

In the opinion of Quarles & Brady LLP, Bond Counsel, under present law and assuming continuous compliance with certain covenants, interest on the Series 2011A Bonds is excludable from the gross income of the Bondowners for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. The interest on the Series 2011A Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Interest on the Series 2011A Bonds is not exempt from present Wisconsin income taxes. For a more detailed description of the tax status of interest on the Series 2011A Bonds and certain other income tax consequences of Bond ownership, see "TAX EXEMPTION" herein.

\$27,265,000



**WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2011A
(MARQUETTE UNIVERSITY)**



PRICE OR YIELD As shown below

DATED..... Date of delivery

INTEREST PAYMENT

DATES April 1, 2011, and semiannually thereafter on every October 1 and April 1

MATURITY October 1, as shown below

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>	<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
2011	\$4,860,000.00	2.000%	0.900%	100.680%	97710BC83	2016	\$2,475,000.00	3.300%	3.300%	100.000%	97710BD58
2012	\$2,155,000.00	2.000%	1.400%	100.958%	97710BC91	2017**	\$2,385,000.00	3.500%	3.650%	99.121%	97710BD66
2013**	\$1,685,000.00	3.000%	2.000%	102.540%	97710BD25	2017**	\$ 175,000.00	4.000%	3.650%	102.039%	97710BE40
2013**	\$ 525,000.00	4.000%	2.000%	105.082%	97710BE24	2018**	\$1,850,000.00	5.000%	4.000%	106.509%	97710BD74
2014	\$2,285,000.00	3.000%	2.500%	101.719%	97710BD33	2018**	\$ 815,000.00	4.000%	4.000%	100.000%	97710BE57
2015**	\$1,955,000.00	5.000%	2.950%	108.794%	97710BD41	2019	\$2,785,000.00	4.050%	4.150%	99.277%	97710BD82
2015**	\$ 420,000.00	3.500%	2.950%	102.357%	97710BE32	2020	\$2,895,000.00	4.250%	4.350%	99.216%	97710BD90

ISSUANCE..... The Wisconsin Health and Educational Facilities Authority (the "Authority") will issue the Series 2011A Bonds through a book-entry system of The Depository Trust Company, New York, New York ("DTC") under a Bond Trust Indenture dated as of February 1, 2011, between the Authority and U.S. Bank National Association, as Bond Trustee. The Series 2011A Bonds will be issued in authorized denominations of \$5,000 or any integral multiple thereof, and no physical delivery of the Series 2011A Bonds will be made to beneficial owners, except as described herein. Payments with respect to the Series 2011A Bonds shall be made by the Bond Trustee to Cede & Co., as nominee of DTC which will, in turn, remit such payments to DTC Participants for disbursement to the beneficial owners of the Series 2011A Bonds. See "BOOK-ENTRY SYSTEM" herein.

REDEMPTION..... The Series 2011A Bonds are not subject to redemption prior to maturity.

USES..... The Authority will lend the proceeds from the sale of the Series 2011A Bonds to Marquette University (the "University") to (i) currently refund a portion of the Prior Bonds (as defined herein), and (ii) pay certain costs incurred in connection with the issuance of the Series 2011A Bonds. See "PLAN OF FINANCE" herein.

LIMITED OBLIGATION .. THE SERIES 2011A BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR OF ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY. THE SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS ARE MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER.

The Series 2011A Bonds are offered when, as and if issued and received by Robert W. Baird & Co. (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offer without any notice, and to the approval of legality of the Series 2011A Bonds by Quarles & Brady LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Quarles & Brady LLP, as its general counsel. Certain legal matters will be passed upon for the University by its associate general counsel and its special counsel, Whyte Hirschboeck Dudek S.C. Certain legal matters will be passed upon for the Underwriter by its counsel, Godfrey & Kahn, S.C. It is expected that the Series 2011A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about February 17, 2011.



February 4, 2011

** Split Maturity

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REGARDING USE OF THIS OFFICIAL STATEMENT

The information contained herein under the heading "THE AUTHORITY" and "LITIGATION – Authority" has been furnished by the Wisconsin Health and Educational Facilities Authority (the "Authority"). The information under the heading "BOOK-ENTRY SYSTEM" has been obtained from The Depository Trust Company. All other information contained herein has been obtained from Marquette University (the "University") and other sources (other than the Authority) which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by, the Authority or the Underwriter. No representation, warranty or guarantee is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter.

No dealer, broker, salesperson or other person has been authorized by the Authority, the University or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be a sale of Series 2011A Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the University since the date hereof.

In making an investment decision, investors must rely upon their own examination of the terms of the offering, including the merits and risks involved.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2011A BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2011A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND INDENTURE OR THE MASTER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2011A BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2011A BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS RECOMMENDATIONS THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2011A BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or similar words. Such forward-looking statements include, among others, the information under the caption "Endowment" in APPENDIX A to this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$27,265,000

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY REVENUE REFUNDING BONDS, SERIES 2011A (MARQUETTE UNIVERSITY)

INTRODUCTION

Purpose of this Official Statement. This Official Statement, including the cover page and Appendices, is furnished in connection with the offering of \$27,265,000 in aggregate principal amount of Revenue Refunding Bonds, Series 2011A (Marquette University) (the "Series 2011A Bonds") of the Wisconsin Health and Educational Facilities Authority (the "Authority"), a public body politic and corporate organized under the laws of the State of Wisconsin (the "State"). The Series 2011A Bonds are being issued pursuant to and secured by a Bond Trust Indenture dated as of February 1, 2011 (the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), and are being issued in accordance with the provisions of Chapter 231 of the Wisconsin Statutes, as amended (the "Act"). Certain capitalized terms used in this Official Statement and not otherwise defined are defined in APPENDIX C and APPENDIX D.

Marquette University. The proceeds to be received by the Authority from the sale of the Series 2011A Bonds will be loaned to Marquette University (the "University"), pursuant to a Loan Agreement dated as of February 1, 2011 (the "Loan Agreement"), by and between the Authority and the University. See APPENDIX A herein for a detailed description of the University and its history, organization, facilities and financial performance.

Purpose of the Series 2011A Bonds. The proceeds of the sale of the Series 2011A Bonds, together with certain other moneys, will be used to (i) currently refund and redeem a portion of the Authority's Revenue Bonds, Series 1998 (Marquette University) (the "Prior Bonds"), and (ii) pay certain expenses incurred in connection with the issuance of the Series 2011A Bonds.

Security. To evidence the loan under the Loan Agreement, the University will issue its \$27,265,000 Promissory Note, Series 2011A (the "Series 2011A Note") payable to the Authority providing for payments sufficient to pay principal of and premium, if any, and interest on the Series 2011A Bonds. The Series 2011A Note will be issued pursuant to an Amended and Restated Master Trust Indenture dated as of November 1, 1998 (as amended from time to time, the "Master Indenture"), between the University and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One Trust Company, National Association) as master trustee (the "Master Trustee"). The Authority will pledge and assign the Series 2011A Note and certain of its rights under the Loan Agreement to the Bond Trustee as security for the Series 2011A Bonds.

As of the date of issuance of the Series 2011A Bonds, the University will be the sole Obligated Issuer of the Obligated Group (as such terms are defined in the Master Indenture). The Master Indenture, however, permits other entities to become Obligated Issuers under certain circumstances. See the caption "SUMMARY OF THE MASTER INDENTURE – The Obligated Group" in APPENDIX C. The University has no intention of adding additional Obligated Issuers to the Obligated Group in the foreseeable future. Notwithstanding uncertainties as to enforceability of the covenant of each Obligated Issuer in the Master Indenture to jointly and severally guarantee each promissory note issued under the Master Indenture (herein referred to as an "Obligation") (as described under "BONDHOLDERS' RISKS – Certain Matters Relating to Enforceability of the Master Indenture"), the accounts of the University, its consolidated subsidiaries, and any future Obligated Issuers will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met. The obligations of the Obligated Issuers under the Master Indenture are not secured by a mortgage on or a security interest in any property of any of the Obligated Issuers. See "BONDHOLDERS' RISKS – Certain Other Matters Relating to Security for the Series 2011A Bonds."

Outstanding and Additional Indebtedness. In addition to the Series 2011A Note, the University will have \$191,180,000 of other Obligations outstanding under the Master Indenture upon the issuance of the Series 2011A Bonds. In certain circumstances, the University or any future Obligated Issuer may issue additional Obligations

under the Master Indenture to the Authority or to persons other than the Authority, that will not be pledged under the Bond Indenture but will be equally and ratably secured with the Series 2011A Note by the Master Indenture and may be secured by security in addition to that provided to the Series 2011A Note. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2011A BONDS."

Continuing Disclosure. The University will enter into an undertaking for the benefit of the Bondholders to provide certain information annually and to provide notice of certain events to certain information repositories. For further information, see "CONTINUING DISCLOSURE AGREEMENT" herein and APPENDIX F hereto.

Bondholders' Risks. There are risks associated with the purchase of the Series 2011A Bonds. See the information under the heading "BONDHOLDERS' RISKS" herein for a discussion of certain of these risks.

General. The following descriptions and summaries of the Series 2011A Bonds, the Bond Indenture, the Loan Agreement, the Series 2011A Note and the Master Indenture in this Official Statement are qualified by reference to the complete text of the documents being described or summarized. Copies of such documents will be available for inspection at the principal corporate trust office of the Bond Trustee.

PLAN OF FINANCE

The Authority will lend the proceeds received by the Authority from the issuance and sale of the Series 2011A Bonds to the University pursuant to the Loan Agreement. The proceeds of the Series 2011A Bonds, together with other available funds will be used to (i) currently refund a portion of the Prior Bonds (as more specifically described below), and (ii) pay certain costs of issuing and selling the Series 2011A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Prior Bonds were originally issued in the aggregate principal amount of \$93,055,000, of which \$56,725,000 in aggregate principal amount is currently outstanding. \$26,905,000 of the Prior Bonds are being redeemed with the proceeds of the Series 2011A Bonds. The refunding of a portion of the Prior Bonds will be accomplished by depositing with the Bond Trustee a portion of the proceeds of the Series 2011A Bonds and certain other funds in an amount sufficient for the payment on the redemption date of 100% of the principal amount of the Prior Bonds to be refunded on that date and interest to accrue to the redemption date of such Prior Bonds.

THE AUTHORITY

Powers

The Authority has, among other powers, the statutory power to make loans to certain health care and educational institutions in Wisconsin, to finance the cost of projects and refinance or refund outstanding indebtedness and to assign loan agreements, notes, mortgages and other securities of health care and educational institutions to which the Authority has made loans, and the revenues therefrom, for the benefit of the holders of bonds issued to finance or refinance such projects.

Members of the Authority

The Authority consists of seven members, all of whom must be Wisconsin residents, appointed by Wisconsin's Governor by and with the consent of the Wisconsin State Senate. Members of the Authority serve staggered seven-year terms and continue to serve until their successors are appointed. The members of the Authority receive no compensation for the performance of their duties but are paid their necessary expenses while engaged in the performance of such duties. No member, officer, agent or employee of the Authority may, directly or indirectly, have any financial interest in any bond issue or in any loan or any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the Authority, under penalty of law. Members of the Authority, however, may serve as directors or officers of institutions for which the Authority is providing financing, but they may not vote or take part in the Authority's deliberations concerning such financings.

The present members of the Authority are:

	<u>Term Expires June 30,</u>
Richard Canter, Chairperson Senior Vice President-Strategy and Corporate Affairs Wheaton Franciscan Healthcare, Inc. Milwaukee, Wisconsin	2015
Tim Size, Vice-Chairperson Executive Director Rural Wisconsin Health Cooperative Sauk City, Wisconsin	2011
Bruce Colburn Coordinator-Property Services (Central Region) Service Employees International Union Milwaukee, Wisconsin	2014
Kevin Flaherty VP/Relationship Manager Associated Commercial Finance, Inc. Milwaukee, Wisconsin	2017
Beth L. Gillis, M.D. Physician ThedaCare Physicians-Shawano Family Medicine Shawano, Wisconsin	2012
Richard Keintz Former Vice President for Business and Finance Edgewood College Madison, Wisconsin	2016
Ken Thompson Managing Partner Quinn David & Associates Milwaukee, Wisconsin	2013

Authority Counsel

Quarles & Brady LLP serves as general counsel to the Authority.

Financing Program of the Authority

The following summary outlines the principal amount of revenue bonds and notes issued during each of the Authority's fiscal years. Except for the other series of bonds previously issued by the Authority for the benefit of the University, these previous issues are secured by instruments separate and apart from the Master Indenture. All such bonds and notes are secured by instruments separate and apart from the Bond Indenture.

FISCAL YEAR ENDED JUNE 30	PUBLIC ISSUES		PRIVATE PLACEMENTS		TOTAL	
	NUMBER OF ISSUES	AMOUNT	NUMBER OF ISSUES	AMOUNT	NUMBER OF ISSUES	AMOUNT
1980	0	\$ 0	1	\$ 1,300,000	1	\$ 1,300,000
1981	3	24,480,000	4	20,365,000	7	44,845,000
1982	3	34,100,000	4	12,575,000	7	46,675,000
1983	1	4,000,000	1	600,000	2	4,600,000
1984	4	16,375,000	3	13,225,000	7	29,600,000
1985	6	196,505,000	2	2,200,000	8	198,705,000
1986	9	213,260,000	5	17,478,000	14	230,738,000
1987	12	191,610,000	9	48,410,000	21	240,020,000
1988	14	170,890,000	14	81,589,000	28	252,479,000
1989	20	254,979,000	6	14,394,000	26	269,373,000
1990	14	277,605,000	9	45,737,000	23	323,342,000
1991	11	233,590,000	3	37,500,000	14	271,090,000
1992	15	346,160,000	5	43,500,000	20	389,660,000
1993	25	579,235,000	6	18,775,000	31	598,010,000
1994	16	434,495,000	6	46,615,000	22	481,110,000
1995	7	101,770,000	6	18,847,000	13	120,617,000
1996	14	382,905,000	2	8,800,000	16	391,705,000
1997	28	706,960,300	1	764,000	29	707,724,300
1998	25	722,050,000	1	2,700,000	26	724,750,000
1999	28	710,960,000	4	36,000,000	32	746,960,000
2000	16	415,710,450	6	17,736,000	22	433,446,450
2001	19	437,580,000	8	26,589,000	27	464,169,000
2002	18	815,100,000	2	8,000,000	20	823,100,000
2003	14	296,895,000	3	15,935,000	17	312,830,000
2004	26	912,245,000	4	25,980,000	30	938,225,000
2005	32	923,038,430	2	23,067,000	34	946,105,430
2006	25	706,235,000	2	6,570,000	27	712,805,000
2007	25	1,238,330,000	2	29,090,000	27	1,267,420,000
2008	24	1,006,255,000	4	36,500,000	28	1,042,755,000
2009	21	1,470,875,000	3	37,859,824	24	1,508,734,824
2010	17	1,338,695,000	13	114,746,851	30	1,453,441,851
Total	492	\$15,162,887,730*	141	\$813,448,125**	633	\$15,976,335,855

* Includes \$4,536,721,987 which was refinanced by subsequent Authority bond issues.

** Includes \$146,568,136 which was refinanced by subsequent Authority bond issues.

In its fiscal year beginning July 1, 2010, the Authority has issued and authorized the issuance of additional issues of bonds. The Authority plans to offer other obligations from time to time to finance other health and educational facilities. Such other obligations will be issued pursuant to and secured by instruments separate and apart from the Bond Indenture and the security of the Series 2011A Bonds.

Bonds of the Authority

The Authority may from time to time issue bonds for any corporate purpose, and these bonds are negotiable for all purposes notwithstanding their payment from a limited source. The Series 2011A Bonds are payable solely out of revenues of the Authority specified in the resolution under which they are issued or in a related trust indenture or mortgage. The Authority must pledge the revenues to be received by it on account of each financing as security for the Series 2011A Bonds issued in that financing.

Interest Not Exempt from Wisconsin Income Taxes

Interest on bonds issued by the Authority is not exempt from present Wisconsin income taxes.

State of Wisconsin Not Liable on the Series 2011A Bonds

The Series 2011A Bonds and the interest payable thereon do not constitute a debt or liability of the State of Wisconsin or of any political subdivision thereof other than the Authority. The Series 2011A Bonds are limited obligations of the Authority and are payable solely from the funds pledged therefor in accordance with the Bond Indenture. The issuance of the Series 2011A Bonds does not, directly, indirectly or contingently, obligate the State of Wisconsin or any political subdivision thereof to levy any form of taxation for the payment therefor or to make any appropriation for their payment. The State of Wisconsin shall not in any event be liable for the payment of the principal of or interest on the Series 2011A Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, obligation or agreement may impose any pecuniary liability upon the State of Wisconsin or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

The Act provides that the State of Wisconsin pledges to, and agrees with, holders of any obligations issued under the Act that it will not limit or alter the rights vested in the Authority by the Act until such obligations, together with the interest thereon, are fully met and discharged, provided nothing in the Act precludes such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations.

THE SERIES 2011A BONDS

Description of the Series 2011A Bonds

The Series 2011A Bonds as initially issued will be dated their date of delivery, will bear interest at the rates and will mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest will be payable on April 1, 2011, and semiannually on each October 1 and April 1 thereafter.

Denominations and Places of Payment

The Series 2011A Bonds are issuable as fully registered bonds in denominations of \$5,000 and any integral multiple thereof.

For a description of the method of payment of principal, premium, if any, and interest on the Series 2011A Bonds while in the Book-Entry System, see the information herein under the heading "BOOK-ENTRY SYSTEM". In the event the Book-Entry System is discontinued, the following provisions would apply.

