicable Series Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority Irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Applicable Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the Revenues, the Authority's security interest in the Pledged Revenues and the funds established hereby and pursuant to the Applicable Series Resolution,

which pledge shall constitute a first lien thereon, subject only, with respect to such Pledged Revenues, to the Prior Pledges.

(Section 5.01)

Establishment of Funds

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;
Debt Service Fund;
Debt Service Reserve Fund;
Building and Equipment Reserve Fund; and
Arbitrage Rebate Fund.

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund created hereby, other than the Applicable Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but shall nevertheless be disbursed, allocated and applied solely in connection with Applicable Series of Bonds for the uses and purposes provided in the Resolution.

(Section 5.02)

The following funds and accounts shall be established, held, maintained and applied by the Trustee in accordance with Article V of the Resolution, and except for the Applicable Arbitrage Rebate Fund, all funds and accounts shall be held, maintained and applied for the benefit of the Bondholders:

- (a) Series 1996 Construction Fund;
- (b) Series 1996 Debt Service Fund; Bank Account Institution Payment Account
- (c) 1996 Debt Service Reserve Fund;
- (d) Series 1996 Building and Equipment Reserve Fund; and
- (e) Series 1996 Arbitrage Rebate Fund.

(Series 1996 Resolutions—Section 9.01)

Application of Bond Proceeds and Allocation Thereof

Upon the receipt of proceeds from the sale of an Applicable Series of Bonds, the Authority shall apply such proceeds as specified herein and in an Applicable Series Resolution authorizing such Series or the Applicable Bond Series Certificate.

Accrued interest, if any, received upon the delivery of an Applicable Series of Bonds shall be deposited in the appropriate account in the Applicable Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Applicable Series Resolution or the Applicable Bond Series Certificate.

(Section 5.03)

The Trustee shall apply the proceeds of the sale of the Applicable Bonds as follows: (i) the amount representing accrued interest on the Applicable Bonds from the date thereof to the date of delivery thereof and the amount, if any, set forth in such direction representing interest to accrue on the Applicable Bonds from the date thereof to the date of delivery thereof and the amount, if any, set forth in such direction representing interest to accrue on the Applicable Bonds from the date of issuance thereof and for a reasonable period after completion of the Project, shall be deposited in the Applicable Construction Fund or the Applicable Debt Service Fund upon the direction of an Authorized Officer of the Authority, (ii) the amount which is equal to the Applicable Debt Service

Reserve Fund Requirement shall be deposited in the Applicable Debt Service Reserve Fund, (iii) the amount which is equal to the Applicable Building and Equipment Reserve Fund Requirement shall be deposited in the Building and Equipment Fund and (iv) the balance thereof shall be deposited, in accordance with the written instructions of an Authorized Officer of the Authority, in the Applicable Construction Fund. Upon the direction of an Authorized Officer of the Authority, earnings accruing on any amounts representing capitalized interest deposited in the Applicable Debt Service Fund pursuant to (a) above may be transferred to the Applicable Construction Fund.

(Series Resolution—Section 9.02)

Application of Moneys in the Construction Fund

For purposes of internal accounting, an account in an Applicable Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem necessary or desirable. As soon as practicable after the delivery of an Applicable Series of Bonds, the Trustee shall deposit in the appropriate account in the Applicable Construction Fund the amount required to be deposited therein pursuant to the Applicable Series Resolution, the Loan Agreement or the Applicable Bond Series Certificate. In addition, the Authority shall remit to the Trustee and the Trustee shall deposit in the appropriate account in the Applicable Construction Fund any moneys paid or instruments payable to the Authority derived from insurance proceeds or condemnation awards from the Applicable Project.

Except as otherwise provided in Article V of the Resolution and in the Applicable Series Resolution or Applicable Bond Series Certificate, moneys deposited in the Applicable Construction Fund shall be used only to pay the Costs of Issuance of the Bonds issued in connection with such Series Resolution or Bond Series Certificate and the Costs of the Project in connection with which such Bonds were issued.

Payments for Costs of an Applicable Project shall be made by the Trustee upon receipt of and in accordance with, a certificate or certificates of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Such certificate or certificates shall be substantiated by a certificate filed with the Authority, signed by an Authorized Officer of the Institution, describing in reasonable detail the purpose for which moneys were used and the amount thereof and further stating that such purpose constitutes a necessary part of the Costs of such Project except that payments to pay interest on the Applicable Series of Bonds shall be made by, the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Applicable Construction Fund to the Applicable Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the Institution with respect to the Applicable Project or the Applicable Mortgaged Property shall be deposited in the appropriate account in the Applicable Construction Fund and, if necessary, such fund may be re-established for such purpose and if not used to repair, restore or replace the Applicable Project, transferred to the Applicable Debt Service Fund for the redemption of the Applicable Series of Bonds in accordance with the Loan Agreement.

An Applicable Project shall be deemed to be complete (a) upon delivery to the Authority, the Applicable Credit Facility Issuer and the Trustee of a certificate signed by an Authorized Officer of the Institution which certificate shall be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to the Institution, each Applicable Credit Facility Issuer and the Trustee of a certificate of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of a certificate of an Authorized Officer of the Institution, shall specify the date of completion.

Except as set forth in any Series Resolution, upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Applicable Construction Fund, after making provision in accordance with the direction of the Authority for the payment of any Costs of Issuance of an Applicable Series of Bonds and Costs of an Applicable Project then unpaid, shall be paid by the Trustee as follows and in the following order of priority:

First: Upon the direction of the Authority, to the Applicable Arbitrage Rebate Fund, the amount set forth in such direction;

Second: To the Applicable Debt Service Reserve Fund, such amount as shall be necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement;

Third: To the Applicable Building and Equipment Reserve Fund, such amount as shall be necessary to make the amount on deposit in such fund equal to the Applicable Building and Equipment Reserve Fund Requirement; and

Fourth: To the Applicable Debt Service Fund for the redemption or purchase of Applicable Series of Bonds in accordance with this Resolution and the Applicable Series Resolution, any balance remaining.

(Section 5.04)

Proceeds of the Bonds deposited in the applicable Construction Fund shall first be applied to the payment of legal, administrative, financing and incidental expenses of the Authority and the Institution relating to the Series 1996 Bonds, including the payment to the Authority of the Authority Fee, and then to payment of Costs of the Project. In the event that the Project is amended as permitted by the Loan Agreement, moneys held in the Series 1996 Construction Fund may thereafter be applied toward the payment of the Costs of the Project, as so amended. Upon completion of the Project and delivery to the Authority of a certificate signed by an Authorized Officer of the Institution pursuant to the Resolution, the balance of the moneys remaining in the Series 1996 Construction Fund not needed to pay Costs of the Project then unpaid shall be applied in accordance with the Resolution.

(Resolution—Section 9.03)

Deposit of Revenues and Allocation Thereof

Except as set forth in any Series Resolution, the Revenues and any other moneys which, by any of the provisions of the Loan Agreement, are required to be deposited in the Applicable Debt Service Fund, shall upon receipt by the Trustee be deposited to the credit of the appropriate account in the Applicable Debt Service Fund. To the extent not required to pay or be set aside for: (a) the interest becoming due on Outstanding Bonds of the Applicable Series on the next succeeding interest payment date of such Bonds; (b) (i) in the case of amounts deposited in the Applicable Debt Service Fund during the period from the beginning of each Bond Year until December 31 thereof the amount necessary to pay one-half (1/2) of the principal and Sinking Fund Installments becoming due on the Applicable Series of Outstanding Bonds on the next succeeding July 1; and (ii) in the case of amounts deposited in the Applicable Debt Service Fund after December 31 in a Bond Year and until the end of such Bond Year, the amount necessary to pay the principal and Sinking Fund Installments becoming due on the Applicable Series of Outstanding Bonds on such July 1; and (c) the redemption price of Bonds of the Applicable Series to be called for redemption, moneys in the Applicable Debt Service Fund shall be paid by the Trustee on or before the Business Day preceding each interest payment date as follows and in the following order of priority:

First: To reimburse, pro rata, each Facility Provider which has issued a Reserve Fund Facility which constitutes any part of the Applicable Debt Service Reserve Fund for moneys advanced thereunder, including interest thereon, in proportion to the respective amounts advanced by each such Facility Provider;

Second: To the Applicable Debt Service Reserve Fund, the amount, if any, necessary to make the amount on deposit therein equal to the Applicable Debt Service Reserve Fund Requirement;

Third: To the Applicable Building and Equipment Reserve Fund, the amount, if any, necessary to make the amount on deposit therein equal to the Applicable Building and Equipment Reserve Fund Requirement; and

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority relating to such Series for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required hereby; (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Applicable Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement or Applicable

Mortgage in accordance with the terms thereof; and (iii) the Annual Administrative Fee of the Authority; but, in each case, only upon receipt by the Trustee of a certificate of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph.

After making the payments required by subdivision 1 of this Section, any balance remaining in the Applicable Debt Service Fund on the immediately succeeding July 1 shall be paid by the Trustee upon and in accordance with the direction of the Authority to the Institution in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created hereby or by the Loan Agreement. The Trustee shall notify the Authority and the Institution promptly after making the payments required by subdivision 1 of this Section of any balance remaining in the Applicable Debt Service Fund on the immediately succeeding July 1.

Notwithstanding the other provisions of Section 5.05 of the Resolution or Section 5.06 thereof, the Authority may at any time subsequent to July 1 of any Bond Year but in no event less than forty-five (45) days prior to the succeeding July 1 on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of the Applicable Series to be redeemed from such Sinking Fund Installment. Any such Term Bond so purchased and any Term Bond purchased by the Institution and delivered to the Trustee in accordance with the Loan Agreement shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of such Term Bond so canceled shall be credited against the Sinking Fund Installment due on such first day of July; provided that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(Section 5.05)

The Trustee shall deposit any moneys, irrevocable letters of credit or other security received by it pursuant to the Loan Agreement for deposit in the Applicable Construction Fund on the date such moneys, irrevocable letters of credit or other security are received.

Any moneys received by the Trustee pursuant to the Loan Agreement for deposit in the Applicable Construction Fund shall be deposited in the Applicable Construction Fund on the date such moneys are received.

(Resolution—Section 9.02)

Debt Service Fund

Bank Account. An account has been created in the Applicable Debt Service Fund to be held by the Trustee and described as the “Bank Account.” The Trustee shall draw moneys under the Liquidity Facility or Credit Facility in accordance with the terms thereof in an amount sufficient to make each payment (i) in the case of the Liquidity Facility, of the purchase price of the Applicable Bonds, and (ii) in the case of the Credit Facility, of the principal of the Applicable Bonds as it becomes due, whether due at maturity, redemption (including sinking fund redemption) or acceleration, and each interest payment on the Applicable Bonds as such interest becomes due. Any amounts so drawn shall be deposited in the Bank Account of the Debt Service Fund and held uninvested and irrevocably pledged to the Holders of the Applicable Bonds.