Payment of the principal of and premium, if any, on any Series 2011A Bonds when due, whether upon maturity, acceleration or otherwise, will be made to the Registered Owner at the Principal Trust Office of the Bond Trustee or the designated office of any alternate paying agent subsequently appointed upon presentation and surrender of the Series 2011A Bonds to be paid. Payments of interest on the Series 2011A Bonds will be made to the person in whose name the Series 2011A Bond is registered at the close of business on the first day of the month (which may or may not be a business day) immediately preceding the date on which a payment of interest on the Series 2011A Bond is made (a "Record Date") or its legal representative without the necessity of surrendering the

Series 2011A Bond (a) by check mailed by first-class mail by the Bond Trustee or (b) by wire transfer to any bank in the United States which is a member of the Federal Reserve System or any securities depository for a Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2011A Bonds who, by written request delivered to the Bond Trustee no later than the Record Date for the payment, has requested the Bond Trustee to make any payments of interest due to it at a specified wire transfer address (which request needs to be given only once unless the Registered Owner wishes to change the wire transfer address).

Registration, Transfers and Exchanges

For a description of the method of payment and of matters pertaining to transfers and exchanges of the Series 2011A Bonds while in the Book-Entry System, see the information herein under the heading "BOOK-ENTRY SYSTEM." In the event the Book-Entry System is discontinued, the following provisions would apply.

The Bond Trustee shall keep the Registration Books for the Series 2011A Bonds at its Principal Trust Office. Subject to the further conditions contained in the Bond Indenture, the Series 2011A Bonds may be transferred or exchanged for one or more Series 2011A Bonds of the same series which are in an authorized denomination and have the same form, terms, interest rate, maturity and aggregate principal amount of the Series 2011A Bonds being transferred or exchanged upon surrender thereof at the Principal Trust Office of the Bond Trustee by the Registered Owners or their duly authorized attorneys. The exchange or transfer shall be made without charge; provided that the Authority and the Bond Trustee may require payment by the Registered Owner requesting an exchange or transfer of Series 2011A Bonds of a sum sufficient to cover any resulting tax, fee or other governmental charge.

The Authority and the Bond Trustee may treat the Registered Owner of any Series 2011A Bond as the absolute owner thereof for all purposes, whether or not such Series 2011A Bond shall be overdue, and shall not be bound by any notice to the contrary.

Optional Redemption

The Series 2011A Bonds are not subject to optional redemption prior to maturity.

BOOK-ENTRY SYSTEM

Ownership interests in the Series 2011A Bonds will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2011A Bonds. The Series 2011A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued in the aggregate principal amount of the Series 2011A Bonds of each series and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through

or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2011A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011A 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 Series 2011A 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 Bonds, except in the event that use of the book-entry system for the Series 2011A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A 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 Series 2011A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2011A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2011A Bond documents. For example, Beneficial Owners of Series 2011A Bonds may wish to ascertain that the nominee holding the Series 2011A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2011A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Series 2011A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and interest payments on the Series 2011A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Bond 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 nor its nominee, the Bond Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments 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 Bond Trustee, disbursement of

such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011A Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2011A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2011A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The University, any future Obligated Issuers, the Authority and the Underwriter take no responsibility for the accuracy thereof and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

None of the Authority, the Underwriter, the Bond Trustee, the University or any future Obligated Issuer, will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2011A Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Indenture to be given to Bondholders; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2011A Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The Authority, the University and the Bond Trustee cannot and do not give any assurances that DTC, the DTC Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2011A Bonds (i) payments of principal or redemption price of or interest on the Series 2011A Bonds, (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in Series 2011A Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Series 2011A Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2011A BONDS

The Series 2011A Bonds and the interest payable thereon do not constitute a debt or liability of the State or of any political subdivision thereof, other than the Authority to the limited extent described herein, but shall be payable solely from the funds pledged or available therefor in accordance with the Bond Indenture. The issuance of the Series 2011A Bonds does not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment. The Series 2011A Bonds and the interest payable thereon do not now and shall never constitute a debt of the State within the meaning of the Constitution or statutes of the State and do not now and shall never constitute a charge against the credit or taxing power of the State or any political subdivision thereof. The State shall not in any event be liable for the payment of the principal of or interest on the Series 2011A Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, obligation or agreement may impose any pecuniary liability upon the State or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

The Series 2011A Bonds are limited obligations of the Authority and are payable solely from the following sources: (i) payments or prepayments to be made by the University on the Series 2011A Note, (ii) payments under the Loan Agreement (other than the Authority's fees and expenses and the Authority's right to indemnification in

certain circumstances) and (iii) certain money and investments held by the Bond Trustee under the Bond Indenture (collectively, the “Revenues”).

The rights of the Authority in and to the Series 2011A Note, the amounts payable thereon and the amounts payable to the Authority under the Loan Agreement (other than the Authority’s fees and expenses and the Authority's right to indemnification in certain circumstances) have been assigned to the Bond Trustee to provide for and to secure the payment of principal of, premium, if any, and interest on the Series 2011A Bonds. The University agrees under the Loan Agreement to make its payments on the Series 2011A Note directly to the Bond Trustee.

The Series 2011A Note is the principal source of payment and security for the Series 2011A Bonds. The Series 2011A Note is an unsecured obligation of the University.

The Series 2011A Note will be issued in a principal amount equal to the principal amount of the Series 2011A Bonds. The Series 2011A Note will be delivered to the Authority and assigned by the Authority to the Bond Trustee. The terms of the Series 2011A Note will require payments by the University which will be sufficient to provide for the timely payment of the principal of, premium, if any, and interest on the Series 2011A Bonds. The Series 2011A Note will be the full general obligation of the University. Subject to Existing Restrictions, the Obligated Issuers, in accordance with the provisions of the Master Indenture, will jointly and severally guarantee the payment of any and all amounts payable upon the Series 2011A Note if, for any reason, the amounts due on the Series 2011A Note are not punctually paid by the University. At the time of issuance of the Series 2011A Bonds, there will be no Obligated Issuers other than the University and no Existing Restrictions. See “BONDHOLDERS’ RISKS - Certain Matters Relating to Enforceability of the Master Indenture.”

The Series 2011A Note will entitle the Bond Trustee, as the holder thereof, to the benefits and protection of the Master Indenture. See APPENDIX C for a summary of certain restrictions imposed on the Obligated Issuers for the benefit of the holder of the Series 2011A Note and the other Notes issued pursuant to the Master Indenture. Certain rights and remedies afforded by the Master Indenture will be controlled by the holders of less than all of the outstanding Notes.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds of the Series 2011A Bonds and other moneys necessary to accomplish the refunding of the Prior Bonds.

Sources of Funds:	
Principal Amount of Series 2011A Bonds	\$27,265,000.00
Net Reoffering Premium	\$ 404,461.90
Total Sources	\$27,669,461.90
Uses of Funds:	
Redemption of Prior Bonds ⁽¹⁾	\$27,332,365.28
Costs of Issuance ⁽²⁾	\$ 337,096.02
Total Uses	\$27,669,461.90

(1) Equal to the amount needed to redeem the Prior Bonds on March 21, 2011.

(2) Includes underwriter's compensation, legal fees and other costs of issuance.

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2011A Bonds. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2011A Bonds should analyze carefully the information contained in

this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

General

As described in this Official Statement, the principal of and interest on the Bonds will be payable solely from Revenues including payments to be made by the University on the Series 2011A Note issued pursuant to the Loan Agreement and pledged under the Bond Indenture. No representation or assurance is given or can be made that revenues will be realized by the University and any future Obligated Issuers in amounts sufficient to enable the University and any future Obligated Issuers to make payments on the Series 2011A Note when due and other payments necessary to meet the financial obligations of the University and any future Obligated Issuers. The obligations of the University are not secured by any mortgage of or any security interest in assets or revenues of the University. The realization of future revenues and expenses are subject to, among other things, the capabilities of management of the University and future Obligated Issuers, enrollment at the University and future economic and other conditions which are unpredictable and which may affect revenues and payment of principal of and interest on the Bonds. The following sections discuss some of these conditions.

Additional Debt

The Master Indenture permits the issuance of Notes in addition to the Series 2011A Note on a parity with the Series 2011A Note. Currently, the University has \$218,903,000 of debt outstanding, of which \$218,445,000 has been issued under the Master Indenture. \$26,905,000 in principal amount of such outstanding Notes will be retired using proceeds of the Series 2011A Bonds. The Master Indenture also permits incurrence of indebtedness other than that represented by the Notes (the "Additional Indebtedness") by the University or future Obligated Issuers. See the information in APPENDIX C under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness."

Certain Matters Relating to Enforceability of the Master Indenture

The obligation of the University and future Obligated Issuers to make payments on the Series 2011A Note, will be limited as the obligations of debtors typically are affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or by equitable principles affecting the enforcement of creditors' rights.

The accounts of the University and future Obligated Issuers will not be combined for financial reporting purposes. However, combined financial information of all of the Obligated Issuers will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding uncertainties as to the enforceability of certain obligations of the University and future Obligated Issuers contained in the Master Indenture. Such uncertainties bear on the availability of the assets of the University and future Obligated Issuers for payment of debt service on the Notes, including the Series 2011A Note. The provisions of the Master Indenture pursuant to which the University and future Obligated Issuers guarantee, subject to Existing Restrictions, the payment of any and all amounts due upon Notes may not be enforceable (i) if the purposes for which the Note was issued are not consistent with the charitable purposes of the University or the other Obligated Issuers from which payment is requested or if, at the time of payment thereunder by the University and future Obligated Issuers, the Obligated Issuer which originally issued such Note is other than a not for profit corporation that is exempt from federal income taxation under Sections 501(a) and 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a "private foundation" as defined in Section 509(a) of the Code, (ii) if such payments are requested to be made from any moneys or assets which are donor restricted or which are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment, (iii) if such payments would result in the cessation or discontinuation of any material portion of the educational or related services previously provided by the University or future Obligated Issuers from which such payment is requested, or (iv) if such payments are requested to be made pursuant to any loan which violates applicable usury laws. The extent to which the assets of the University or future Obligated Issuers may at any time fall within the category referred to in clause (ii) above cannot now be determined. The amount of such assets which could fall within such category could be substantial.

Competition

The ability of the University to make payments on the Series 2011A Note when due depends upon, among other things, the continued ability of the University to attract a sufficient number of students to the University. The University currently faces substantial competition from other private and public colleges and universities. If, as a result of competition or otherwise, the enrollment levels were to be materially lower than in past years, there could be an adverse effect on the University's revenues and the effect could be material. In particular, the educational costs for public schools within the State of Wisconsin are heavily subsidized. The financial condition of the University may be adversely affected by any change that increases the competitive position of other schools, including but not limited to the provision of greater financial subsidies to public colleges and universities.

General Economic Conditions

The costs of education are heavily subsidized by governmental and private aid. The financial condition of the University may be adversely affected by a diminution in these aids. Despite substantial public and private aid, a large portion of the costs of education are paid by the students. The financial condition of the University may be adversely affected by changes in the economy (particularly in the States of Wisconsin and Illinois, from which the University draws a significant percentage of its students) that result in a decreased ability of students to pay for the costs of education. Inflation in the costs of operating the University in excess of that anticipated could result in increases in tuition and other student charges beyond the economic means of prospective students.

In developing its facilities and endowment fund, the University has depended upon donated funds and operating surpluses. The financial condition of the University may be adversely affected by any change that results in decreased donations, including but not limited to certain changes in the current federal tax laws that encourage donations, and the failure to achieve operating surpluses in the future. The endowment fund of the University is invested in securities which are subject to market fluctuation. The financial condition of the University may be adversely affected by adverse market conditions.

Internal Revenue Code Compliance

The Internal Revenue Service has determined that the University is a tax-exempt organization described in Section 501(c)(3) of the Code, and exempt from taxation under Section 501(a) of the Code. In the opinion of the associate general counsel to the University, the University operates in a manner consistent with such status as an organization described in Section 501(c)(3) of the Code. As a tax-exempt, charitable organization, the University and its operations are subject to various requirements specified by the Code and the regulations promulgated thereunder. Compliance with those requirements is necessary to maintain the tax-exempt status of the University.

Among the various provisions applicable to the University are restrictions prohibiting the University from entering into transactions with certain persons if such transactions would result in private inurement to, or confer a private benefit on, any such person.

The opinion of its associate general counsel that the University is a tax-exempt organization is not binding upon the Internal Revenue Service or on any court. If the University should fail to meet any of the requirements specified by the Code and regulations thereunder as necessary to maintain its tax-exempt status, action could be initiated by federal, state or local tax authorities to attempt to subject the University, its property, and its revenues to taxation. If successful, such action could cause interest on the Bonds to be taxable to the holders thereof. The failure of the University to maintain its tax-exempt status could constitute a default under the Loan Agreement and the Bond Indenture. The University has covenanted in the Loan Agreement that it will not take or omit to take any action, if such act or omission would result in an Event of Taxability, as defined in the Loan Agreement.

Taxation of Interest on the Bonds

Because the existence and continuation of the excludability of the interest on the Bonds from federal gross income of the owners thereof depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under the caption "TAX EXEMPTION" herein assumes the compliance by the University

and the Bond Trustee with the provisions of the Code, and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the University to comply with the provisions of the Code and the regulations thereunder may cause the interest on Bonds to become includable in gross income of the owners thereof as of the date of issuance.

Information Not Verified

Information concerning the University has been obtained from the University. The information has not been independently verified.

Enforceability of Remedies

All legal opinions with respect to the enforceability of the Bond Indenture and Loan Agreement will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights generally, and by applicable principles of equity if equitable remedies are sought.

Marketability of Bonds

Although the Underwriter may engage in secondary market transactions, it is not obligated to do so. There is no assurance that a secondary market for the Bonds will develop or that Bondholders who wish to sell their Bonds prior to their stated maturity will be able to do so.

Acceleration of Maturity

An event of default under the Bond Indenture may result in an acceleration of the maturity of the Bonds. In such event, an owner whose Bonds are accelerated may not have the opportunity to hold such Bonds for a time period consistent with such owner's original investment intentions.

Amendment of the Master Indenture, the Bond Indenture and the Loan Agreement

The Obligated Group and the Master Trustee may, without the consent of, or notice to, any holders of the Notes issued under the Master Indenture (the "Master Notes"), amend or supplement the Master Indenture in certain circumstances as provided in the Master Indenture. In addition, certain amendments to the Master Indenture may be made with the consent of the holders of a majority in aggregate principal amount of outstanding Master Notes. Such amendments may adversely affect the security of the owners of the Bonds, and such percentage may be composed wholly or partially of the holders of Master Notes other than the Series 2011A Note. See "SUMMARY OF MASTER INDENTURE – Summary of Certain Provisions of the Master Indenture – Supplemental Master Indentures" in APPENDIX C.

Certain amendments to the Bond Indenture and the Loan Agreement may be made without the consent of the owners of the Bonds, and other amendments thereto may be made with the consent of the owners of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the owners of the Bonds. See "SUMMARY OF BOND INDENTURE AND LOAN AGREEMENT – Summary of Certain Provisions of the Bond Indenture – Supplemental Bond Indentures Not Requiring the Consent of the Registered Owners," "– Supplemental Bond Indentures Requiring the Consent of the Registered Owners," "– Amendments to the Borrower's Documents Not Requiring the Consent of the Registered Owners," and "– Amendments to the Borrower's Documents Requiring the Consent of the Registered Owners" in APPENDIX D hereto.

Other Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the University:

1. inability of the University to control increases in operating costs, including salaries, wages and fringe benefits, supplies, utility costs and other expenses, without being able to obtain corresponding increases in revenues from students;
 2. unionization, employee strikes, and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;
 3. the occurrence of any natural disasters or other disruptions that impair the operations of the University;
- or
4. possible modification and repeal of existing federal and state tax laws and regulations affecting the tax exempt status of non-profit organizations, income taxes, property taxes, or other loss by the University of the present advantages of certain provisions of said laws.

RATINGS

A rating of "A2" has been assigned to the Series 2011A Bonds by Moody's Investors Service, Inc. ("Moody's"). The rating and an explanation of its significance may be obtained from Moody's, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Such rating reflects only the view of Moody's.

The University has furnished Moody's with certain information and materials relating to the Series 2011A Bonds and the University that have not been included in this Official Statement. Generally, Moody's bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the "A2" rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by Moody's if, in the judgment of Moody's, circumstances so warrant. Neither the Authority, the Underwriter nor the University has undertaken any responsibility to bring to the attention of the holders of the Series 2011A Bonds any proposed revision or withdrawal of the rating of the Series 2011A Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Series 2011A Bonds.

INDEPENDENT AUDITORS

The financial statements of the University as of and for the year ended June 30, 2010, included in APPENDIX B to this Official Statement, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

LITIGATION

Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2011A Bonds or questioning or affecting the validity of the Series 2011A Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization or existence of the Authority, nor the title of the present members or other officials of the Authority to their respective positions, is being contested. There is no litigation pending or, to the Authority's knowledge, threatened which in any manner questions the right of the Authority to enter into the Bond Indenture or the Loan Agreement or to secure the Series 2011A Bonds in the manner provided in the Bond Indenture and the Act.

University

There is no litigation pending or, to the knowledge of the University, threatened which in any manner questions the right of the University to secure the Series 2011A Bonds in accordance with the provisions of the

Bond Indenture, the Loan Agreement or the Master Indenture. There is no litigation, proceeding or investigation pending or, to the University's knowledge, threatened except litigation, proceedings or investigations in which the probable ultimate recoveries and the estimated costs and expenses of defense, either will be entirely within the applicable insurance policy limits of the University (subject to applicable deductibles) or will not have a materially adverse effect on the operations or condition, financial or otherwise, of the University.