Institution Payments Account. An account has been created in the Applicable Debt Service Fund to be held by the Trustee under the Debt Service Fund and described as the “Institution Payments Account.” Any moneys received by the Trustee from the Institution pursuant to the terms of the Loan Agreement for the payment of principal, redemption price or purchase price of and interest on the Applicable Bonds shall be deposited in the Institution Payments Account of the Debt Service Fund. If the Credit Facility Issuer advances moneys under the Credit Facility for the payment of the principal or redemption or purchase price of and interest on any Bonds, the Trustee shall use amounts available in the Institution Payments Account to reimburse the Credit Facility Provider for such payments.

In the event that after the Trustee has requested a draw on the Credit Facility there are insufficient moneys available in the Bank Account of the Debt Service Fund to pay the principal or redemption price of and interest due on Applicable Bonds as the same becomes due and payable due to the failure by the Bank to advance sufficient

moneys under the Credit Facility, the Trustee shall use any amounts available in any Fund and Account held by the Trustee under the Resolution to purchase Applicable Bonds as provided in the Series Resolution.

(Series Resolution, Section 9.04)

Building and Equipment Reserve Fund

The Trustee shall deposit to the credit of the Applicable Building and Equipment Reserve Fund such proceeds of the sale of the Applicable Series of Bonds, if any, as shall be prescribed in the Applicable Series Resolution or the Applicable Bond Series Certificate relating to such Applicable Series of Bonds, and any Revenues or Securities or other moneys received by the Trustee which, by the provisions of the Applicable Loan Agreement, are to be deposited in the Applicable Building and Equipment Reserve Fund.

In the event that on the fourth Business Day preceding any interest payment date and after any withdrawal made pursuant to subdivision 2 of Section 5.06 of the Resolution the amount in the Applicable Debt Service Fund shall be less than the amounts respectively required for payment of interest on the Outstanding Bonds of the Applicable Series, for the payment of principal on such Outstanding Bonds, for the payment of Sinking Fund Installments on such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Applicable Building and Equipment Reserve Fund and deposit to the Applicable Debt Service Fund such amounts as will increase the amount in the Applicable Debt Service Fund to an amount sufficient to make such respective payment.

The amount on deposit in the Applicable Building and Equipment Reserve Fund shall be applied to defray the costs, other than of ordinary maintenance and repair, of renewing, repairing, replacing, renovating and improving the Applicable Project and Applicable Mortgaged Property and its equipment and to the renewal, replacement and repair of damaged property of such Project and such Mortgaged Property. Such amounts shall be applied in the following order of priority: (i) First, to meet fire and life safety requirements; (ii) Second, to meet building integrity and habitability needs; and (iii) Third, to meet other Applicable Project and Mortgaged Property related charges. Any payment from the Applicable Building and Equipment Reserve Fund to defray such costs shall be made by the Trustee upon receipt of a certificate of the Authority, setting forth in reasonable detail the payments to be made and stating that such payments are properly payable from moneys held by the Trustee in the Applicable Building and Equipment Reserve Fund.

All or any portion of the Revenues and Securities held for the credit of the Applicable Building and Equipment Reserve Fund in excess of the maximum Applicable Building and Equipment Reserve Fund Requirement shall be withdrawn by the Trustee and deposited, upon direction of an Authorized Officer of the Authority, in the Applicable Arbitrage Rebate Fund, the Applicable Debt Service Reserve Fund, the Applicable Debt Service Fund and the Applicable Construction Fund or applied to the redemption of Bonds of the Applicable Series in accordance with such direction.

If upon a valuation or following the withdrawal of amounts therein, the value of the Securities held for the credit of the Applicable Building and Equipment Reserve Fund is less than the Applicable Building and Equipment Reserve Fund Requirement, the Trustee shall immediately notify the Authority, the Applicable Credit Facility Issuer and Institution of such deficiency. The Institution shall, pursuant to the requirements of subdivision 6 of Section 10 of the Loan Agreement, deliver to the Trustee for deposit to the Applicable Building and Equipment Reserve Fund, Revenues and Securities the value of which is sufficient to increase the amount in the Applicable Building and Equipment Reserve Fund to at least equal to the Applicable Building and Equipment Reserve Fund Requirement.

(Section 5.08)

Application of Moneys in the Debt Service Fund for Redemption of Bonds

Moneys delivered to the Trustee, which by the provisions of the Loan Agreement, the Applicable Series Resolution or this Resolution are to be applied for redemption of the Applicable Series of Bonds, shall upon receipt

by the Trustee be deposited to the credit of the appropriate account in the Applicable Debt Service Fund for such purpose.

In the event that on any interest payment date the amount in the Applicable Debt Service Fund, exclusive of amounts therein deposited for the redemption of an Applicable Series of Bonds, shall be less than the amounts respectively required for payment of interest on Outstanding Bonds of such Series, for the payment of principal of such Outstanding Bonds or for the payment of Sinking Fund Installments of such Outstanding Bonds of such Series due and payable on such interest payment date, the Trustee shall, after the withdrawals made from the Applicable Debt Service Reserve Fund and the Applicable Building and Equipment Reserve Fund, apply moneys in the Applicable Debt Service Fund deposited therein for the redemption of such Bonds (other than moneys required to pay the Redemption Price of any such Outstanding Bonds theretofore called for redemption or to pay the purchase price of Outstanding Bonds of such Series theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) in the following order of priority: to pay interest on, principal of or Sinking Fund Installments of such Bonds, respectively.

Subject to the provisions described in the preceding paragraph and except as may be provided in an Applicable Series Resolution, moneys in the Applicable Debt Service Fund to be used for redemption of Bonds of an Applicable Series shall be applied by the Trustee to the purchase of Outstanding Bonds of such Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Authority shall direct.