LEGAL MATTERS

Legal matters incident to the authorization and validity of the Series 2011A Bonds are subject to the approval of Quarles & Brady LLP, Bond Counsel to the Authority, whose approving opinion will be delivered with the Series 2011A Bonds. Certain legal matters will be passed on for the Authority by Quarles & Brady LLP, its general counsel, for the University by its associate general counsel and its special counsel, Whyte Hirschboeck Dudek S.C., and for the Underwriter by its counsel, Godfrey & Kahn, S.C.

TAX EXEMPTION

In General

The opinion of Bond Counsel and the descriptions of the tax laws contained in this Official Statement are based on laws and official interpretations of them which are in existence on the date the Series 2011A Bonds are issued. There can be no assurance that those laws or the interpretation of them will not change or that new laws will not be enacted or regulations issued while the Series 2011A Bonds are outstanding in a manner that would adversely affect the value of an investment in the Series 2011A Bonds or the tax treatment of the interest paid on the Series 2011A Bonds.

Federal Income Tax Opinion of Bond Counsel

Quarles & Brady LLP, Bond Counsel, will deliver a legal opinion with respect to federal income tax exemption applicable to interest on the Series 2011A Bonds under existing law in substantially the form set forth in APPENDIX E hereto.

Other Federal Income Tax Considerations

Interest on the Series 2011A Bonds is included in the adjusted current earnings of corporations for purposes of the alternative minimum tax imposed by Section 55 of the Code. The Code also contains numerous other provisions which could adversely affect the value of an investment in the Series 2011A Bonds for particular Bondholders. For example, (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2011A Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2011A Bonds, (ii) Section 265 of the Code denies a deduction for expenses that are allocable to the interest on the Series 2011A Bonds, (iii) Section 265 of the Code denies a deduction for otherwise allowable deductions of a regulated investment company that are allocable to distributions of the interest on the Series 2011A Bonds paid during the taxable year (or after the close of the taxable year pursuant to Section 855 of the Code), (iv) interest on the Series 2011A Bonds may affect the federal income tax liabilities of life insurance companies and, with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2011A Bonds, (v) interest on the Series 2011A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (vi) passive investment income, including interest on the Series 2011A Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the Subchapter S corporation is passive investment income and (vii) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account receipts or accruals of interest on the Series 2011A Bonds in determining gross income. There may be other provisions of the Code which could adversely affect the value of an investment in the Series 2011A Bonds for particular Bondholders. Investors should

consult their tax advisors to determine how the provisions described under this heading and other provisions of the Code relating to the ownership of tax-exempt obligations apply to them.

Wisconsin Income Tax

The interest on the Series 2011A Bonds is not exempt from present Wisconsin income taxes.

Original Issue Discount

To the extent that the initial public offering price of certain of the Series 2011A Bonds is less than the principal amount payable at maturity, such Series 2011A Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold ("issue price"). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in the calculation of the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Premium

To the extent that the initial offering prices of certain of the Series 2011A Bonds are more than the principal amount payable at maturity, such Series 2011A Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant instant rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather, the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

CONTINUING DISCLOSURE AGREEMENT

The University will enter into a Continuing Disclosure Agreement (the "Agreement") for the benefit of the Series 2011A Bondholders and will provide certain information annually and notice of certain events as they occur to the Municipal Securities Rulemaking Board consistent with the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. Information to be provided on an annual basis will be provided by the University not later than 180 days after the close of each fiscal year. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreement, including termination, amendment and remedies, are set forth under the caption "FORM OF CONTINUING DISCLOSURE AGREEMENT" in APPENDIX F. Other than the University, no other obligated person has agreed to provide annual financial information or notice of events.

Failure by the University to comply with the Agreement will not constitute an event of default under the Master Indenture, Bond Indenture or Loan Agreement and Series 2011A Bondholders are limited to the remedies described in the Agreement. See the caption "FORM OF CONTINUING DISCLOSURE AGREEMENT – Default" in APPENDIX F. Failure by the University to comply with the Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2011A Bonds in the secondary market. Consequently, any such failure may adversely affect the transferability and liquidity of the Series 2011A Bonds and their market price.

UNDERWRITING

The Underwriter will agree to purchase the Series 2011A Bonds when, as and if issued at an aggregate purchase price of \$27,478,606.90 (reflecting a par amount of \$27,265,000 plus a net premium of \$404,461.90 less an underwriting discount of \$190,855.00) pursuant to a Bond Purchase Agreement, as accepted by the University and the Authority. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2011A Bonds to the public. The obligation of the Underwriter to accept delivery of the Series 2011A Bonds will be subject to various conditions set forth in the Bond Purchase Agreement.

MISCELLANEOUS

The references herein to the Bond Indenture, the Series 2011A Bonds, the Loan Agreement, the Series 2011A Note, the Master Indenture and other materials are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and for full and complete statements of such provisions reference is made to such instruments and other materials, executed counterparts of which will be on file at the principal corporate trust office of the Bond Trustee subsequent to the delivery of the Series 2011A Bonds.

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the University or the Authority and the purchasers or owners of any of the Series 2011A Bonds. The execution and delivery of this Official Statement have been duly authorized by the Authority. The Authority has not, however, prepared nor made any independent investigation of the information contained in the Official Statement except the information under the captions "THE AUTHORITY" and "LITIGATION – Authority."

WISCONSIN HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

By: /s/ Lawrence Nines

Executive Director

This Official Statement is approved:

MARQUETTE UNIVERSITY

By: /s/ John C. Lamb

Treasurer

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APPENDIX A
MARQUETTE UNIVERSITY

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MARQUETTE UNIVERSITY

Description of the University

Marquette University is an independent, coeducational institution of higher education founded in 1881 by members of the Society of Jesus, a Catholic religious order established in 1540 by St. Ignatius of Loyola.

The university is named after Father Jacques Marquette (1637-1675), a French Jesuit missionary and explorer in North America. He came to the New World to convert Native Americans to Christianity, and that desire led him to explore the continent. In 1673, he was part of an expedition that traveled the Mississippi River, and he was one of the first Europeans to visit the area that is now Milwaukee.

The origins of Marquette University lie in the desires of the first Catholic bishop of Milwaukee, John Martin Henni, to start a college in his diocese. While on a fundraising trip to Europe in 1848-1849, he obtained a pledge of \$16,000 from Guillaume DeBoey, a Belgian businessman, and Henni asked the Jesuits to open a school in Milwaukee. Moreover, mindful of Jacques Marquette's work as a missionary and explorer in the Midwest, Henni proposed that the institution be called Marquette College. Because the Jesuits lacked personnel to staff such an institution for decades, Marquette College did not open until 1881.

Marquette remained a small liberal arts college for men at 10th and State Street until 1907. That year its leaders obtained a university charter from the State of Wisconsin and moved operations to a new building on Wisconsin Avenue east of Gesu Church, which had been completed in 1894. Between 1907 and 1913, Marquette expanded to include divisions of medicine, dentistry, nursing, pharmacy, law, business, engineering, music, and journalism.

In 1909, influenced by requests from local Catholics and the Archbishop of Milwaukee as well as the needs of Catholic parochial schools for certified teachers, the president of Marquette, Rev. John McCabe, S.J., decided that the university would conduct a summer school (itself an innovation for Catholic colleges and universities) and admit female students. By 1917, 375 women attended Marquette. Currently, women total about 52 percent of the students at Marquette.

Following World War II, enrollment at Marquette increased dramatically, as happened at other American colleges and universities. Demand for graduate and professional education grew, and the university's student body became more national in its composition. In the 1960s and 1970s, Marquette introduced doctoral programs in various fields including religious studies, biology, history, and chemistry. In 1969, the university expanded its Board of Trustees, and currently eight Jesuits and 23 lay men and women serve as board members.

Today, Marquette University has a campus of approximately 90.0 acres and 68 buildings located just blocks from downtown Milwaukee. It consists of 12 colleges and schools including Arts and Sciences, Business Administration, Communication, Dentistry, Education, Engineering, Graduate School, Graduate School of Management, Health Sciences, Law, Nursing, and Professional Studies. Marquette continues to stress the liberal arts, and it remains committed to offering an education marked by intellectual excellence, the Judeo-Catholic tradition and service to others.

Accreditations

An educational institution is only as strong as the level of excellence which it demands of itself - not to mention its faculty and students. Marquette University is accredited by the North Central Association of Colleges and Schools Commission on Institutes of Higher Education. Thanks to Marquette's consistently high standards, specific academic programs have also been accredited by numerous other organizations and associations. These accreditations assure a student that Marquette's academic excellence is nationally recognized. In addition, a student has the security of knowing that Marquette's credits could transfer to comparable institutions of learning, just as an

incoming transfer student can be assured that Marquette is likely to honor most credits earned at a similarly accredited college or university.

Marquette University's accreditations include the following:

All University:

- Higher Learning Commission, a commission of the North Central Association of Colleges and Schools

Special Accreditations:

- Accreditation Board for Engineering and Technology
- Accreditation Review Committee for Physician Assistant Education
- Accrediting Council on Education in Journalism and Mass Communications
- American Assembly of Collegiate Schools of Business
- American Chemical Society
- Accreditation Commission for Midwifery Education
- Association of American Law Schools
- Commission on Accreditation in Physical Therapy Education
- Commission on Accreditation of Athletic Training Education
- Commission on Collegiate Nursing Education
- Commission on Dental Accreditation of the American Dental Association
- Council on Legal Education and Admissions to the Bar of the American Bar Association
- Council for National Register of Health Service Providers in Psychology
- Council of Academic Accreditation of The American Speech-Language-Hearing Association
- National Accrediting Agency for Clinical Laboratory Sciences
- National Council for Accreditation of Teacher Education
- Wisconsin Department of Public Instruction
- Wisconsin State Board of Nursing

Governance of the University

The university is governed by a self-perpetuating Board of Trustees (the "Board"), consisting of no fewer than 25 and no more than 40 elected trustees, of whom no fewer than eight and no more than 11 shall be members of the Society of Jesus, including the President of the university. There are currently 31 Board members, eight of whom are Jesuits. All Marquette University trustees, with the exception of the President, are elected to serve three-year terms. With certain exceptions, trustees may not serve more than four consecutive terms. With certain exceptions, no person shall be eligible for nomination after he or she has reached the age of 70. Approximately one-third of the members are elected annually by an affirmative vote of not less than one-half of all trustees present at the Board's annual meeting.

The Chair and Vice Chairs of the Board, not less than four other members of the Board elected by the full Board, and the President of the university form the Executive Committee of the Board (the "Executive Committee"). In the absence of the Board, the Executive Committee may act on behalf of the Board on all matters except those requiring the two-thirds vote of the Board.

The Board may elect, from time to time, emeriti trustees and honorary trustees who have no votes.

The following presents a list of the trustees comprising the Board and their business or professional affiliations.

Mr. Ned W. Bechthold
Vice Chair of the Marquette Board
Chairman
Payne and Dolan, Inc.
Waukesha, Wisconsin

Rev. James P. Flaherty, S.J.
Rector and Adjunct Assistant
Professor of Philosophy
Marquette University Jesuit
Community
Milwaukee, Wisconsin

Mr. Darren R. Jackson
Chair of the Marquette Board
President and Chief Executive
Officer
Advance Auto Parts
Bloomington, Minnesota

Rev. Timothy R. Lannon, S.J.
President
Saint Joseph's University
Philadelphia, Pennsylvania

Rev. James P. McDermott, S.J.
Screenwriting Student
Los Angeles, California

Mr. James D. O'Rourke
President and Chief Executive
Officer
A&A Manufacturing Company, Inc.
New Berlin, Wisconsin

Mr. Joseph J. Rauenhurst
President
Bay Court, Inc.
Boca Raton, Florida

Honorable W. Greg Ryberg
Senator
State of South Carolina
Aiken, South Carolina

Mr. John J. Stollenwerk
Vice Chair of the Marquette Board
Chairman
Agricol Empreedimentos Miniero,
LTD
Brazil

Ms. Natalie A. Black
Senior Vice President, General
Counsel, and Corporate Secretary
Kohler Co.
Kohler, Wisconsin

Mr. Richard J. Fotsch
President, Global Power Group
Kohler Co.
Kohler, Wisconsin

Mr. James F. Janz
Managing Director
Joseph and Vera Zilber Foundation
Milwaukee, Wisconsin

Rev. Thomas A. Lawler, S.J.
Vocation Director
Jesuits (Society of Jesus)
Milwaukee, Wisconsin

Dr. Arnold L. Mitchem
President
Council for Opportunity in
Education
Washington, D.C.

Rev. Scott R. Pilarz, S.J.
President
University of Scranton
Scranton, Pennsylvania

Mr. Glenn A. Rivers
Head Coach
Boston Celtics
Boston, Massachusetts

Mrs. Mary Ladish Selander
Director of Development
Lyric Opera of Chicago
Chicago, Illinois

Mr. Charles M. Swoboda
Chairman and Chief Executive
Officer
Cree Inc.
Durham, North Carolina

Mr. John F. Ferraro
Global Chief Operating Officer
Ernst & Young
London, England

Rev. James G. Gartland, S.J.
President
Cristo Rey Jesuit High School
Chicago, Illinois

Mr. Jeffrey A. Joerres
Chairman and Chief Executive
Officer
Manpower Inc.
Milwaukee, Wisconsin

Mr. John P. Lynch
Retired Senior Partner
Latham & Watkins
Chicago, Illinois

Rev. Joseph M. O'Keefe, S.J.
Dean and Professor of Education
Lynch School of Education
Boston College
Chestnut Hill, Massachusetts

Ms. Kristine A. Rappé
Senior Vice President and
Chief Administrative Officer
Wisconsin Energy Corporation
Milwaukee, Wisconsin

Mr. James A. Runde
Special Advisor
Morgan Stanley
New York, New York

Ms. Mary Ellen Stanek
Managing Director and Director of
Asset Management
Robert W. Baird & Co.
Milwaukee, Wisconsin

Ms. Cherryl T. Thomas
President
Ardmore Associates
Chicago, Illinois

Ms. Rhona Vogel
President
Vogel Consulting Group
Brookfield, Wisconsin

Rev. Robert A. Wild, S.J.
President
Marquette University
Milwaukee, Wisconsin

Mr. Charles M. Williams, Jr.
Vice Chairman and Chief Operating
Officer
Blue Ridge Holdings, Inc
Charlotte, North Carolina

Ms. Anne A. Zizzo
President
Zizzo Group Marketing and Public
Relations and News Media
Milwaukee, Wisconsin

TRUSTEES EMERITI

Mr. John A. Becker
Retired President and Vice
Chairman
Firststar Corporation
Mequon, Wisconsin

Mr. John F. Bergstrom
Chairman and Chief Executive
Officer
Bergstrom Corporation
Neenah, Wisconsin

Mr. Willie D. Davis
President
All Pro Broadcasting, Inc.
Culver City, California

Mr. Donald F. Flynn
Chairman of the Board
Flynn Enterprises, Inc.
Chicago, Illinois

Rev. Edward Glynn, S.J.
Minister
St. Claude La Colombiere Jesuit
Community
Baltimore, Maryland

Rev. Michael J. Graham, S.J.
President
Xavier University
Cincinnati, Ohio

Rev. James E. Grummer, S.J.
Regional Assistant for the
United States
Curia of the Society of Jesus
Rome, Italy

Ms. Mary E. Henke
President
Gordon Henke Family Foundation
Milwaukee, Wisconsin

Mrs. Mercedes Hurley Hughes
Nottingham, Maryland

Mr. Robert L. Kemp
President
Capital Growth Management
Boston, Massachusetts

Mr. James H. Keyes
Retired Chairman and Chief
Executive Officer
Johnson Controls, Inc.
Milwaukee, Wisconsin

Rev. Gregory F. Lucey, S.J.
Retired President
Spring Hill College
Mobile, Alabama

Mr. John P. Madden
Retired Chairman
Madden Communications, Inc.
Northfield, Illinois

Mr. Daniel F. McKeithan, Jr.
President
Tamarack Petroleum Company, Inc.
Milwaukee, Wisconsin

Rev. Ladislav M. Orsy, S.J.
Professor of Law
Georgetown University Law Center
Washington, D.C.

Mrs. Sandy Zilg Pavlic
Brookfield, Wisconsin

Mr. Ulice Payne, Jr.
President
Addison-Clifton, LLC
Brookfield, WI

Mr. Gerald A. Rauenhorst
Founding Chairman
Opus Corporation
Minneapolis, Minnesota

Mr. Louis J. Rutigliano
Retired Vice Chairman
Ameritech Corporation
Lake Forest, Illinois

Mr. Wayne R. Sanders
Retired Chairman of the Board and
Chief Executive Officer
Kimberly-Clark Corporation
Dallas, Texas

Hon. David A. Straz, Jr.
Ambassador at Large to Central
America, Honorary Consul of the
Republic of Liberia and Honorary
Consul of the Republic of Honduras
Tampa, Florida

Rev. Thomas H. Tobin, S.J.
Professor of Theology
Loyola University Chicago
Chicago, Illinois

Rev. L. John Topel, S.J.
Pastor
St. Mary's Star of the Sea Parish
Port Townsend, Washington

OTHER CORPORATE OFFICERS

Ms. Mary Lou Austin
Assistant Treasurer
Associate Vice President for
Finance
Marquette University
Milwaukee, Wisconsin

Ms. Cynthia M. Bauer
Assistant Secretary
Vice President and General Counsel
Marquette University
Milwaukee, Wisconsin

Mr. Steven W. Frieder
Secretary
Assistant to the President
Marquette University
Milwaukee, Wisconsin

Mr. Gregory J. Kliebhan
Corporate Vice President
Senior Vice President
Marquette University
Milwaukee, Wisconsin

Mr. John C. Lamb
Treasurer
Vice President for Finance
Marquette University
Milwaukee, Wisconsin

Dr. John J. Pauly
Corporate Vice President
Provost
Marquette University
Milwaukee, Wisconsin

Administrative Officers of the University

The university is administered by the following officers:

Rev. Robert A. Wild S.J., President: Father Wild began his duties as the chief executive officer in June 1996. As the principal executive and academic administrative officer of the university, he has the ultimate authority and accountability to the Board of Trustees for all affairs and functions of the university. Prior to his assuming the Marquette presidency, Father Wild was president of the Weston Jesuit School of Theology. From 1985 to 1991, he served as provincial superior of the Chicago Province of the Society of Jesus. Author of two books and numerous scholarly articles, Father Wild taught theology at Marquette from 1975 to 1984 and has been a member of the university's Board of Trustees since 1990. He holds a doctoral degree in New Testament and Christian origins from Harvard University, a master's degree in Classical Languages, and a bachelor's degree in Latin from Loyola University of Chicago. Father Wild has announced his retirement effective July 31, 2011.

Rev. Scott R. Pilarz, S.J., President Elect: The Marquette Board of Trustees unanimously elected Father Pilarz the 23rd president of Marquette University on August 31, 2010. He will assume office in August 2011. Father Pilarz was elected to the Marquette University Board of Trustees in 2009. He has served as the 24th president of the University of Scranton since 2003. After receiving his bachelor's degree in English from Georgetown University, Father Pilarz entered the Society of Jesus in 1981 and was ordained a priest in 1992. He earned a master's degree in philosophy from Fordham University and master's degrees in divinity and theology from the Weston School of Theology, Cambridge, Mass. He went on to earn a Ph.D. in English at the City University of New York, and his dissertation, *Sacerdotal Self-Fashioning: Priesthood in the Poetry of Robert Southwell, S.J., and John Donne*, won the 1997 CUNY Alumni Achievement Prize for Dissertation Excellence. While completing doctoral studies, he was appointed to the English faculty of St. Joseph's University in 1994. In 1996 he joined the Georgetown faculty as an assistant professor of English. In 2002 he was appointed interim University Chaplain.

Dr. John J. Pauly, Provost: Dr. Pauly was appointed Provost in July 2008. He has been with Marquette since 2006 as Dean of the J. William and Mary Diederich College of Communication. He has published more than 80 scholarly journal articles, book chapters, reviews and essays, and made numerous presentations in his fields of interest. He is a member of the editorial board of *Journalism: Theory, Practice and Criticism* and was formerly a board member of *Critical Studies in Mass Communication and Journalism Monographs*. As Provost, he is responsible for academic affairs and institutional planning. He provides intellectual vision and leadership to 10 academic deans and the Dean of Libraries. He holds a bachelor of science in Journalism with honors, a master's of science degree in Journalism and a Ph.D. in communication all from the University of Illinois at Urbana-Champaign.

Mr. Gregory J. Kliebhan, Senior Vice President: Mr. Kliebhan was named Senior Vice President in 2002. He is responsible for top university support functions, which include these divisions: Administration, Finance, General Counsel, Intercollegiate Athletics, Marketing and Communication, Public Affairs, Student Affairs and University Advancement. Mr. Kliebhan earned his undergraduate degree at Marquette in 1973 from the College of Liberal Arts (now Arts and Sciences). He went on to earn his master's of business administration degree at the University of Illinois at Urbana-Champaign.

Ms. Rana Altenburg, Vice President for Public Affairs: Ms. Altenburg was named Vice President for Public Affairs in August 2001. She previously served as Vice President for Governmental and Community relations at Marquette. Ms. Altenburg is responsible for the university's governmental initiatives at the federal, state, county, and city levels; community relations; university special events; and special projects of strategic importance to Marquette. Ms. Altenburg holds a bachelor's degree in Political Science and Spanish from Marquette and a master's of business administration degree from the Kellogg School of Management at Northwestern University in Evanston, Illinois.

Ms. Cynthia Bauer, Vice President and General Counsel: Ms. Bauer was named Vice President and General Counsel in August 1998. She is responsible for providing legal counsel and advice to the university on all legal matters as well as asserting and defending the university's legal interests. Ms. Bauer also has supervisory responsibility for Human Resources, Risk Management, Internal Audit, and Environmental Health and Safety. She joined Marquette in 1991 as associate general counsel and was promoted to general counsel in 1994. She holds a juris doctor degree and a bachelor's degree, both from Marquette University.

Ms. Patricia Geraghty, Vice President for Marketing and Communication: Ms. Geraghty was named Vice President for Marketing and Communication in August 2006. She is responsible for the university's marketing and communication initiatives, including advertising and branding, interactive marketing, university communication and Marquette Magazine. She first joined Marquette in 1995 and has served the university as senior advancement officer for the College of Engineering and the College of Communication, director of governmental and community relations, and, from 2001 to 2005, as director of marketing/associate vice president for public affairs. Ms. Geraghty holds a bachelor of arts degree in History from the University of Illinois at Urbana-Champaign and earned her master's of business administration degree from the University of Chicago.

Dr. Jeanne Hossenlopp, Vice Provost for Research and Dean of the Graduate School: Dr. Hossenlopp was named Vice Provost and Dean of the Graduate School in July 2010. Dr. Hossenlopp is a Professor of Chemistry, served as Interim Dean of the Klingler College of Arts and Sciences from 2008-2010, and was Chair of the Department of Chemistry from 2004-2008. A native of Buffalo, NY, Dr. Hossenlopp received her B.A. degree in Chemistry from Colgate University in 1981, M.A. degree in Education from Siena Heights College in 1982, and Ph.D. degree in Physical Chemistry from Syracuse University in 1987. From 1987-1989 she was a postdoctoral research associate at Columbia University. She joined the faculty at Marquette University in August 1989. Dr. Hossenlopp received a Camille and Henry Dreyfus Foundation New Faculty Award in 1989, a national award given to 10 new faculty in chemistry, biochemistry, or chemical engineering departments annually.

Mr. John C. Lamb, Vice President for Finance: Mr. Lamb was named Vice President for Finance in August 2002. He is responsible for the finance division, which includes Comptroller, Budget, Treasury Services, Purchasing, Student Financial Aid, and Bursar. Mr. Lamb joined Marquette in 1977 as a financial analyst and has served in various administrative capacities including Associate Director of Student Financial Aid, Bursar, Assistant Treasurer, and Assistant Vice President for Budget and lecturer of economics. Mr. Lamb was elected Assistant Treasurer in 1997 and Treasurer in 2007. He holds a bachelor's degree in Economics and a master's degree in Economics and Finance, both from Marquette University.

Dr. Gary Meyer, Vice Provost for Undergraduate Programs and Teaching: Dr. Meyer was named Vice Provost in July 2010. Reporting to the provost, Dr. Meyer has the overall responsibility for the development of university undergraduate programs, including the university core of common studies, campus-wide student learning assessment and quality of instruction. Prior to taking on the role of vice provost for undergraduate programs and teaching, Dr. Meyer served as Associate Dean in the Diederich College of Communication from 2003-2010 and director of the corporate communication major (2008-2010). Dr. Meyer earned a bachelor of business administration degree in finance and economics from the University of Wisconsin-Madison in 1983, a master of science degree in resource

development from Michigan State University in 1992, and a doctorate in communication from Michigan State University in 1995.

Dr. L. Christopher Miller, Vice President for Student Affairs: Dr. Miller was appointed Vice President for Student Affairs in July 2008. He is responsible for campus co-curricular initiatives in conjunction with student academic, personal and professional development. Prior to joining Marquette University, Dr. Miller served as assistant dean for student community development and assistant dean for administration at Arizona State University. He also held positions at South Dakota State University as associate dean of student affairs, and associate vice chancellor and vice chancellor for student affairs and administrative services at the University of Illinois at Springfield. Dr. Miller holds a bachelor of arts degree in Political Science and History from the University of North Carolina; master's of science degree in Justice Studies and Doctor of Philosophy in Justice Studies from Arizona State University; and a juris doctor, from Campbell University, Norman W. Wiggins School of Law, North Carolina. He also studied at the Institute for Educational Management in Harvard's Graduate School of Education.

Ms. Stephanie Russell, Vice President of the Office of Mission and Ministry: Ms. Russell was named Vice President of the Office of Mission and Ministry in January 2010. Reporting to the president, she is responsible for promoting the university's mission and Catholic, Jesuit identity, expressed in the search for truth, the discovery and sharing of knowledge, the promotion of a life of faith and the development of leadership expressed in service to others. Her responsibilities at the university, which she joined in 2001, include oversight of the Faber Center for Ignatian Spirituality and Campus Ministry. She earned a bachelor's degree in social work from Marquette University and a master of arts in pastoral studies from St. Francis Seminary in Wisconsin. She was awarded an honorary doctorate in humane letters from Spring Hill College in 2009.

Mr. Arthur F. Scheuber, Vice President for Administration: Mr. Scheuber was named Vice President of Administration in July 2002. He is responsible for the Alumni Memorial Union, Book Marq (Follett College Stores), Campus Auxiliaries, Facilities Services, Hilltop Enterprises, Information Technology Services, Public Safety and University Dining Services. Mr. Scheuber joined Marquette in 1996 and previously served as the Assistant Vice President of Information Technology Services and Chief Information Officer; he also served as chair of the Strategic Technology Advisory Council. Mr. Scheuber earned a bachelor of sciences degree in Computer Science from Lewis University in Romeoville, Illinois and a master's of business administration degree from the University of St. Francis in Joliet, Illinois.

Ms. Julie Tolan, Vice President for Advancement: Ms. Tolan was named Vice President for Advancement in August 2002. She is responsible for alumni relations and fundraising at Marquette. Ms. Tolan joined Marquette in 1990 and served in several capacities, including Assistant Vice President for University Advancement, Campaign Director, Director of Corporate and Foundation Relations, Senior Advancement Officer and Project Manager for the Les Aspin Center for Government. After three years as president of the United Performing Arts Fund in Milwaukee, Ms. Tolan returned to Marquette in the fall of 2002. She earned a bachelor's degree in English with a minor in Economics from the University of Michigan in Ann Arbor and a master's of management degree from the Kellogg Graduate School of Management at Northwestern University in Evanston, Illinois, where she also received the Dean's Distinguished Service Award.

Academic Programs

The university offers a wide range of programs leading to undergraduate, graduate and professional degrees. The university also offers programs of post-graduate study and a number of programs designed for non-degree granting academic pursuits.

Students can pursue a bachelor's degree in eight separate colleges: Arts and Sciences; Business Administration; Communication; Education; Engineering; Health Sciences; Nursing; and Professional Studies. All undergraduate students complete one of 74 specific majors within the colleges, plus the 36 hour University Core of Common Studies. This core covers nine knowledge areas deemed essential to a well-educated person: rhetoric, mathematical reasoning, individual and social behavior, diverse cultures, literature and performing arts, histories of cultures and societies, science and nature, human nature and ethics, and theology. Each major and the Core of Common Studies curriculum have specified student learning outcomes which are assessed on an annual basis.

Through the Graduate School and the Graduate School of Management, Marquette grants master's degrees in 36 different programs and Ph.D. degrees in 16 different programs, 4 professional doctorates, and 35 certificate programs. The university awards professional degrees for successful completion of studies in the School of Dentistry and the Law School. In addition to these degree programs, the Colleges and Schools offer graduate certificate programs and other non-degree educational offerings for community members and practicing professionals.

The following list sets forth the breadth of degree-granting programs offered by Marquette University.

Helen Way Klingler College of Arts and Sciences

Humanities: Classical Languages, Classical Studies, English Literature, Writing Intensive English, French, German, History, American Military History, Philosophy, Spanish Language and Literature, Spanish for the Professions, Theology, Theology for Catholic Schools Ministry

Social Sciences: Africana Studies, Anthropology, Criminology and Law Studies, Economics, International Affairs, Political Science, Psychology, Sociology, Social Welfare and Justice, Women's and Gender Studies

Natural Sciences: Applied Mathematical Economics, Biochemistry & Molecular Biology, Biology for the Professions, Biological Sciences, Mathematics, Mathematics for Elementary School Teachers (MELT), Physiological Sciences, Chemistry, Chemistry for the Professions, Computational Mathematics, Computer Science, Physics

College of Business Administration

Accounting, Business Economics, Entrepreneurship, Finance, Human Resource Management, Information Technology, International Business, Marketing, Operations and Supply Chain Management, Real Estate

The Graduate School of Management resides within the College of Business Administration.

J. William and Mary Diederich College of Communication

Advertising, Broadcast and Electronic Communication, Communication Studies, Corporate Communication, Journalism, Public Relations, Theatre Arts

College of Education

Elementary/Middle Education, Middle/Secondary Education

College of Engineering

Biocomputing, Bioelectronics, Biomechanics, Civil Engineering, Computer Engineering, Construction Engineering and Management, Electrical and Electronic Engineering, Electrical and Computer Engineering, Environmental Engineering, Mechanical Engineering

College of Health Sciences

Athletic Training, Biomedical Sciences, Clinical Laboratory Science, Exercise Science, Speech Pathology and Audiology

College of Nursing

Nursing

College of Professional Studies

Meeting the needs of working adults and the non-traditional student, the College of Professional Studies offers convenient weekend and weeknight classes in Criminology and Law Studies, Organization and Leadership, Professional Communication and Psychology.

Graduate Programs - Marquette University grants master's and doctoral degrees in the following areas:

Master's degrees: Accounting, Bioinformatics, Biological Sciences, Biomedical Engineering, Business Administration, Chemistry, Civil Engineering, Clinical Mental Health Counseling, Communication, Computational Sciences, Computing, Counseling, Dispute Resolution, Economics, Educational Policy and Leadership, Educational Psychology, Electrical and Computer Engineering, Engineering Management, English, Executive MBA, Foreign Languages and Literatures, Healthcare Technologies Management, History, Human Resources, International Affairs, Leadership Studies, Mathematics/Statistics and Computer Sciences, Mechanical Engineering, Nursing, Philosophy, Physician Assistant, Political Science, Public Service, Speech-Language Pathology, Theology, Transfusion Medicine

Doctoral degrees: Biological Sciences, Biomedical Engineering, Chemistry, Civil Engineering, Clinical Psychology, Computational Sciences, Counseling Psychology, Educational Policy and Leadership, Electrical and Computer Engineering, English, History, Interdisciplinary Ph.D., Mechanical Engineering, Nursing, Philosophy, Religious Studies

Post-Baccalaureate Professional Programs

Besides the Doctor of Dental Surgery degree, the Marquette School of Dentistry offers master's degrees in the specialties of dental biomaterials, endodontics, orthodontics and prosthodontics. Specialty certificates are available in endodontics, orthodontics, prosthodontics and Advanced Education in General Dentistry (AEGD).

The Marquette University Law School offers the Juris Doctor degree and provides the opportunity for concentration of study in several areas of law through a broad program of elective studies in the third year. The Law School offers a part-time law program in addition to the traditional full-time program. In conjunction with Marquette's internationally renowned National Sports Law Institute, the Law School also offers a Master of Law (LL.M.) degree in Sports Law for attorneys with non-U.S. law degrees.

The Marquette College of Health Sciences offers a Doctor of Physical Therapy (DPT) degree.

The Marquette College of Nursing offers a Doctor of Nursing Practice (DNP) degree.

Special Programs

An Honors Program, organized in 1963 and designed to serve the needs of exceptionally talented students, is available at the university. Marquette also offers the Freshman Frontier Program, an academic support program for selected entering freshmen who show potential for success at Marquette University but do not meet regular admission requirements. The university has a strong Educational Opportunity Program (EOP), which was one of the first of such federally supported programs in the nation. EOP supports qualified low-income and first generation students, to enter and succeed in higher education.

Marquette sponsors a number of degree programs in partnership with local companies. These include the Harley-Davidson Motor Company programs and General Electric Medical Systems Corporation on-site MBA programs.

Students may study abroad through a Marquette-sponsored program, an exchange program, or a program affiliated with a partner institution. Semester, year-long and short-term programs are available. Marquette sponsors semester programs in Cape Town, South Africa and Madrid, Spain, as well as a number of faculty-led short-term programs including summer programs in Antwerp, Belgium; Beijing, China; Strasbourg, France; Cagli, Italy; Piura, Peru; Chiapas, Mexico; and Puebla, Mexico. Exchange programs are available in Australia, Austria, Canada, Chile, Denmark, England, France, Germany, India, Ireland, Italy, Japan, Mexico, South Korea, and Spain. The university's affiliated programs are in Australia, Belgium, Chile, China, El Salvador, England, Italy and Ireland. Many of Marquette's exchange and affiliate partners also offer summer study abroad options.

The Marquette University Les Aspin Center for Government offers students the opportunity to study in Washington, D.C., as a part of their degree program. Students enroll at the Center for a semester or summer session where they take courses, live and work on Capitol Hill, and participate in government internships receiving hands-on training in legislative processes.

Faculty

For the 2009-10 academic year, the University's full-time faculty numbered 668, of whom 358 were tenured. As of the fall of 2009, the total number of faculty members was 1,151 of whom 483 were part-time. Over 89 percent of the University's 627 full-time instructional faculty (excluding ROTC officers) have a terminal degree in their respective fields. Fifty-six faculty members have a non-terminal master's degree.

Students

Marquette University is a national university with students from all 50 states of the United States and from more than 64 foreign countries. A total of 464 foreign students enrolled at the university for the fall term of 2010.

The following table, Table A-1, represents five-year statistical data on student enrollment, applications and average entrance exam scores.