Notwithstanding the provisions described in the preceding paragraph, if the amount in the Applicable Debt Service Fund at any time (other than moneys required to pay the Redemption Price of any Outstanding Bonds of an Applicable Series theretofore called for redemption or to pay the purchase price of such Outstanding Bonds theretofore contracted to be purchased, including in both cases accrued interest on such Bonds to the date of redemption or purchase) is sufficient to make provision for the payment of such Outstanding Bonds at the maturity or redemption date thereof, the Authority may request the Trustee to take such action consistent with the Resolution as is required thereby to deem certain of such Bonds to have been paid within the meaning of the Resolution.

(Section 5.09)

Arbitrage Rebate Fund

The Trustee shall deposit to the appropriate account in the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Institution for deposit therein and, notwithstanding any other provisions of Article V of the Resolution, shall transfer to the Applicable Arbitrage Rebate Fund, in accordance with the directions of the Authority, moneys on deposit in any other funds held by such Trustee hereunder at such times and in such amounts as shall be set forth in such directions.

Moneys on deposit in the Applicable Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to the Applicable Debt Service Fund in accordance with the directions of the Authority.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings with respect to each Applicable Series of Bonds and direct the Trustee to (i) transfer from any other of the funds held by the Trustee under the Resolution and deposit to the Applicable Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Series of Bonds and (ii) pay out of the Applicable Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.10)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if upon the computation of assets of an Applicable Debt Service Fund and an Applicable Debt Service Reserve Fund, the amounts held in the appropriate accounts in the Applicable Debt Service Fund and the Applicable Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Applicable Series and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds shall be redeemable, the Trustee shall so notify the Authority, each Applicable Credit Facility Issuer and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and the Applicable Series Resolution.

(Section 5.11)

Investment of Funds Held by the Trustee

Money held under the Resolution by the Trustee in an Applicable Debt Service Fund, Applicable Construction Fund, Applicable Debt Service Reserve Fund, Applicable Arbitrage Rebate Fund and, if there is an Event of Default under the Loan Agreement or unless otherwise provided in the Applicable Series Resolution or the Applicable Bond Series Certificate, the Applicable Building and Equipment Reserve Fund, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing (which direction shall specify the particular investment and the amount thereof to be so invested), in Government Obligations, deposits fully insured by the Federal Deposit Insurance Corporation or Exempt Obligations.

In lieu of the investment of moneys in obligations authorized by the Resolution, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, invest moneys in the Applicable Construction Fund and, to the extent applicable, the Applicable Building and Equipment Reserve Fund, in (i) interest bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation; or (ii) Investment Agreements; provided that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value determined by the Trustee or its agent on a daily valuation at least equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be deposited with and held by the Trustee or an agent of the Trustee approved by the Authority, and (z) the Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangements shall be free and clear of claims of any other person.

Unless the Trustee shall have received direction from the Authority pursuant to the Applicable Series Resolution or the Applicable Bond Series Certificate or as a result of a default under the Loan Agreement by the Institution, such Trustee shall, upon the direction of an Authorized Officer of the Institution given or confirmed in writing, invest moneys in the Applicable Building and Equipment Reserve Fund in investments in which moneys may be invested as described above or in other Securities. Except for the circumstances described in the preceding sentence, the Institution shall provide the Trustee directions confirmed in writing as to the investments in Securities in the Applicable Building and Equipment Reserve Fund.

Obligations purchased or other investments made as an investment of moneys in any fund held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund and the income or interest earned, profits realized or losses suffered by a fund due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund.

In computing the amount in any fund held by the Trustee under the provisions of the Resolution obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof plus accrued interest, whichever is lower, except that investments held in an Applicable Debt Service Reserve Fund and an Applicable Building and Equipment Reserve Fund shall be valued at the market value thereof plus accrued interest.

The Authority, in its discretion, may direct the Trustee in writing to, and the Trustee shall, sell, or present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in Section 6.02 of the Resolution. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund in which such investment is held. The Trustee shall advise the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of Section 6.02 of the Resolution. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund in the previous month.

No part of the proceeds of any Applicable Series of Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(Section 6.02)

Computation of Assets of Certain Funds

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to the Resolution, shall compute the value of the assets in the Applicable Debt Service Reserve Fund and the Applicable Building and Equipment Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority and the Institution as to the results of such computation and the amount by which the value of the assets in the Applicable Debt Service Reserve Fund and the Applicable Building and Equipment Reserve Fund exceeds or is less than the Applicable Debt Service Reserve Fund Requirement and the Applicable Building and Equipment Reserve Fund Requirement, respectively.

(Section 5.13)

Refunding Bonds and Additional Obligations

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series, a portion of a Series of Outstanding Bonds, a portion of a maturity of a Series of Outstanding Bonds or all or any portion of Outstanding Bonds or other obligations issued by the Authority. The Authority by resolution of its members may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Section and of the Series Resolution authorizing such Series of Refunding Bonds or by the provisions of the resolution or resolutions authorizing the bonds or other obligations issued by the Authority, as the case may be.

With respect to Refunding Bonds issued to refund all or any portion of any Series of Outstanding Bonds, the Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by other provisions of the Resolution) of: (a) if the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions; (b) irrevocable

instructions to the Trustee, satisfactory to it, to make due publication of the notice to the Holders of the Bonds being refunded; (c) either or both of (1) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor or the Redemption Price on the applicable redemption date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, and (2) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Resolution which direct obligations of the United States of America and moneys shall be held in trust and used only as provided in the Resolution; and (d) a certificate of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements described above.

The proceeds, including accrued interest, of such Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or determined in accordance with the Series Resolution authorizing such Refunding Bonds.

With respect to the Refunding Bonds issued to refund all or any portion of any bonds or other obligations issued by the Authority, the proceeds, including accrued interest, shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided or as determined in accordance with the resolution or resolutions authorizing such bonds or other obligations.

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, entitled to a charge or lien or right prior or equal to the charge or lien created hereby and pursuant to an Applicable Series Resolution, or prior or equal to the rights of the Authority and Holders of an Applicable Series of Bonds provided hereby or with respect to the moneys pledged under the Resolution or pursuant to an Applicable Series Resolution.

(Section 2.04 and 2.05)

Creation of Liens

Except as set forth in any Series Resolution, the Authority shall not create or cause to be created any lien or charge prior or equal to that of the Bonds of an Applicable Series on the proceeds from the sale of such Bonds, the Revenues pledged for such Applicable Series of Bonds, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee, the Pledged Revenues of the Institution or the funds established by the Resolution and pursuant to the Applicable Series Resolution which are pledged pursuant to the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution; provided further, however, that nothing contained in the Resolution shall prevent the Authority from granting to a Facility Provider a charge or lien on the property pledged pursuant to the Resolution so long as such charge or lien is not prior or equal to the charge or lien created by the Resolution.

(Section 7.06)

Tax Exemption; Rebates

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Bonds of each Applicable Series, the Authority shall comply with the provisions of the Code applicable to the Bonds of each Applicable Series, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of each Applicable Series of Bonds, reporting of earnings on the Gross Proceeds of each Applicable Series of Bonds, and rebates of Excess Earnings to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Authority shall comply with the letter of instructions as to compliance with the Code with respect to each such Series of Bonds, to be delivered by Bond Counsel at the time the Bonds of an Applicable Series are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The Authority shall not take any action or fail to take any action that would cause the Bonds of an Applicable Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

Notwithstanding any other provision to the contrary, the Authority’s failure to comply with the provisions of the Code applicable to the Bonds of an Applicable Series shall not entitle the Holder of Bonds of any other Applicable Series, or the Trustee acting on their behalf to exercise any right or remedy provided to Bondholders under the Resolution based upon the Authority’s failure to comply with the provisions of this Section or of the Code.

(Section 7.13)

Events of Default

An event of default shall exist under the Resolution and under an Applicable Series Resolution (in the Resolution called “event of default”) if:

(a) With respect to the Applicable Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any such Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) With respect to the Applicable Series of Bonds, payment of an installment of interest on any such Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of the covenants contained in the Resolution and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

(d) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions for the benefit of the holders of such bonds contained in the Resolution or in the Bonds of such Series or in the Applicable Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series or the Applicable Credit Facility Issuers of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series; or

(e) With respect to the Applicable Series of Bonds, an “Event of Default,” as defined in the Loan Agreement, shall have occurred and be continuing and all sums payable by the Institution under such Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

An Event of Default under the Resolution in respect of an Applicable Series of Bonds shall not in and of itself be or constitute an Event of Default in respect of any other Applicable Series of Bonds.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default, other than an event of default specified in paragraph (c) above, then and in every such case the Trustee upon the written request of (i) the Applicable Credit Facility Issuer or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series, with the consent of such Applicable Credit Facility Issuer or, (ii) if the Applicable Credit Facility Issuer is then the Holder of all Outstanding Bonds of the Applicable Series, upon the written request of such Credit Facility Issuer, or (iii) if the Applicable Credit Facility Issuer has deposited with the Trustee a sum sufficient to pay the principal of and interest on the Outstanding Bonds of such Series due upon the acceleration thereof, upon the request of the Applicable Credit Facility Issuer making such deposit, shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of the Applicable Series to be due

and payable immediately. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Applicable Series Resolution or in the Applicable Series of Bonds to the contrary notwithstanding. In the event that an Applicable Credit Facility Issuer shall make any payments of principal of or interest on any of the Bonds of such Series pursuant to a Credit Facility and the Bonds of such Series are so accelerated, such Credit Facility Issuer may, at any time and at its sole option, pay to the Bondholders of such Series all or any portion of amounts due under such Bonds prior to the stated maturity dates thereof. At any time after the principal of the Bonds of an Applicable Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may with the written consent of the Applicable Credit Facility Issuer or the Holders of not less than twenty-five per centum (25%) in principal amount of such Series of Bonds not then due by their terms and then Outstanding, with the consent of the Applicable Credit Facility Issuer or, if such Credit Facility Issuer is then the Holder of all Outstanding Bonds of the Applicable Series, upon the written request of the Applicable Credit Facility Issuer, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Applicable Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent incurred in connection with such Series of Bonds; (iii) all other amounts then payable by the Authority under the Resolution in connection with such Series of Bonds and under such Series Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of such covenant, condition or agreement contained herein or in such Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under Section 11.03 of the Resolution) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

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OPINIONS OF BOND COUNSEL

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APPROVING OPINION OF WHITMAN BREED ABBOTT & MORGAN FOR THE SERIES 1993 BONDS

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WHITMAN BREED ABBOTT & MORGAN

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GREENWICH
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SACRAMENTO
WASHINGTON, D.C.