TABLE A-1
Student Enrollment, Applications, and Average Scores

<u>Student Enrollment</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
<u>Undergraduate Enrollment</u>					
Full-time	7,569	7,511	7,626	7,693	7,715
Part-time	479	444	386	388	398
<u>Professional Enrollment</u>					
Full-time Law School	533	564	597	597	616
Part-time Law School	158	154	151	147	143
Full-time Dental School	321	323	323	319	323
Part-time Dental School	0	3	0	0	0
Full-time Nursing	0	0	4	6	14
Part-time Nursing	0	0	16	33	27
Full-time Health Sciences	177	161	180	190	172
Part-time Health Sciences	3	1	1	1	1
Full-time Graduate	1,110	1,108	1,103	1,114	1,142
Part-time Graduate	1,198	1,247	1,246	1,201	1,255
Total Full-time Equivalent Students	10,323	10,283	10,433	10,509	10,590

Undergraduate Matriculation Comparison Report (FALL)

<u>Applications</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Freshman Applications	11,541	13,374	15,193	17,818	19,930
Freshman Acceptances	8,053	9,005	9,905	11,676	12,398
Undergraduate Matriculants	1,852	1,811	1,950	1,947	1,931
Advanced Applications	623	644	675	641	843
Advanced Acceptances	328	340	351	350	374
Advanced Matriculants	165	173	181	160	176

Average Composite SAT or ACT Scores

<u>Average Scores</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
SAT Score	1,196	1,197	1,175	1,186	1,186
ACT Score	26.3	26.4	26.4	26.8	26.5

The full-time and part-time professional nursing program began in 2008-09.

Housing

The university owns and operates nine residence halls for undergraduate students with an aggregate capacity of approximately 3,566 students. The university also owns and operates five apartment buildings for undergraduate and graduate students with an aggregate of approximately 352 rental units.

By policy of the university, all non-married freshman and sophomore students, except those students residing with their parents, are required to live in university residence halls.

Financial Aid

The primary purpose of the financial aid program at Marquette is to assist those students who, without such aid, would be unable to attend the university. Marquette makes every effort within its means to assist such students in financing their education. Financial resources available to undergraduate students include scholarships, grants, loans, and part-time employment. Graduate School financial aid consists of loans, assistantships, scholarships and fellowships. The university underwrites much of the financial aid for graduate students (from sources other than loans).

Marquette University participates in grant programs supplied by state and federal agencies as well as the university itself that include Pell Grant, Supplemental Educational Opportunity Grant, Wisconsin Tuition Grant and Marquette University Grant.

Marquette also participates in loan programs. The principal loan programs administered by the university are the Federal Perkins Loan Program, Federal Direct Stafford Loan Program, Federal Direct PLUS Loan Program, and a number of privately funded alternative loan programs.

Additionally, Marquette also offers a number of competitive scholarships, athletic scholarships, ROTC scholarships and academic scholarships.

The following table, Table A-2, sets forth a five-year summary of primary sources of financial aid for university students.

Table A-2
Primary Sources of Student Financial Aid
(Dollars in Thousands)

	Academic Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Federal					
Grants	\$ 8,363	\$ 8,656	\$ 9,693	\$ 9,889	\$ 12,086
Loans	76,593	86,772	92,510	100,994	111,592
Work Study	1,085	1,390	1,054	1,119	1,281
Total	\$ 86,041	\$ 96,818	\$ 103,257	\$ 112,002	\$ 124,959
State					
Grants	\$ 3,856	\$ 3,845	\$ 3,792	\$ 3,776	\$ 3,650
Loans	102	90	119	181	223
Total	\$ 3,958	\$ 3,935	\$ 3,911	\$ 3,957	\$ 3,873
University					
Scholarships	\$ 51,818	\$ 52,532	\$ 54,464	\$ 57,519	\$ 61,101
Work Study	9,203	9,764	10,474	11,264	11,884
Donor & Other	10,258	13,143	13,736	16,088	18,942
Total	\$ 71,279	\$ 75,439	\$ 78,674	\$ 84,871	\$ 91,927

Tuition and Fees

The university meets the cost of educational programs primarily through tuition and fees. The university sets tuition and fees at levels which are designed to meet, together with other operating income, the cost of instruction while providing quality education at a price which is competitive with institutions with which the university believes it competes for students.

The following table, Table A-3, presents tuition and fees per undergraduate student and the percentage of students housed in Marquette owned properties for the past five years.

**Table A-3
Tuition and Fees Rates**

	2006-07	2007-08	2008-09	2009-10	2010-11
Annual Tuition					
Undergraduate	\$24,670	\$26,270	\$27,720	\$28,680	\$30,040
Room and Board Fees					
Undergraduate	\$8,156	\$8,686	\$9,200	\$9,510	\$9,790
Percentage of Students Housed					
Residence Halls and Apartments	36%	36%	35%	36%	36%

Gifts, Grants and Bequests

The university actively solicits gifts, grants, and bequests from a variety of donors and also receives various grants from private foundations and governmental agencies. The following table, Table A-4, indicates gifts and grants received by the university for the fiscal years ended June 30, 2006 through 2010.

**Table A-4
Summary of Gifts and Grants by Recipient Fund
(For the Fiscal Year End)
(Dollars in Thousands)**

	2005-06	2006-07	2007-08	2008-09	2009-10
Unrestricted	\$29,368	\$26,293	\$27,649	\$27,660	\$27,046
Temporarily Restricted	11,733	60,051	27,900	19,612	40,503
Permanently Restricted	18,919	19,025	49,228	9,356	14,958
Total	\$60,020	\$105,369	\$104,777	\$56,628	\$82,507

Endowment

The university's endowment includes (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and that only the income be utilized, either for donor-specified purposes such as endowed scholarships or other endowed student aid or general university purposes; and (2) quasi-endowment funds which represent expendable funds received which, at the direction of the Board of Trustees of the university, have been retained and invested for the benefit of the university, but which can be expended if and when the need arises for any current operating and capital expenditure purposes at the discretion of the Board of Trustees. Table A-5 lists five-year endowment statistics.

**Table A-5
Endowment Statistics**

	2005-06	2006-07	2007-08	2008-09	2009-10
Endowments (Dollars in Thousands)					
Total Endowment	\$301,186	\$360,250	\$357,293	\$285,516	\$326,003
Quasi Endowment	\$70,349	\$80,796	\$77,563	\$62,040	\$67,696
Total Endowment per FTE Student					
	\$29,352	\$34,898	\$34,746	\$27,367	\$31,021

As of September 30, 2010 the estimated market value of the total endowment was \$352.2 million and the quasi endowment was \$72.3 million.

Long Term Debt

The following table, Table A-6, summarizes the university's outstanding long-term indebtedness as of June 30, 2010. Table A-7 provides a listing of the university's outstanding long-term debt as of June 30 for the fiscal years ended 2006 through 2010.

**Table A-6
Long-term Outstanding Indebtedness
(as of June 30, 2010)
(Dollars in Thousands)**

Origination Date	Project	Interest Rate On Maturities Outstanding	Maturities Outstanding	Principal Amount Outstanding
1986	Parking Lots	4.67%	09/15/10-11	\$186
*1998	Defease 1992 and 1994 Bonds; Various Capital Improvements	4.75% - 5.50%	06/01/10-28	56,725
2002	Defease 1993 Bonds	3.40% - 4.35%	11/01/10-18	12,390
2002	A-Parking Structure and Campus Town	3.75% - 4.85%	10/01/10-32	18,010
2007	Capitalized Lease – Copiers	Variable	07/01/10-12	597
2007	A-Various Equipment and Real Estate Acquisitions and Building Construction and Renovations	4.00% - 5.00%	10/01/10-23	25,000
2007	B-Various Equipment and Real Estate Acquisitions and Building Renovations	4.50% - 5.00%	10/01/24-32	27,500
2009	B-1 Refund Series 2002 B1, Law School Construction and Residence Hall Renovations	2.00% - 5.00%	10/01/10-33	31,795
2009	B-2 Law School Construction and Residence Hall Renovations	2.00% - 5.00%	10/01/10-33	18,765
2009	B-3 Law School Construction and Residence Hall Renovations	2.00% - 5.00%	10/01/10-33	33,100
				\$224,068

*To be refunded all or in part, with proceeds of this financing

Table A-7
Outstanding Long-term Debt
(For the Fiscal Year End)
(Dollars in Thousands)

<u>Debt</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Debt Outstanding	\$130,854	\$125,199	\$167,597	\$231,634	\$224,068

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APPENDIX B
FINANCIAL STATEMENTS OF THE UNIVERSITY

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MARQUETTE UNIVERSITY

Financial Statements

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

MARQUETTE UNIVERSITY

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KPMG LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report

The Board of Trustees
Marquette University:

We have audited the accompanying statements of financial position of Marquette University (the University) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marquette University as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 5 to the financial statements, the University adopted the provisions of Financial Accounting Standards Board (FASB) Staff Position No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds*, included in FASB Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, as of July 1, 2009.

KPMG LLP

Milwaukee, Wisconsin
September 9, 2010

MARQUETTE UNIVERSITY

Statements of Financial Position

June 30, 2010 and 2009

(Dollars in thousands)

Assets	2010	2009
Cash and cash equivalents	\$ 27,775	41,000
Collateral held under securities lending agreement	38,264	44,426
Unexpended bond proceeds	11,541	76,603
Contributions receivable, less allowance for uncollectible pledges of \$2,399 and \$2,304 in 2010 and 2009, respectively	81,498	83,682
Accounts receivable, less allowance for uncollectible accounts of \$2,239 and \$2,192 in 2010 and 2009, respectively	16,348	15,995
Prepaid expenses and deferred charges	6,338	5,560
Student loans receivable, less allowance for uncollectible accounts of \$86 and \$81 in 2010 and 2009, respectively	44,660	45,045
Investments	374,009	325,634
Funds held in trust by others	24,221	24,112
Other assets	1,321	1,511
Net property, buildings, and equipment	454,483	390,099
Total assets	\$ 1,080,458	1,053,667
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 10,865	20,047
Accrued liabilities	20,651	21,244
Payables under securities lending agreement	39,426	47,751
Student credits and other advance payments	6,823	6,408
Deferred income and deposits	18,687	32,895
Payable to beneficiaries under split-interest agreements	5,409	5,660
Refundable federal loan grants	37,313	36,917
Postretirement benefits payable	4,038	3,407
Notes and bonds payable	225,452	232,115
Total liabilities	368,664	406,444
Net assets:		
Unrestricted	171,046	174,794
Temporarily restricted	268,157	216,020
Permanently restricted	272,591	256,409
Total net assets	711,794	647,223
Total liabilities and net assets	\$ 1,080,458	1,053,667

See accompanying notes to financial statements.

MARQUETTE UNIVERSITY

Statement of Activities

Year ended June 30, 2010

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues:				
Student tuition and fees – gross	\$ 289,183	—	—	289,183
Less tuition discounts	(83,855)	—	—	(83,855)
Net tuition and fees	<u>205,328</u>	<u>—</u>	<u>—</u>	<u>205,328</u>
Government and private grants	24,944	—	—	24,944
Contributions	2,102	40,503	14,958	57,563
Auxiliary enterprises	41,914	—	—	41,914
Sales by educational departments	8,731	—	—	8,731
Investment income (loss)	1,001	276	(170)	1,107
Endowment income used in operations	4,208	10,268	161	14,637
Other income	15,726	—	—	15,726
Total operating revenues	<u>303,954</u>	<u>51,047</u>	<u>14,949</u>	<u>369,950</u>
Net assets released from restrictions	<u>28,026</u>	<u>(28,026)</u>	<u>—</u>	<u>—</u>
Total operating revenues and net assets released from restrictions	<u>331,980</u>	<u>23,021</u>	<u>14,949</u>	<u>369,950</u>
Operating expenses:				
Instruction	99,873	—	—	99,873
Academic support	39,152	—	—	39,152
Research and grants	21,962	—	—	21,962
Libraries	18,466	—	—	18,466
Student services	45,189	—	—	45,189
Auxiliary enterprises	38,271	—	—	38,271
Institutional support	64,558	—	—	64,558
Public services	3,409	—	—	3,409
Total operating expenses	<u>330,880</u>	<u>—</u>	<u>—</u>	<u>330,880</u>
Operating income	<u>1,100</u>	<u>23,021</u>	<u>14,949</u>	<u>39,070</u>
Nonoperating income (expenses):				
Endowment gain in excess of amounts designated for current operations, net	18,483	7,432	354	26,269
Other	(1,499)	(148)	879	(768)
Total nonoperating income, net	<u>16,984</u>	<u>7,284</u>	<u>1,233</u>	<u>25,501</u>
Endowment net asset reclassification based on change in law	<u>(21,832)</u>	<u>21,832</u>	<u>—</u>	<u>—</u>
Change in net assets	<u>(3,748)</u>	<u>52,137</u>	<u>16,182</u>	<u>64,571</u>
Net assets, beginning of year	<u>174,794</u>	<u>216,020</u>	<u>256,409</u>	<u>647,223</u>
Net assets, end of year	\$ <u>171,046</u>	\$ <u>268,157</u>	\$ <u>272,591</u>	\$ <u>711,794</u>

See accompanying notes to financial statements.

MARQUETTE UNIVERSITY

Statement of Activities

Year ended June 30, 2009

(Dollars in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues:				
Student tuition and fees – gross	\$ 277,511	—	—	277,511
Less tuition discounts	<u>(76,316)</u>	<u>—</u>	<u>—</u>	<u>(76,316)</u>
Net tuition and fees	201,195	—	—	201,195
Government and private grants	23,006	—	—	23,006
Contributions	4,654	19,612	9,356	33,622
Auxiliary enterprises	41,053	—	—	41,053
Sales by educational departments	8,281	—	—	8,281
Investment income (loss)	1,495	70	(216)	1,349
Endowment income used in operations	4,003	9,189	240	13,432
Other income	<u>13,685</u>	<u>—</u>	<u>—</u>	<u>13,685</u>
Total operating revenues	297,372	28,871	9,380	335,623
Net assets released from restrictions	<u>31,410</u>	<u>(31,410)</u>	<u>—</u>	<u>—</u>
Total operating revenues and net assets released from restrictions	<u>328,782</u>	<u>(2,539)</u>	<u>9,380</u>	<u>335,623</u>
Operating expenses:				
Instruction	97,550	—	—	97,550
Academic support	39,571	—	—	39,571
Research and grants	19,433	—	—	19,433
Libraries	17,378	—	—	17,378
Student services	45,534	—	—	45,534
Auxiliary enterprises	38,234	—	—	38,234
Institutional support	68,550	—	—	68,550
Public services	<u>1,309</u>	<u>—</u>	<u>—</u>	<u>1,309</u>
Total operating expenses	<u>327,559</u>	<u>—</u>	<u>—</u>	<u>327,559</u>
Operating income (loss)	<u>1,223</u>	<u>(2,539)</u>	<u>9,380</u>	<u>8,064</u>
Nonoperating income (expenses):				
Endowment loss in excess of amounts designated for current operations, net	(87,119)	(2,400)	(775)	(90,294)
Other	<u>(915)</u>	<u>(153)</u>	<u>2,126</u>	<u>1,058</u>
Total nonoperating income (expenses), net	<u>(88,034)</u>	<u>(2,553)</u>	<u>1,351</u>	<u>(89,236)</u>
Change in net assets	(86,811)	(5,092)	10,731	(81,172)
Net assets, beginning of year	261,605	221,112	245,678	728,395
Net assets, end of year	\$ <u>174,794</u>	\$ <u>216,020</u>	\$ <u>256,409</u>	\$ <u>647,223</u>

See accompanying notes to financial statements.

MARQUETTE UNIVERSITY
 Statements of Cash Flows
 Years ended June 30, 2010 and 2009
 (Dollars in thousands)

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 64,571	(81,172)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,295	30,045
Discount amortization	295	373
Net realized and unrealized (appreciation) depreciation on investments	(36,739)	82,301
Bad debt expense	550	169
Contributions for major capital projects including gifts in kind	(29,494)	(9,078)
Contributions restricted for long-term endowments	(14,958)	(9,356)
Permanently restricted endowment income used in operations	(161)	(240)
(Gain) loss on sale of property, buildings, and equipment	4	(17)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(775)	2,699
Decrease in contributions receivable	5,083	1,965
Decrease (increase) in funds held in trust by others	(109)	81
Increase in other assets, net	(934)	(12)
Increase (decrease) in accounts payable	(2,877)	1,173
Increase (decrease) in accrued liabilities	(810)	462
(Decrease) increase in student credits and other advance payments	415	(63)
(Decrease) increase in deferred income and deposits	792	(868)
Decrease in payables to beneficiaries under split-interest agreements	(251)	(770)
Increase in postretirement benefits payable	631	130
Net cash provided by operating activities	11,528	17,822
Cash flows from investing activities:		
Purchases of property, buildings, and equipment	(96,704)	(64,419)
Proceeds from sale of property, buildings, and equipment	117	17
Student loan repayments	6,271	6,348
Student loans issued	(5,919)	(6,012)
Purchase of investments from bond proceeds	—	(83,660)
Proceeds from sale of investments from bond proceeds	65,062	48,557
Decrease in payables under securities lending agreement	(8,325)	(4,679)
Decrease in cash collateral held under securities lending agreement	6,162	8,004
Purchase of investments	(341,325)	(531,213)
Proceeds from the sale of investments	329,689	527,754
Net cash used in investing activities	(44,972)	(99,303)
Cash flows from financing activities:		
Contributions received for major capital projects	14,310	14,078
Contributions restricted for long-term endowments	11,964	12,014
Permanently restricted endowment income used in operations	161	240
Net federal loan activity	396	(137)
Proceeds from issuance of long-term debt	84,595	83,660
Repayment of notes and bonds payable	(91,207)	(19,622)
Net cash provided by financing activities	20,219	90,233
Net (decrease) increase in cash and cash equivalents	(13,225)	8,752
Cash and cash equivalents, beginning of year	41,000	32,248
Cash and cash equivalents, end of year	\$ 27,775	41,000

See accompanying notes to financial statements.