December 21, 1993

Dormitory Authority of the
State of New York
161 Delaware Avenue
Delmar, New York 12054-1398

Ladies and Gentlemen:

We have examined the record of proceedings relating to the issuance of \$29,385,000 aggregate principal amount of Oxford University Press, Inc. Revenue Bonds (Letter of Credit Secured), Series 1993 (the "Series 1993 Bonds") by the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 1993 Bonds are issued under and pursuant to the Act, the Authority's Oxford University Press, Inc. Revenue Bond Resolution, adopted November 10, 1993 (the "Resolution"), and the Authority's Series Resolution Authorizing Up To \$30,000,000 Oxford University Press, Inc. Revenue Bonds (Letter of Credit Secured), Series 1993, adopted November 10, 1993 (the "Series 1993 Resolution"). The Resolution and the Series 1993 Resolution are herein collectively called the "Resolutions". Capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Resolutions.

The Series 1993 Bonds are part of an issue of bonds of the Authority (the "Bonds") which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount except as provided in the Resolution or as may be limited by law. The Series 1993 Bonds are being issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue other Series of Bonds, in addition to the Series 1993 Bonds, only upon the terms and conditions set forth in the Resolution. However, the Bonds of each such Series, when issued, shall be payable from Revenues and secured separately and apart from the Bonds of any other Series.

The Series 1993 Bonds are dated the date hereof and will bear interest from such date to but not including December 22, 1993 at the Initial Interest Rate and, thereafter, will bear interest at a Daily Interest Rate for Daily Interest Rate Periods determined in accordance with the Series 1993 Resolution until converted to a different Interest Rate Period, payable on the Interest Payment Dates established by the Resolutions. The Series 1993 Bonds shall mature no later than July 1, 2023.

The Series 1993 Bonds are issuable in the form of fully registered bonds. During the Initial, Daily, Weekly, and Short-Term Interest Rate Periods, the Series 1993 Bonds are issuable in denominations of \$100,000 or any integral multiple thereof. During the Long-Term and Fixed Interest Rate Periods, the Series 1993 Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof. The Series 1993 Bonds are lettered R-_____ followed by the number of Series 1993 Bonds. The Series 1993 Bonds are numbered consecutively from one upward in order of issuance.

The Series 1993 Bonds are subject to redemption prior to maturity, as provided in the Resolutions and in the Bond Series Certificate relating to the Series 1993 Bonds. The Series 1993 Bonds are also subject to tender for purchase at the option of the Holders thereof and to mandatory tender for purchase as provided in the Series 1993 Resolution.

The Authority and Oxford University Press, Inc. (the "Institution") have entered into a Loan Agreement, dated as of November 10, 1993 (the "Agreement"), providing, among other things, for a loan to be made to the Institution for the purposes permitted thereby and by the Resolutions. Pursuant to the Agreement, the Institution is required to make payments sufficient to pay the principal and Sinking Fund Installments of and interest on the Series 1993 Bonds, as well as part of the Authority's annual administrative expenditures and costs, as the same become due.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 1993 Bonds in order that interest on the Series 1993 Bonds will be and remain excludable from gross income under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use and investment of proceeds and other amounts, required ownership of a facility by a Section 501(c)(3) organization or governmental unit, limits on the amount of tax exempt financing from which certain users

of the bond-financed facility (and related parties) may benefit, and the rebate to the United States of certain earnings in respect of investments. Failure to comply with the continuing requirements may cause interest on the Series 1993 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of their issuance. The Authority and the Institution have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure satisfaction of the requirements of the Code. The opinion set forth herein as to federal and state income tax matters assumes continuing compliance with such covenants and the accuracy, in all material respects, of such representations and certifications.

Based upon the foregoing, we are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 1993 Bonds thereunder.
2. The Series 1993 Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.
3. The Series 1993 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 1993 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the equal benefits of the Resolutions and the Act.
4. The Authority has the right and lawful authority and power to enter into the Agreement. The Agreement has been duly authorized, executed and delivered by the Authority and, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.
5. Based on the above stated assumptions, under existing statutes, regulations, rulings and court decisions, the interest on the Series 1993 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 1993 Bonds is not an "item of tax preference" for purposes of computing the federal alternative minimum tax on individuals and corporations. However, it should be noted that a portion of the interest on the Series 1993 Bonds owned by corporations (as defined

under the Code with certain exceptions) is included in corporate "adjusted current earnings" which is used in the computation of the alternative minimum tax on corporations and the environmental tax on corporations. No opinion is expressed as to the exclusion from gross income for federal income tax purposes of the Series 1993 Bonds upon the adjustment of the Series 1993 Bonds from one Interest Rate Period to an Interest Rate Period of a different duration than the immediately preceding Interest Rate Period, other than the adjustment from the Initial Interest Rate Period to the first Daily Interest Rate Period. We express no opinion regarding other federal tax consequences arising with respect to the Series 1993 Bonds.

6. The interest on the Series 1993 Bonds under existing statutes is exempt from personal income taxes of the State of New York and its political subdivisions.

We have examined a specimen of an executed Series 1993 Bond and, in our opinion, the form of said bond is regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Agreement and the Series 1993 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally and as to the availability of any particular remedy. Except as stated in paragraphs 5 and 6 above, we express no opinion as to any federal or state tax consequences of the ownership or disposition of the Series 1993 Bonds.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Agreement by the Institution.

Very truly yours,

Whitman Breed Abbott Morgan

WHITMAN BREED ABBOTT & MORGAN

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December 21, 1993

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The Bank of Tokyo Trust Company
Corporate Trust Department
100 Broadway
New York, New York 10005

\$29,385,000
Dormitory Authority
of the State of New York
Oxford University Press, Inc.
Revenue Bonds (Letter of Credit Secured),
Series 1993

Ladies and Gentlemen:

We deliver to you herewith a copy of our legal opinion,
dated December 21, 1993, relating to the validity of the above-
referenced Bonds and other matters as therein set forth.

Although such opinion was rendered to the Dormitory
Authority of the State of New York, you are entitled to rely thereon
as though the same was addressed to you.

Very truly yours,

Whitman Breed Abbott & Morgan

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APPROVING OPINION OF HAYTHE & CURLEY FOR THE SERIES 1996 BONDS

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HAYTHE & CURLEY

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June 25, 1996

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MARK B. WALDSTEIN
DAVID W. R. WAWRO

Dormitory Authority of the
State of New York
161 Delaware Avenue
Delmar, New York 12054-1398

Ladies and Gentlemen:

We have acted as Bond Counsel to the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State of New York, (the "Authority"), in connection with the issuance and sale by the Authority of \$13,610,000 principal amount of its Oxford University Press, Inc. Revenue Bonds, Series 1996 (the "Series 1996 Bonds"). The Series 1996 Bonds are being issued and sold pursuant to the Dormitory Authority Act constituting Chapter 524 of The Laws of 1944 of New York and codified as Title 4 of Article 8 of the New York Public Authority Law, as amended to the date hereof (the "Act"), and pursuant to the Oxford University Press, Inc. Revenue Bond Resolution adopted on November 10, 1993 and the Series 1996 Resolution adopted on May 29, 1996 in accordance therewith (collectively, the "Resolutions"). Defined terms used herein and not otherwise defined shall have the meanings assigned thereto in the Resolutions.

The Series 1996 Bonds are being issued to (i) pay a portion of the Costs of the Project; (ii) pay a portion of the interest on the Series 1996 Bonds; (iii) fund the Building and Equipment Reserve Fund at the Building and Equipment Reserve Fund Requirement; and (iv) pay the Costs of Issuance of the Series 1996 Bonds. The Authority is entering into a Loan Agreement, dated as of May 29, 1996 (the "Agreement"), with Oxford University Press, Inc. (the "Institution") pursuant to which the Institution agrees, among other things, to pay an amount

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sufficient to pay principal of and interest on the Series 1996 Bonds.

The Series 1996 Bonds are being issued in fully registered form and may bear interest at Daily, Weekly, Short Term or Long Term rates. Initially, the Series 1996 Bonds will bear interest at the Weekly Rate. The Series 1996 Bonds are payable, subject to redemption prior to maturity, subject to optional and mandatory tender, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions.

We have examined a record of proceedings of the Authority in connection with the authorization and issuance of the Series 1996 Bonds and have made such investigation of law and such further review, inquiry or examinations as we have deemed necessary or desirable in rendering the opinions set forth herein.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 1996 Bonds thereunder.
2. The Resolution has been duly and lawfully adopted. The Series 1996 Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their terms.
3. The Series 1996 Bonds have been duly and validly authorized and, when authenticated and delivered, will constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions and will be entitled to the benefit of the Resolution and the Act.
4. The Authority has the right and lawful authority and power to enter into the Agreement and the Agreement has been duly authorized, executed and delivered and constitutes a legal,

valid and binding obligation of the Authority enforceable in accordance with its terms.

5. The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 1996 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 1996 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 1996 Bonds. The Authority and the Institution have covenanted in the Resolution and the Loan Agreement, respectively, to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 1996 Bonds from gross income for federal income tax purposes.

In our opinion, under existing law and assuming compliance with the aforementioned covenant, interest on the Series 1996 Bonds is excluded from gross income for federal income tax purposes. The Series 1996 Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the Series 1996 Bonds will not be treated as a specific preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. However, we note that a portion of the interest on Series 1996 Bonds owned by corporations may be subject to the federal alternative minimum tax, which is based, in part, on adjusted current earnings.

In rendering the opinion set forth in the foregoing two paragraphs, we have relied upon representations made by the Institution with respect to certain material facts within the knowledge of the Institution and which we have not independently verified and also upon the opinion of Satterlee Stephens Burke & Burke LLP, New York, New York, Counsel for the Institution, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code and the use of the Project. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for maintenance of its status as an organization described in Section 501(c)(3) of the Code may result in interest on the Series 1996 Bonds being included in gross income for federal income tax purposes, possibly retroactive from the original delivery of the Series 1996 Bonds.

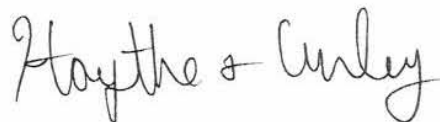
6. Interest on the Series 1996 Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We have examined an executed and unauthenticated Series 1996 Bond and, in our opinion, the form of said bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Agreement and the Series 1996 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws, heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies generally and is subject to the exercise of judicial discretion in accordance with general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law. Except as stated in paragraphs 5 and 6 above, we express no opinion as to any federal or state tax consequences of the ownership or disposition of the Series 1996 Bonds. Furthermore, we express no opinion as to any federal, state or local tax consequences with respect to the Series 1996 Bonds or the interest thereon, if any action is taken with respect to the Series 1996 Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Agreement by the Press.

Very truly yours,



LEONARD S. BAUM
ANDREW J. BECK
SUSAN W. BERSON
KIMBERLY S. BLANCHARD
RICHARD H. BLOCK
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June 25, 1996

WRITER'S DIRECT DIAL NUMBER

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1585 Broadway - 39th Floor
New York, New York 10036

Landesbank Hessen-Thüringen
Girozentrale, New York Branch
420 Fifth Avenue
New York, New York 10018-2729

\$13,610,000
Dormitory Authority
of the State of New York
Oxford University Press, Inc.
Revenue Bonds, Series 1996

Ladies and Gentlemen:

We deliver to you herewith a copy of our legal opinion, dated June 25, 1996, relating to the validity of the above-referenced Bonds and other matters as therein set forth.