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(Dollars in thousands)

(1) Organization

Marquette University (the University) is an independent, coeducational, not-for-profit institution of higher learning and research located in Milwaukee, Wisconsin, formally opened in 1881 and conducted under the auspices of the Society of Jesus. Through its 12 separate colleges and schools, the University offers bachelor's degree programs, master's degree programs, doctoral degree programs, and post-baccalaureate first professional degree programs.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the University have been prepared, in all material respects, on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP).

Net assets of the University, and changes therein, are classified and reported as follows:

Unrestricted Net Assets are not subject to donor-imposed restrictions. All revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with donors' stipulations results in the net assets released from restriction.

Temporarily Restricted Net Assets are subject to donor-imposed restrictions that will be met either by actions of the University, the passage of time, or both. When a donor 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 statement of activities as net assets released from restrictions. Contributions of property and equipment are recorded at fair value at the date of donation. In the absence of donor stipulations detailing how long the contributed assets must be used, the University has adopted a policy of implying a time restriction on contributions of such assets that expire over the assets' useful lives. As a result, all contributions of property and equipment, and assets contributed to acquire property and equipment, are recorded as temporarily restricted net assets.

Permanently Restricted Net Assets are subject to donor-imposed restrictions to be maintained permanently by the University. Items that are included are gifts and contributions for which donors stipulate that the corpus be held in perpetuity and the income from those assets be made available for scholarships or program operations and annuity or life income gifts for which the ultimate purpose is permanently restricted.

(b) Use of Estimates

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

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(c) Cash and Cash Equivalents

Cash on deposit for operations and all highly liquid financial instruments with original maturities of three months or less are classified as cash equivalents, except those amounts assigned to investment managers, which are classified as investments. The fair value of cash equivalents is estimated to be the same as book value due to the short maturity of these instruments.

(d) Unexpended Bond Proceeds

Unexpended bond proceeds represent the amount of unspent revenue bond proceeds that remain available for their specified purpose and are reported at fair value based upon market quotes. These amounts are maintained in a trust and invested by the trustee primarily in short-term U.S. government securities. Under the terms of the trust, proceeds are not released to the University until expenditures related to the specific purpose of the bond indenture are incurred.

(e) Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges consist of deferred financing costs and prepaid insurance, maintenance and other costs associated with future periods. Deferred financing costs are being amortized using the straight-line method, which approximates the interest method, over the lives of the respective debt issues.

(f) Investments

Investments are reported at fair value based on market quotes with unrealized gains and losses thereon included in the statements of activities. When a ready market for the investments does not exist, management's valuations for certain alternative investments and commingled funds (primarily investments in limited partnerships, hedge funds, and real estate) are recorded using net asset value as a practical expedient in estimating fair value, based on information provided by fund managers or general partners. The estimated values are reviewed and evaluated by the University.

(g) Student Loans Receivable

Student loans receivable consist of both federal and institutional loans. At June 30, 2010 and 2009, the U.S. government had provided 12% of the funds for the federal student loan programs and the University provided the remaining 88%. The initial receipt of U.S. government funds is recorded as a liability on the statements of financial position. A portion of the student loan may be canceled if the student meets certain criteria. The University will either be reimbursed by the U.S. government for its portion of the canceled loan or will reduce the refundable federal loan liability.

The University records an allowance for uncollectible accounts for its portion of the student loans when, in management's judgment, it is probable a portion of the loan will not be collected. Principal and interest payments received under the federal student loan programs are either disbursed as new student loans or returned to the U.S. government as required.

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(h) Property, Buildings, and Equipment

Property, buildings, and equipment are recorded at cost at date of acquisition or fair value at date of donation including, where appropriate, capitalized interest. Property and equipment under capital leases are initially valued and recorded on the present value of minimum lease payments. The University depreciates buildings, building improvements, land improvements, equipment, and library contents over the estimated useful lives of the assets (25 to 50, 10 to 20, 10 to 20, 5 to 7, and 20 years, respectively) using the straight-line method. Leasehold improvements are amortized over the shorter of the expected useful life of the asset or term of the related lease. Major renewals and improvements that extend the useful life of an asset are capitalized, while repairs and maintenance costs are expensed as incurred. Depreciation is not calculated on land, art collections, rare books and construction in progress. The University reviews each individual property or grouping of assets with separately identifiable cash flows for possible impairment whenever circumstances indicate that the carrying amount may not be recoverable. Measurement of an impairment loss for long-lived assets that the University expects to hold and use is based on the fair value of the asset. Properties that are expected to be disposed are reported at the lower of the carrying amount or estimated fair value less cost to sell. For properties intended for disposal, the useful life is adjusted to reflect the expected remaining period of service.

Property, buildings, and equipment include the following at June 30, 2010 and 2009:

	2010	2009
Land and improvements	\$ 37,860	35,151
Buildings and improvements	444,392	402,217
Construction in progress	89,629	61,009
Furniture, fixtures, and equipment	128,002	124,656
Library contents	99,969	95,498
Less accumulated depreciation	(345,369)	(328,432)
Net property, buildings, and equipment	\$ 454,483	390,099

Construction in progress includes the following as of June 30, 2010 and 2009:

	2010	2009
New law school building	\$ 72,746	27,104
Student services and external relations building	—	16,179
Other renovation and construction projects	16,883	17,726
Total construction in progress	\$ 89,629	61,009

(i) Asset Retirement Obligations

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 410, *Asset Retirement and Environmental Obligations*, the University

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records all known asset retirement obligations for which the liability's fair value can be reasonably estimated, primarily asbestos removal. The determination of the asset retirement obligation is based upon a number of assumptions that incorporate the University's knowledge of facilities, the asset lives, the estimated timeframes for periodic renovations, the current cost for remediation of asbestos, and the current technology at hand to accomplish the remediation work. These assumptions to determine the asset retirement obligation may be imprecise or be subject to changes in the future. Any change in the assumptions can impact the value of the determined liability and impact future operating results of the University.

In accordance with ASC Topic 410, the University has the following recorded as of June 30:

	<u>2010</u>	<u>2009</u>
Building cost	\$ 509	520
Accumulated depreciation	<u>(291)</u>	<u>(294)</u>
Net building cost	<u>\$ 218</u>	<u>226</u>
Asset retirement obligation (included in accrued liabilities)	\$ 4,507	4,640

(j) Student Tuition and Fees

Student tuition, fees, and housing are recorded as revenues during the year the related academic services are rendered. Student deposits and advance payments for tuition, room, and board related to the next semester have been deferred and will be reported as unrestricted revenue in the year in which the academic services are rendered.

(k) Auxiliary Enterprises

Auxiliary enterprises include revenues and expenses of the University's residence halls, parking services, and gift shops.

(l) Contributions

Contributions, including unconditional promises to give (pledges), are recorded as operating revenue. Gifts, excluding artwork, are recognized in the appropriate category of net assets in the period received. Temporarily restricted contributions and restricted investment income whose restrictions are met in the same reporting period are reported as temporarily restricted revenues and as net assets released from restrictions in the statements of activities. Contributions are recorded at their estimated fair value at the date the gift is received. Pledges receivable due beyond one year are stated at estimated net present value, net of an allowance, and recorded as temporarily restricted net assets until cash payments are received and donor restrictions are fulfilled. Contributions with donor imposed conditions are not recognized unless it is reasonably expected that the conditions can be met.

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(m) Operating Results

Operating results (change in unrestricted net assets from operating activity) in the statements of activities reflect all transactions that change unrestricted net assets, except for activity associated with endowment investments and certain other nonrecurring items. In accordance with the University's endowment distribution policy as described in note 5, only the portion of total investment return distributed under this policy to meet operating needs is included in operating revenue. Operating investment income consists of dividends, interest, and realized gains and losses on unrestricted nonendowed investments.

The University's primary programs are instruction, research, and public service. Academic support, student services, and auxiliary enterprises are considered integral to the delivery of these programs. Fundraising costs are not material to the University's total program costs. Costs related to the operation and maintenance of physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon periodic facility usage surveys. Interest expense on external debt is allocated to the activities that have most directly benefited from the debt proceeds.

(n) Income Taxes

The University is generally exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code) and is a tax-exempt organization described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(ii) of the Code.

The FASB issued guidance prescribing a comprehensive model for how an organization should recognize, measure, present, and disclose in its financial statements uncertain tax positions. The University adopted this guidance, which is included in ASC Topic 740, *Income Taxes*. This guidance addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The University must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. As of June 30, 2010 and 2009, the University did not have a liability for unrecognized tax benefits.

(o) Art Collection

The University has various collections of fine arts in museums, libraries, and on loan. The University does not assign or record a value to art works and other collections received as gifts or purchased with contributions restricted for that purpose. Valuations for some collections are updated periodically, and as such, the total value of all fine arts may vary with appraisals and/or auction prices. Accordingly, the value of fine art and other collections has been excluded from the statements of financial position. Proceeds, if any, from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. The art and other collections are subject to a requirement that proceeds from their sales be used to acquire other items for collections. Fine arts are included in insurance coverage for University property and a separate policy is also secured for fine

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art of high value and where appraised values are listed. As of June 30, 2010 and 2009, the specific policy covering highly valued works provides for insured coverage at \$75,000 and \$72,500, respectively, aggregate limit for any one loss or any one occurrence and includes some appraised items from library collections. As of June 30, 2010 and 2009, additional fine art values covered for loss in other insurance programs are estimated at approximately \$3,775 and \$3,750, respectively.

(p) Change in Donor Designation

When donors amend or clarify intent for applicable gifts and contributions reported in a previous fiscal year, revisions are reflected within the statement of activities as a nonoperating item.

(q) Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation.

(3) Investments

Cost and estimated fair values of investments as of June 30, 2010 and 2009 were as follows:

	2010		2009	
	Cost	Fair value	Cost	Fair value
Money funds and other	\$ 12,564	12,563	14,776	14,776
Federal, state and local agencies securities	54,195	55,329	45,659	45,985
Nongovernment bonds and notes	15,547	15,302	15,269	13,679
Foreign bonds and notes	2,105	2,175	1,853	1,802
Common and preferred stocks	47,929	51,262	57,811	55,095
Mutual funds and commingled funds	106,847	96,249	108,302	90,493
Real estate limited partnership and membership interests	12,575	7,395	9,792	5,194
Alternative investments	120,128	133,734	97,706	98,610
Total investments	\$ 371,890	374,009	351,168	325,634

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The University's investments at fair value are categorized as of June 30, 2010 and 2009 as follows:

		<u>2010</u>	<u>2009</u>
Investments permanently restricted by donors	\$	227,590	212,751
Investments functioning as endowment		<u>84,765</u>	<u>60,447</u>
Total investments subject to endowment spending policy		312,355	273,198
Long-term cash management investments		36,226	28,100
Trust and other investments		<u>25,428</u>	<u>24,336</u>
Total investments	\$	<u><u>374,009</u></u>	<u><u>325,634</u></u>

“Investments functioning as endowment” are investments not restricted by donors, but are designated by the University for endowment purposes.

Investment returns as of June 30, 2010 and 2009 comprise the following:

		<u>2010</u>			
		<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Interest and dividends	\$	2,199	3,199	(124)	5,274
Gain on investments, net		<u>21,493</u>	<u>14,777</u>	<u>469</u>	<u>36,739</u>
Return on investments	\$	<u><u>23,692</u></u>	<u><u>17,976</u></u>	<u><u>345</u></u>	<u><u>42,013</u></u>
Return on investments are classified on the statement of activities as follows:					
Investment income (loss)	\$	1,001	276	(170)	1,107
Endowment income used in operations		4,208	10,268	161	14,637
Endowment gain in excess of amounts designated for current operations, net		<u>18,483</u>	<u>7,432</u>	<u>354</u>	<u>26,269</u>
Return on investments	\$	<u><u>23,692</u></u>	<u><u>17,976</u></u>	<u><u>345</u></u>	<u><u>42,013</u></u>

Return on investments is net of investment fees of \$1,217.

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	2009			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Interest and dividends	\$ 3,116	3,791	(119)	6,788
Gain (loss) on investments, net	<u>(84,737)</u>	<u>3,068</u>	<u>(632)</u>	<u>(82,301)</u>
Return on investments	<u>\$ (81,621)</u>	<u>6,859</u>	<u>(751)</u>	<u>(75,513)</u>
Return on investments are classified on the statement of activities as follows:				
Investment income (loss)	\$ 1,495	70	(216)	1,349
Endowment income used in operations	4,003	9,189	240	13,432
Endowment loss in excess of amounts designated for current operations, net	<u>(87,119)</u>	<u>(2,400)</u>	<u>(775)</u>	<u>(90,294)</u>
Return on investments	<u>\$ (81,621)</u>	<u>6,859</u>	<u>(751)</u>	<u>(75,513)</u>

Return on investments is net of investment fees of \$1,273.

The University participates in a securities lending arrangement with M&I Global Securities Lending (M&I) whereby certain marketable securities owned by the University and included in the pooled endowment are loaned to designated counterparties (borrowers) in exchange for acceptable collateral, which is typically cash or short maturity U.S. treasury securities. The University may recall securities loaned on short notice. The borrower must post collateral that has a market value of at least 102% of the value of the securities loaned. The collateral is held in custody by M&I and pooled with collateral maintained for other participants in this program. M&I indemnifies the University against loss on the securities loaned as a result of the borrower's default. The University receives lending fees and continues to earn interest and dividends on the loaned securities.

As of June 30, 2010 and 2009, the University had loaned securities with a market value of \$38,271 and \$46,474, respectively, that were secured by collateral with a market value of approximately \$38,264 and \$44,426, respectively. The collateral received in connection with the security lending program and the obligation to return such collateral are reported as an asset and liability for financial statement purposes. Unrealized losses of \$1,162 and \$3,325 related to market value losses of the collateral were recorded as of June 30, 2010 and 2009, respectively.

(4) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives

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the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Observable inputs such as quoted prices in active markets that the University has the ability to access at the measurement date.
- Level 2: Inputs, other than quoted prices in active markets such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs where there is little or no market data and requires the reporting entity to develop its own assumptions and generally includes alternative investments, real estate limited partnership and membership interests, and commingled funds.

The following discussion describes the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used. Care should be exercised in deriving conclusions about the University's value or financial position based on the fair value information of financial assets presented below.

Fair values of cash and cash equivalents are based on observable market quotation prices provided by investment managers and the custodian bank at the reporting date.

Funds held in collateral under the securities lending agreement are based on quoted market prices provided by the custodian bank. The custodian banks use a variety of pricing sources to determine market valuations. Observable market quoted prices and specific pricing services or indexes are used to value investments. The securities portfolio is highly liquid, generally allowing the portfolio to be priced through pricing services.

Unexpended bond proceeds are invested in various securities based on expected risk, returns and maturities that mirror the anticipated timing of construction project payment needs. Fair values of unexpended bond proceeds securities are based on prices provided by the trustee bank. Unexpended bond proceeds include cash equivalents and equity securities where their fair values are based on observable market quotation prices. The trustee bank uses a variety of pricing sources to determine market valuations of fixed maturity securities. The specific pricing services or indexes for each sector of the market are based upon the provider's expertise. The fixed maturity securities are highly liquid, allowing the portfolio to be priced through pricing services.

Funds held in trust by others are based on quoted market prices provided by its investment managers and custodian bank. Both the investment managers and the custodian banks use a variety of pricing sources to determine market valuations. Each designate specific pricing services or indexes for each sector of the market based upon the provider's expertise. The securities portfolio is highly liquid, generally allowing the portfolio to be priced through pricing services.

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Investments include money funds, federal, state, nongovernment and foreign fixed income securities, stocks, mutual funds, real estate and alternative investments. Investments are based on valuations provided by external investment managers and the custodian banks. Valuations provided by external investment managers and the custodian bank include observable market quotation prices, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Alternative investments are valued using net asset value as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and consequently the fair value of the University's interests in the funds.

Payable under the securities lending agreement is based on quoted market prices provided by the custodian bank. The custodian banks use a variety of pricing sources to determine market valuations. Observable market quoted prices and specific pricing services or indexes are used to value investments. The securities portfolio is highly liquid, generally allowing the portfolio to be priced through pricing services.

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The following table presents the University's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2010. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2010:				
Financial assets:				
Cash and cash equivalents	\$ 27,775	27,775	—	—
Collateral held under securities lending agreement	38,264	—	38,264	—
Unexpended bond proceeds	11,541	11,541	—	—
Investments:				
Money funds and other	12,563	—	12,563	—
Federal, state, and local agency securities	55,329	83	55,246	—
Nongovernment bonds and notes	15,302	577	14,626	99
Foreign bonds and notes	2,175	—	2,122	53
Common and preferred stocks	51,262	51,262	—	—
Mutual funds and commingled funds	96,249	48,025	48,224	—
Real estate limited partnership and membership interests	7,395	—	—	7,395
Alternative investments	133,734	—	—	133,734
Total investments	374,009	99,947	132,781	141,281
Funds held in trust by others	24,221	—	24,221	—
Total assets	<u>\$ 475,810</u>	<u>139,263</u>	<u>195,266</u>	<u>141,281</u>
Financial liabilities:				
Payables under securities lending agreement	\$ 39,426	—	39,426	—
Total liabilities	<u>\$ 39,426</u>	<u>—</u>	<u>39,426</u>	<u>—</u>

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The following table presents additional information for all Level 3 assets measured at fair value on a recurring basis for the fiscal year ended June 30, 2010:

	<u>Level 3</u>
Financial assets:	
Beginning balance June 30, 2009	\$ 103,804
Net income including realized gains	175
Unrealized gains, net	12,115
Purchases and sales, net	<u>25,187</u>
Ending balance June 30, 2010	<u><u>\$ 141,281</u></u>

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The following table presents the University's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2009. The categorization of financial instruments within the hierarchy is based on price transparency and does not necessarily correspond to the perceived risk of the instruments.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2009:				
Financial assets:				
Cash and cash equivalents	\$ 41,000	41,000	—	—
Collateral held under securities lending agreement	44,426	—	44,426	—
Unexpended bond proceeds	76,603	29,996	46,607	—
Investments:				
Money funds and other Federal, state, and local agency securities	45,985	—	45,985	—
Nongovernment bonds and notes	13,679	606	13,073	—
Foreign bonds and notes	1,802	—	1,802	—
Common and preferred stocks	55,095	55,095	—	—
Mutual funds and commingled funds	90,493	46,100	44,393	—
Real estate limited partnership and membership interests	5,194	—	—	5,194
Alternative investments	98,610	—	—	98,610
Total investments	325,634	102,761	119,069	103,804
Funds held in trust by others	24,112	—	24,112	—
Total assets	<u>\$ 511,775</u>	<u>173,757</u>	<u>234,214</u>	<u>103,804</u>
Financial liabilities:				
Payables under securities lending agreement	\$ 47,751	—	47,751	—
Total liabilities	<u>\$ 47,751</u>	<u>—</u>	<u>47,751</u>	<u>—</u>

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The following table presents additional information for all Level 3 assets measured at fair value on a recurring basis for the fiscal year ended June 30, 2009:

	<u>Level 3</u>	
Financial assets:		
Beginning balance June 30, 2008	\$	78,090
Net income including realized gains		57
Unrealized losses, net		(15,059)
Purchases and sales, net		40,716
Ending balance June 30, 2009	\$	<u>103,804</u>

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2010 are as follows:

	<u>Net asset value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Commodity funds	\$ 11,935	—	Monthly	10 days
Equity long/short hedge funds	61,604	—	Quarterly, Annually	60 – 100 days
Multi-strategy hedge funds	35,721	—	Annually	180 days
Fixed income arbitrage funds	18,478	—	Annually	60 days
Private equity partnerships	<u>25,326</u>	<u>42,362</u>		
Total	\$ <u>153,064</u>	<u>42,362</u>		

Commodity funds include investments in partnerships that invest in long-only equities and commodity derivatives that are traded on public exchanges. The net asset value of investments in this category has been estimated based on the ownership interest in the partnerships. The funds provide full disclosure of the underlying holding and ownership interest, which allows the University to verify its account balance.

Equity long/short hedge funds include investments in hedge funds that invest in both long and short in U.S. and global common stocks. The net asset value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments. The category also includes a direct investment in partnerships that invest long and short in global real estate equity. The net asset value of this investment has been estimated by the ownership interest in the partnership. The direct investment fund provides full disclosure of the underlying holdings and ownership interest, which allows the University to verify the account balances.

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Multi-strategy funds include investments in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. The value of the investments in this category has been estimated using the net value per share of the investments.

Fixed-income arbitrage is an investment strategy which consists of the discovery and exploitation of inefficiencies in the pricing of bonds. Most arbitrageurs who employ this strategy trade globally. The value of the investments in this category has been estimated using the net value per share of the investments. The direct investment fund provides full disclosure of the underlying holdings and ownership interest, which allows the University to verify the account balances.

Private equity partnerships consist of equity securities in operating companies that are not publicly traded on a stock exchange. This category includes various investments as part of a strategy to diversify risk and reduce volatility. Investments in private equity most often involve either an investment of capital into an operating company or the acquisition of an operating company. Investments in this category are intended to be illiquid for the duration of the respective partnership. Partnership duration periods range from 7 to 13 years.

(5) Endowments and Endowment Income

(a) Interpretation of Relevant Law Governing Endowments

The State of Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. The University adopted the related guidance included in ASC Topic 958, *Not-for-Profit Entities*, as of July 1, 2009. This law provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the University to spend from an endowment fund without regard to the book value of the corpus. The University has interpreted UPMIFA requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted or temporarily restricted in accordance with UPMIFA and donor stipulations. Absent donor stipulations, the Board may appropriate for expenditure, for the uses and purposes of the endowment fund, the net appreciation, realized and unrealized, in the fair value of the assets of the endowment established by UPMIFA. The enactment of this law resulted in the University reclassifying investment returns in excess of spending authority requirements of \$21,832 from unrestricted net assets to temporarily restricted net assets, based on the investment reporting for the period closest to the August 4, 2009 effective date. This adjustment is recorded as an Endowment net asset reclassification based on change in law on the statement of activities.

From time to time, the value of assets associated with a permanently restricted fund may fall below the required level. Deficiencies of this nature are reported in the unrestricted net assets totaled

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\$19,142 and \$27,955 as of June 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market conditions that occurred after the investment of permanently restricted contributions and from appropriations to certain programs. Subsequent gains that restore the market value of such funds to the required will be classified as unrestricted net assets.

UPMIFA also impacts the adoption of FASB guidance, which is included in ASC Topic 958, *Not-for-Profit Entities*, which provides direction on the net asset classification of donor-restricted endowment funds for not-for-profit organizations. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those funds are appropriated for expenditure. The amounts appropriated for expenditure are based on the University's endowment spending policy. The spending is approved by the Board through the University's annual budget approval process.

(b) *Endowment Spending Policy*

The University has established a spending policy designed to stabilize annual spending levels and preserve the real value of the endowment over time. The 2010 endowment spending rate is calculated as a flat amount equal to the fiscal 2009 allocation increased by 3% plus an allocation of 5% of new gifts received. Annually, University administration determines an inflation adjustment not to exceed 3%. A secondary risk control mechanism is that the annual spendable amount must remain within a range of 4%– 6% of market value. This constraint helps ensure that a meaningful amount of financial support is being provided while protecting the intergenerational equity of future constituents. The difference between the actual total return and return designated for current operations is classified as a nonoperating income or expense in the statements of activities.

(c) *Endowment Investment Policy*

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as quasi endowment funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results in excess of various indices chosen by the University to measure investment performance while assuming a commensurate level of risk. The University expects its endowment funds, over time, to provide an average rate of return ranging approximately between 8% to 9% annually. Actual returns in any given year may vary from this target. To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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The following represents the endowment net assets composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (19,142)	27,510	272,591	280,959
Quasi/board-designated endowment funds	<u>77,228</u>	—	—	<u>77,228</u>
Total funds	\$ <u>58,086</u>	<u>27,510</u>	<u>272,591</u>	<u>358,187</u>

The following represents the changes in endowment net assets for the year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 62,207	—	256,409	318,616
Investment return:				
Investment loss	—	—	(170)	(170)
Endowment income used for spending policy	4,208	10,268	161	14,637
Net realized and unrealized gains	<u>16,620</u>	<u>5,678</u>	<u>1,233</u>	<u>23,531</u>
Total investment return	<u>20,828</u>	<u>15,946</u>	<u>1,224</u>	<u>37,998</u>
Appropriation of endowment assets for expenditure	(4,208)	(10,268)	—	(14,476)
Net asset reclassification based on change in law	(21,832)	21,832	—	—
Contributions	<u>1,091</u>	—	<u>14,958</u>	<u>16,049</u>
Endowment net assets, end of year	\$ <u>58,086</u>	<u>27,510</u>	<u>272,591</u>	<u>358,187</u>

The following represents endowment net assets composition by type of fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	—	256,409	256,409
Quasi/board-designated endowment funds	<u>62,207</u>	—	—	<u>62,207</u>
Total funds	\$ <u>62,207</u>	<u>—</u>	<u>256,409</u>	<u>318,616</u>

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The following represents the changes in endowment net assets for the year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 144,542	—	245,678	390,220
Investment return:				
Investment loss	—	—	(216)	(216)
Endowment income used for spending policy	4,003	9,189	240	13,432
Net realized and unrealized gains (losses)	<u>(85,429)</u>	<u>—</u>	<u>1,351</u>	<u>(84,078)</u>
Total investment return	<u>(81,426)</u>	<u>9,189</u>	<u>1,375</u>	<u>(70,862)</u>
Appropriation of endowment assets for expenditure	(4,003)	(9,189)	—	(13,192)
Contributions	<u>3,094</u>	<u>—</u>	<u>9,356</u>	<u>12,450</u>
Endowment net assets, end of year	\$ <u><u>62,207</u></u>	<u><u>—</u></u>	<u><u>256,409</u></u>	<u><u>318,616</u></u>

(6) Irrevocable Split-Interest Agreements

The University's split-interest agreements with donors consist of charitable gift annuities, pooled income funds, and charitable remainder trusts for which the University may or may not serve as trustee. Assets are invested and payments are made to beneficiaries in accordance with the respective agreements.

For those agreements where the University is the trustee, contribution revenue is recognized at the date the agreement is established, net of the liability that is recorded for the present value of the estimated future payments to be made to the beneficiaries. The present value of payments to beneficiaries is calculated using discount rates that range from 3.2% to 6.0%. Gains or losses resulting from changes in actuarial assumptions are recorded as changes in the respective net asset class in the statements of activities as incurred. Investments and other assets maintained in trusteeship by the University totaled \$10,403 and \$10,450 at June 30, 2010 and 2009, respectively.

The University is the sole beneficiary of two trusts that, in accordance with the decedent's instructions, are managed and maintained by separate trustees not affiliated with the University. In both instances, the University is to receive distributions from the trusts. One of the trusts provides for the distribution of only its annual income and is accounted for as a permanently restricted asset. The fair value of this trust was \$1,201 and \$1,107 as of June 30, 2010 and 2009, respectively. The other trust permits the trustee to determine the amount of distribution and allows for the payout of both income and principal. This trust, valued at fair value, is being accounted for as a temporarily restricted asset and totaled \$13,076 and \$12,017 as of June 30, 2010 and 2009, respectively.

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For those agreements where the University does not serve as trustee, but is designated as an irrevocable beneficiary of the trust, temporarily or permanently restricted funds held in trust and revenue are recognized for the present value of the estimated future benefits due to the University over the life of the trust and when the trust is distributed. The present value calculation of the trust considers both the contribution revenue discount rate and, if applicable, the estimated life expectancy of the trust originator.

Irrevocable trusts for which the University is not the trustee totaled \$24,221 and \$24,112 at June 30, 2010 and 2009, respectively.

(7) Contributions Receivable

Contributions receivable expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate risk-free rate of return ranging from 0.57% to 4.12% on the date the promise to give is received. Amortization of the discount is included in contribution revenues.

As of June 30, 2010 and 2009, the contributions receivable are due as follows:

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 8,744	10,138
One to five years	61,259	62,528
Over five years	43,467	45,435
	<u>113,470</u>	<u>118,101</u>
Less:		
Unamortized discount	(29,573)	(32,115)
Allowance for uncollectible accounts	(2,399)	(2,304)
Total contributions receivable	<u>\$ 81,498</u>	<u>83,682</u>

The University has received certain conditional promises to give that are in the form of revocable trusts and bequests, which are not included in the financial statements. As of June 30, 2010 and 2009, the fair value of these conditional promises is approximately \$27,650 and \$40,250, respectively.

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(8) Notes and Bonds Payable

As of June 30, 2010 and 2009, notes and bonds payable consisted of the following:

	2010	2009
Capitalized lease, payable with variable interest rate, maturing through 2012	\$ 597	1,111
RACM, Series 2002, payable with fixed interest rates ranging from 2.90% to 4.35%, maturing through 2014	12,390	13,545
Revenue Bonds, Series 2002A, payable with fixed interest rates ranging from 3.75% to 4.85%, maturing through 2032	18,010	18,450
Revenue Bonds, Series 1998, payable with fixed interest rates ranging from 4.75% to 5.25%, maturing through 2028	56,686	60,779
4.67% note payable with annual payments through September 15, 2011	186	273
Revenue Bonds, Series 2007A, payable with fixed interest rates ranging from 4.00% to 5.00%, maturing through 2023	25,369	26,672
Revenue Bonds, Series 2007B, payable with fixed interest rates ranging from 4.50% to 5.00%, maturing through 2032	27,619	27,625
Revenue Bonds, Series 2008B1, payable with variable interest rates ranging from 0.87% to 1.06%, maturing through 2033	—	31,795
Revenue Bonds, Series 2008B2, payable with variable interest rates ranging from 0.83% to 1.09%, maturing through 2033	—	18,765
Revenue Bonds, Series 2008B3, payable with variable interest rates ranging from 1.41% to 1.70%, maturing through 2033	—	33,100
Revenue Bonds, Series 2008B1, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2033	32,278	—
Revenue Bonds, Series 2008B2, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2033	18,714	—
Revenue Bonds, Series 2008B3, payable with fixed interest rates ranging from 2.00% to 5.00%, maturing through 2033	33,603	—
Total notes and bonds payable	\$ 225,452	232,115

The University has entered into noncancelable lease agreements for copiers and vehicles. These agreements are accounted for as capital leases (note 15).

In December 2009, the variable rate Revenue Bonds Series 2008 B1, 2008 B2 and 2008 B3 were converted to fixed rate interest debt and reoffered.

In October 2008, the Wisconsin Health and Educational Facilities Authority (WHEFA) issued \$31,795 of its Revenue Bonds, Series 2008 B1. The proceeds from the sale of these bonds were loaned to the University and used to refund the Series 2002 B1 Revenue Bonds and to fund the Law School construction and Residence Hall Renovations.

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In October 2008, WHEFA issued \$18,765 of its Revenue Bonds, Series 2008 B2. The proceeds from the sale of these bonds were loaned to the University and used to fund the Law School construction and Residence Hall Renovations.

In November 2008, WHEFA issued \$33,100 of its Revenue Bonds, Series 2008 B3. The proceeds from the sale of these bonds were loaned to the University and used to fund the Law School construction and Residence Hall Renovations.

In October 2007, WHEFA issued \$27,500 of its Revenue Bonds, Series 2007A and \$27,500 of its Revenue Bonds, Series 2007B. The proceeds from the sale of these bonds were loaned to the University to support property acquisitions, residence hall sprinklers systems, construction of the student services building and other building renovations.

In November 2002, the Redevelopment Authority of the City of Milwaukee (RACM) issued \$19,920 Development Refunding Revenue Bonds, Series 2002. The proceeds from the sale of these bonds were loaned to the University and used to advance refund the outstanding Redevelopment Authority of the City of Milwaukee, Wisconsin Development Revenue Bonds, Series 1993A (Campus Town Project).

In October 2002, WHEFA issued \$20,795 of its Revenue Bonds, Series 2002A. The proceeds from the sale of these bonds were loaned to the University to support construction costs associated with Campus Town Phase V Apartments and a multilevel parking structure.

In November 1998, WHEFA issued \$93,055 of its Revenue Bonds, Series 1998. The proceeds from the sale of these bonds were loaned to the University and used to partially defease the Series 1992 Revenue Bonds, fully defease the Series 1994 Revenue Bonds, and to fund various construction and renovation projects.

All of the revenue bonds are unsecured. The principal and interest on the revenue bonds are insured pursuant to a municipal bond insurance policy.

The notes and bonds payable are subject to various covenants. Management confirms the University is in compliance with all covenants as of and for the years ended June 30, 2010 and 2009.

In connection with defeasing the various revenue bonds described above, the University was legally released as the obligor on the bonds. Accordingly, the transactions were accounted for as an extinguishment of debt.

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Maturities of notes and bonds payable based on scheduled repayments at June 30, 2010 are as follows:

2011	\$	10,080
2012		10,227
2013		7,576
2014		7,856
2015		7,676
Thereafter		<u>182,037</u>
Total notes and bonds payable	\$	<u>225,452</u>

As of June 30, 2010, the University has two secured letters of credit with banks under which it may borrow up to \$2,658. There were no borrowings outstanding under these letters of credit as of June 30, 2010 and 2009.

Cash utilized for the payment of interest on notes and bonds payable was \$8,421 and \$8,319 during fiscal years 2010 and 2009, respectively.

(9) Retirement Plan

All eligible full-time personnel may elect to participate in a defined contribution individual annuity plan. Under the provisions of the plan, participants are required to contribute 5% of their annual wages to the plan. The University has neither administrative responsibilities nor any financial liabilities under this plan except to make contributions, currently limited to 8% of the annual wages of participants, up to defined limits. In addition, voluntary contributions by participants may be made subject to Internal Revenue Service limitations. Expenses for contributions to this plan totaled \$8,842 and \$8,279 in fiscal years 2010 and 2009, respectively.

(10) Self-Funded Health and Dental Benefit Plans

The University has self-funded benefit plans covering all active and certain retired employees' health and dental costs. Under the plans, the University's losses are limited, through the use of excess loss insurance, to \$150 per claim. Claims paid under the plans for fiscal years 2010 and 2009 totaled \$24,785 and \$23,257, respectively. The University has also contracted with a third party administrator to provide administrative services for the plans. Accrued liabilities include an estimate of the University's liability for claims incurred but not paid through June 30, 2010 and 2009.

(11) Postretirement Benefits

The University provides retired employees access to certain health care and life insurance benefits. All University employees become eligible to access these benefits when their years of service plus age equal 70. Qualified retired employees under the age of 65 are eligible to participate in the University's health care plan. Except for a small number of special cases, retirees are expected to pay the full cost of their premiums, based on the claims experience associated with that defined group of retired employees. The University also pays group life insurance premiums for active or future retired employees hired prior to February 1, 1982 that provide for limited death benefits. The premiums paid are based on the group

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community rate associated with death claims filed for the entire population of employees and retirees participating in the program.