Although our opinion was rendered to the Dormitory Authority of the State of New York, you may rely on it as though it were addressed to you.

Very truly yours,



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OPINION OF NIXON PEABODY LLP FOR THE REOFFERED BONDS

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OPINION OF NIXON PEABODY LLP FOR THE REOFFERED BONDS

_____, 2011

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Manufacturers and Traders Trust Company
One M&T Plaza – 7th Floor
Buffalo, New York 14203

Ladies and Gentlemen:

We have acted as bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the remarketing of the Bonds (defined below) and the substitution of the letters of credit (the “Letters of Credit”), each issued by Barclays Bank PLC (the “Bank”) to provide for the payment of the principal and purchase price of and interest on the Authority’s Oxford University Press, Inc. Revenue Bonds (Letter of Credit Secured), Series 1993 (the “Series 1993 Bonds”) and the Authority’s Oxford University Press, Inc. Revenue Bonds, Series 1996 (the “Series 1996 Bonds”) and together with the Series 1993 Bonds, the “Bonds”) for the letters of credit (the “Prior Letters of Credit”), each issued by Landesbank Hessen-Thüringen Girozentrale, acting by and through its New York Branch.

The Series 1993 Bonds were issued on December 21, 1993 pursuant to the Dormitory Authority Act constituting Chapter 524 of The Laws of 1944 of New York and codified as Title 4 of Article 8 of the New York Public Authorities Law, as amended to the date hereof (the “Act”), and pursuant to the Authority’s Oxford University Press, Inc. Revenue Bond Resolution (the “Resolution”) and the Series Resolution Authorizing Up To \$30,000,000 Oxford University Press, Inc. Revenue Bonds (Letter of Credit Secured), Series 1993 (the “1993 Series Resolution”), each adopted by the Authority on November 10, 1993, as amended by Supplemental Resolution No. 1 adopted by the Authority on May 29, 1996 and Supplemental Resolution No. 2 adopted by the Authority on June 22, 2011. The Series 1993 Bonds were originally issued in the aggregate principal amount of \$29,385,000 and are currently outstanding in the aggregate principal amount of \$22,875,000.

The Series 1996 Bonds were issued on June 25, 1996 pursuant to the Act, the Resolution, and the Series Resolution Authorizing Up To \$14,600,000 Oxford University Press, Inc. Revenue Bonds, Series 1996 (the “1996 Series Resolution”), adopted by the Authority on May 29, 1996, as amended by the First Supplemental Resolution adopted by the Authority on June 22, 2011. The Series 1996 Bonds were originally issued in the aggregate principal amount of \$13,610,000 and are currently outstanding in the aggregate principal amount of \$10,100,000.

We have examined (i) records of proceedings of the Authority in connection with the issuance of the Bonds and (ii) records of proceedings in connection with the substitution of the Letters of Credit for the Prior Letters of Credit and have made such investigation of law and such further review, inquiry or examination as we have deemed necessary or desirable in rendering the opinions set forth herein.

Based on and subject to the foregoing, we are of the opinion that the substitution of the Letters of Credit for the Prior Letters of Credit and the remarketing of the Bonds is authorized or permitted by the Resolution and the Act and will not adversely affect the exclusion of interest of the Bonds from gross income for purposes of federal income taxation under Section 103 of the Code.

Except as stated in the paragraph above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Bonds.

In rendering the opinion set forth above we have relied upon the opinion of Whitman Breed Abbott & Morgan, rendered as bond counsel in connection with the original issuance of the Series 1993 Bonds, that interest on such Series 1993 Bonds is excludable from gross income for federal Income tax purposes under Section 103 of the Code. We have also relied upon the opinion of Haythe & Curley, rendered as bond counsel in connection with the original issuance of the Series 1996 Bonds, that interest on such Series 1996 Bonds is excludable from gross income for federal Income tax purposes under Section 103 of the Code.

This letter is solely for your benefit and may not be used or relied upon by or published or communicated to any other person for any purpose whatsoever without the prior written approval of this firm.

This letter is being delivered to you pursuant to Section 6.02(c)(iii)(4) of the Series Resolutions. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Series Resolutions.

Very truly yours,

THE BANK

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THE BANK

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated AA- by Standard & Poor's Credit Market Services Europe Limited, Aa3 by Moody's Investors Service Ltd. and AA- by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2010, the Group had total assets of £1,490,038 million (2009: £1,379,148 million), total net loans and advances¹ of £465,741 million (2009: £461,359 million), total deposits² of £423,777 million (2009: £398,901 million), and total shareholders' equity of £62,641 million (2009: £58,699 million) (including non-controlling interests of £3,467 million (2009: £2,774 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2010 was £6,079 million (2009: £4,559 million) after impairment charges and other credit provisions of £5,672 million (2009: £8,071 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2010.

Based on the Group's unaudited financial information for the six months ended 30 June 2011, the Group had total assets of £1,493,464 million, total net loans and advances¹ of £500,734 million, total deposits² of £457,572 million, and total shareholders' equity of £62,521 million (including non-controlling interests of £3,354 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2011 was £2,653 million after impairment charges and other credit provisions of £1,828 million. The financial information in this paragraph is extracted from the Bank's unaudited Interim Results Announcement for the six months ended 30 June 2011.

The delivery of the information concerning Barclays Bank PLC and the Group herein shall not create any implication that there has been no change in the affairs of Barclays Bank PLC and the Group since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this section of the Official Statement and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Reoffering Circular. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.

¹ Total net loans and advances include balances relating to both bank and customer accounts.

² Total deposits include deposits from bank and customer accounts.

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