Summary information regarding the accounting for both plans for the years ended June 30, 2010 and 2009 is presented in the following:

	<u>2010</u>	<u>2009</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 3,407	3,277
Service cost	3	4
Interest cost	223	223
Actuarial (gain) loss	551	(25)
Benefits paid	<u>(146)</u>	<u>(72)</u>
Benefit obligation, end of year	\$ <u>4,038</u>	<u>3,407</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ —	—
Plan participant contributions	146	71
Actual benefits paid	<u>(146)</u>	<u>(71)</u>
Fair value of plan assets, end of year	\$ <u>—</u>	<u>—</u>
Change in postretirement benefits:		
Change in postretirement benefits other than net periodic benefit cost	\$ —	—
Prior service credits	(182)	(254)
Net gain	<u>(46)</u>	<u>(652)</u>
Change in postretirement benefits	\$ <u>(228)</u>	<u>(906)</u>

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	<u>2010</u>	<u>2009</u>
	June 30	June 30
Measurement date		
Weighted average assumptions for liability:		
Discount rate	5.25%	6.75%
Salary increase	3.50	3.50
Assumed health care cost trend rates:		
Current year rate	8.50%	9.00%
Ultimate rate	5.50	5.50
Year rate reaches ultimate rate	2016	2016
Components of net periodic benefit cost:		
Service cost	\$ 3	4
Interest cost	223	223
Amortization of:		
Unrecognized prior service cost	(73)	(73)
Unrecognized actuarial loss	(55)	(68)
Net periodic cost	<u>\$ 98</u>	<u>86</u>

The projected postretirement benefit payments for the fiscal years subsequent to June 30, 2010 are as follows:

2011	\$ 215
2012	223
2013	232
2014	240
2015	245
2016 to 2020	1,313

(12) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Physical assets	\$ 123,133	95,420
General operations and education	62,008	33,439
Pledge receivable, net	53,324	56,234
Scholarships	15,464	16,316
Life income and annuity funds	14,228	14,611
Total temporarily restricted net assets	<u>\$ 268,157</u>	<u>216,020</u>

MARQUETTE UNIVERSITY

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(13) Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of June 30, 2010 and 2009, the income from which is expendable to support:

	<u>2010</u>	<u>2009</u>
Scholarships	\$ 123,950	115,281
General operations and education	104,842	98,577
Pledge receivable, net	28,519	27,780
Life income and annuity funds	15,280	14,771
Total permanently restricted net assets	<u>\$ 272,591</u>	<u>256,409</u>

(14) Related Parties

The University contracts with certain related parties for the purchase of goods, performance of construction activities, and provisions of other services. Construction activities represent the majority of related party transactions. Generally, members of the University's Board serve in a management role for a related party or an affiliate of the related party. During fiscal years 2010 and 2009, the University had related party transactions approximating \$54,429 and \$41,736, respectively.

(15) Commitments and Contingencies

The University is involved in various litigation arising in the normal course of operations. On the basis of information presently available and the advice of legal counsel, management is of the opinion that any liability, to the extent not provided for through reserves or otherwise, for pending litigation is not expected to be material in relation to the University's financial position or activities.

As of June 30, 2010, the University has outstanding commitments for the following construction projects:

Discovery Learning Complex	\$ 25,265
New law school building	12,302
Various renovation projects	<u>2,516</u>
Total commitments	<u>\$ 40,083</u>

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The University leases athletic and other facilities and equipment under noncancelable arrangements that are accounted for as operating leases. Total future commitments under these leases as of June 30, 2010 are as follows:

2011	\$	333
2012		283
2013		282
2014		138
2015		140
Thereafter		346
Total future commitments	\$	<u>1,522</u>

Total rent expense for the University was \$1,233 and \$1,477 during the fiscal years ended June 30, 2010 and 2009, respectively.

The University has noncancelable lease agreements for copiers. These leases are accounted for as capital leases and included in the statements of financial position under property, buildings, and equipment. The terms of the leases require the University to make annual payments of \$432. During fiscal years 2010 and 2009, the total cost of the copiers and vehicles capitalized under these lease contracts is \$1,490 and \$1,853 and the accumulated depreciation totaled \$929 and \$783, respectively.

The future minimum lease payment commitments under lease as of June 30, 2010 are as follows:

2011	\$	432
2012		48
Total future commitments		<u>480</u>
Less amount representing interest		<u>(31)</u>
Present value of future minimum lease payments	\$	<u>449</u>

(16) Tuition Discounts

Tuition discounts, as reported in the statements of activities as a reduction of student tuition and fees, were funded in fiscal years 2010 and 2009 from the following revenue sources:

	<u>2010</u>	<u>2009</u>
Institutional revenue sources	\$ 66,325	62,512
Gifts, grants, and endowment earnings	<u>17,530</u>	<u>13,804</u>
Total tuition discount	<u>\$ 83,855</u>	<u>76,316</u>

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(17) Natural Expenses

The University's classification of unrestricted expenses in the statements of activities is combined by natural expenses as of June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Salaries and fringe benefits	\$ 217,966	208,731
Supplies	16,431	16,773
Telephone	865	824
Professional fees	7,691	7,854
Administrative expenses	10,667	10,948
Meal plans and promotional items	11,002	10,489
Repairs and maintenance	10,143	11,925
Travel	9,021	9,788
Advertising and public relations	1,951	2,070
Utilities	8,481	8,315
Insurance (property, liability, etc.)	3,038	2,605
Interest	6,364	6,672
Depreciation	26,295	30,045
Miscellaneous expense	965	520
Total operating expenses	<u>\$ 330,880</u>	<u>327,559</u>

(18) Research and Grant Costs

The University receives grant and contract revenue from various government agencies and private sources for the support of research, training, and other sponsored programs. Revenues associated with the direct costs of these programs are recognized as the related costs are incurred. Indirect cost reimbursements from federal agencies are based on negotiated predetermined rates. Research and grant costs reported for fiscal years 2010 and 2009 comprised of the following:

	<u>2010</u>	<u>2009</u>
Sponsored research	\$ 12,144	8,949
Teaching and training	7,334	7,551
Development and others	2,484	2,933
Total research and grants	<u>\$ 21,962</u>	<u>19,433</u>

(19) Subsequent Events

The University evaluated events after the statement of financial position date of June 30, 2010 through September 9, 2010 which was the date the financial statements were issued. No significant subsequent events were noted.

APPENDIX C

**SUMMARY OF THE MASTER INDENTURE AND SERIES 2011A
SUPPLEMENT**

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SUMMARY OF THE MASTER INDENTURE

Brief descriptions of the Master Indenture, including certain Supplemental Master Indentures, are set forth below. Those descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to those documents are qualified in their entirety by reference to each document, copies of which are available for review at the offices of the Bond Trustee.

DEFINITIONS OF CERTAIN TERMS

The following terms have the following meanings in this Appendix C (capitalized terms used in this Appendix C and not otherwise defined have the meanings ascribed thereto in the front portion of this Official Statement or in Appendix D hereto):

“Accountant’s Certificate” means a certificate prepared and executed by a Qualified Accountant.

“Additional Indebtedness” means any Indebtedness incurred or assumed subsequent to the date of the Master Indenture.

“Authority” means the Wisconsin Health and Educational Facilities Authority.

“Balloon Indebtedness” means Indebtedness, 25% or more of the original principal amount of which matures during any consecutive twelve-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period. Balloon Indebtedness does not include Indebtedness which otherwise would be classified under the Master Indenture as Put Indebtedness.

“Bond Counsel” means counsel whose legal opinions on municipal bond issues are nationally recognized.

“Bond Trustee” has the meaning attributed to it in Appendix D of this Official Statement.

“Bonds” means the Series 2011A Bonds as defined in the front portion of this Official Statement.

“Borrower” (see “Corporation”).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any proposed, temporary or final regulations related to it or any successor federal income tax code and its related regulations.

“Commitment Indebtedness” means the obligation of any Person to repay amounts disbursed pursuant to a commitment from a financial institution, including any interest payable to the financial institution on the amounts disbursed and any related fees and expenses of the financial institution, to pay or refinance when due other Indebtedness of such Person, which other Indebtedness was incurred in accordance with the provisions of the Master Indenture or at a time prior to the date of the Master Indenture.

“Corporation” or “Borrower” means Marquette University, a Wisconsin nonstock nonprofit corporation or any successor.

“Debt Service” means the aggregate annual principal (whether at maturity or pursuant to scheduled mandatory redemptions or sinking fund redemption requirements), interest payments and other payments of the Corporation and the other Obligated Issuers on all Outstanding Indebtedness, for the period of time for which calculated; provided, however, that for purposes of calculating such amount, (a) the amount of such payments for any future period shall be calculated in accordance with the assumptions contained in the provisions of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Calculation of Debt Service,” (b) fees and expenses related to debt, such as remarketing fees,

auction fees, bond insurance premiums, and amortization of original issue discount or premium, shall be excluded from the determination of Debt Service, and (c) principal and/or interest shall be excluded from the determination of Debt Service to the extent that such principal and/or interest is payable and expected to be paid in the period of the determination from amounts (including investment earnings) deposited in trust, escrowed or otherwise set aside for the payment thereof with the Master Trustee, a Related Bond Trustee or another Person approved by the Master Trustee.

“Defeasance Obligations” means (a) United States Government Obligations; (b) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; (c) evidences of indebtedness issued by any of the following: Bank for Cooperatives; Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (including participation certificates); Federal Land Banks; Federal Financing Banks; or any other agency or instrumentality of the United States of America created by an act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; (d) debt obligations, whether or not interest thereon is exempt from federal income taxes, which, at the time of deposit, are rated by either Moody’s Investors Service, Inc. (“Moody’s”) or Standard & Poor’s Ratings Services (“S&P”) in either of the two highest long-term debt rating categories of such rating agency without regard to any refinement or gradation of such rating categories by numerical modifier or otherwise; provided, that if any Note or Related Bond being provided for is then rated by Moody’s or S&P, the obligations deposited must be rated by each rating agency having a rating in effect on such Notes or Related Bonds in a rating category no lower than that in effect on such Notes or Related Bonds; and (e) obligations described in Section 103(a) of the Code, provision for the payment of the principal of, premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clauses (a) or (b) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of, premium, if any, and interest on such obligations, and which securities described in clauses (a) or (b) are not available to satisfy any other claim, including any claim of the trustee or escrow agent or of any person claiming through the trustee or escrow agent or to whom the trustee or escrow agent may be obligated, including in the event of the insolvency of the trustee or escrow agent or proceedings arising out of such insolvency.

“Eighth Supplement” means the Eighth Supplemental Master Trust Indenture between the Corporation and the Master Trustee dated as of October 1, 2007.

“Eleventh Supplement” means the Eleventh Supplemental Master Trust Indenture between the Corporation and the Master Trustee dated as of February 1, 2011, entered into in connection with the issuance of the Series 2011A Bonds.

“Event of Default” when used in or with reference to (a) the Master Indenture has the meaning attributed to it in the provisions of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Events of Default” and (b) other documents has the meaning attributed to it in them.

“Excluded Property” means property which is not used or needed in any significant respect at the time of determination in connection with the operation of revenue producing facilities or activities of an Obligated Issuer. The Corporation has identified in the Master Indenture certain properties which meet this description.

“Existing Restrictions” means the limitations imposed upon an Obligated Issuer in the covenants of debt instruments pertaining to its Indebtedness as of the date of the Master Indenture or as of the date of a Person becoming an Obligated Issuer which restrict such Obligated Issuer’s ability to guarantee payment of Notes issued under the Master Indenture. There are currently no Existing Restrictions.

“Federal Bankruptcy Code” means United States Code, Title 11-Bankruptcy, as amended.

“Fifth Supplement” means the Fifth Supplemental Master Trust Indenture between the Corporation and the Master Trustee dated as of October 1, 2002.

“Fiscal Year” means the period commencing on the first day of July of each year and ending on the 30th day of June of the immediately succeeding calendar year. So long as any Obligated Issuer uses and with respect to any period during which any Obligated Issuer used a fiscal year for its internal purposes which is or was different from the Fiscal Year provided for in the Master Indenture, for any purpose under the Master Indenture the financial information for any Fiscal Year may include financial information from the most recently completed fiscal year of such Obligated Issuer ending on a date prior to the ending date of such Fiscal Year.

“Governing Body” means with respect to any corporation the board of trustees or directors or other analogous body established as required by the law of the state of incorporation of such corporation.

“Guaranty” when used in connection with a particular Person means all obligations of such Person guaranteeing or in effect guaranteeing any Indebtedness of the type described in clause (b) of the definition of that term of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including without limitation, obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or any Property or assets constituting security therefor; (b) to advance or supply funds (i) for the purchase or payment of such Indebtedness at any time after its original incurrence or (ii) to maintain working capital or other balance sheet condition in connection with, and primarily for the benefit of the holder of, such Indebtedness; (c) to lease Property or to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness of the ability of the primary obligor to make payment of the Indebtedness; or (d) otherwise to assure the owner of the Indebtedness of the primary obligor against loss in respect thereof; provided, however, that notwithstanding the foregoing, none of the following shall be deemed to constitute a Guaranty: (A) the endorsement in the ordinary course of business of negotiable instruments for deposit or collection; (B) the discount or sale with recourse of any such person’s notes receivable or accounts receivable; (C) the obligation to make payments on Notes pursuant to the provisions of the Master Indenture; and (D) any obligation of such person guaranteeing or in effect guaranteeing any obligation of the primary obligor that does not constitute Indebtedness within the meaning clause (b) of the definition of that term.

“Holder” (see “Noteholder”).

“Indebtedness” means, without duplication, (a) any Guaranty and (b) indebtedness created, issued, incurred or assumed for borrowed money or for the deferred purchase price of property or services, including without limitation both long-term and short term indebtedness, except that Indebtedness does not include (i) operating leases, accounts payable, accrued liabilities, student credits and other advance payments, deferred income, payables to other beneficiaries, refundable federal loan grants, lines of credit, and other liabilities that are not for borrowed money or the deferred purchase price of property or services which are incurred in the ordinary course of business, or the equivalent thereof, all as shown on the financial statements of the Obligated Group, (ii) any indebtedness of one Obligated Issuer to another Obligated Issuer or any Guaranty by one Obligated Issuer of indebtedness of another Obligated Issuer, (iii) any continuing obligation of any Obligated Issuer to pay principal of and interest on indebtedness or Related Bonds which is deemed to be discharged or defeased in accordance with the terms of the instrument or instruments creating or evidencing such indebtedness or Related Bonds, as the case may be; provided, however, that there is delivered to the Master Trustee a letter from Qualified Accountants or other consultants generally recognized as experts in the preparation of refunding escrow sufficiency reports selected by the Corporation and approved by the Master Trustee verifying the adequacy of any escrow established in connection with the discharge or defeasance of such indebtedness or Related Bonds and (iv) any Interest Rate Agreement.

“Independent” means, in the case of an individual, a Person who is not a partner, member, director, officer or employee of either the Corporation or any other Obligated Issuer and, in the case of a firm, shall not have a partner, member, director, officer, trustee or employee who is a partner, member, director, officer, trustee or employee of either the Corporation or any other Obligated Issuer.

“Independent Consultant” means a Person who is Independent and is appointed by the Corporation or any other Obligated Issuer and satisfactory to the Master Trustee, nationally recognized as qualified to pass upon

questions relating to the financial affairs of organizations engaged in like operations to those of the Corporation and the other Obligated Issuers and having a favorable reputation for skill and experience in such financial affairs.

“Independent Insurance Consultant” means a Person who is Independent, appointed by the Corporation and satisfactory to the Master Trustee, qualified to survey risks and to recommend insurance coverage for organizations engaged in like operations to those of the Corporation and the other Obligated Issuers and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Corporation or any other Obligated Issuer transacts business. Each of Hays Companies of Wisconsin and Arthur J. Gallagher & Co. is an Independent Insurance Consultant within the meaning of the Master Indenture.

“Insurance Subsidiary” means any corporation of which the Corporation or another Obligated Issuer is the sole voting member which is in the business of providing insurance coverage to the Corporation or any other Obligated Issuer.

“Interest Rate Agreement” means an agreement with respect to an interest rate swap, basis swap, index swap or option, exchange, cap, collar, option, floor, forward, futures contract or hedging agreement, arrangement or security or, a combination of the foregoing or other similar arrangement between the Corporation or another Obligated Issuer and a counterparty.

“Master Indenture” means the Master Indenture originally dated as of July 15, 1992 and amended and restated as of November 1, 1998, as supplemented from time to time in accordance with the provisions of the Master Indenture.

“Master Trustee” means The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One Trust Company National Association, successor to Bank One Wisconsin Trust Company, National Association), Milwaukee, Wisconsin, or its successor as trustee under the Master Indenture.

“Maximum Annual Debt Service” means the Debt Service due in the then current or a future Fiscal Year in which Debt Service is the greatest.

“Mortgage” means any mortgage of, security interest in, lien, charge or encumbrance on or pledge of Property excepting, however, any lease and leaseback or similar arrangements entered into by an Obligated Issuer with a Related Issuer to the extent required in connection with the issuance of Related Bonds. *See “SUMMARY OF CERTAIN PROVISIONS OF THE FIFTH, SEVENTH AND EIGHTH SUPPLEMENTS” for a description of restrictions on the creation of Mortgages.*

“Non-Recourse Indebtedness” means Indebtedness incurred for or in connection with the acquisition, construction or substantial improvement of Property by any Obligated Issuer (a) the principal amount of which does not exceed the Market Value of the Property which is acquired, constructed or improved from the proceeds of such Indebtedness; (b) which is evidenced by an instrument which affirmatively recites that (i) only the property which is acquired, constructed or improved from the proceeds of such Indebtedness and the revenues produced by such Property are pledged for the payment of such Indebtedness and the holder of such Indebtedness shall have recourse to no other assets, revenues or Property of any Obligated Issuer for the payment of such Indebtedness, (ii) no payment shall be made on such Indebtedness from sources other than those referred to in clause (i); and (c) upon any default in payment of such Indebtedness, the remedy of the holder thereof is limited to foreclosure or taking possession of such Property with no right to seek payment of any deficiency from any Obligated Issuer or from any other Property of any Obligated Issuer.

“Note” means any Note issued, authenticated and delivered under the Master Indenture. References to Notes of a series or such series means the Notes or series issued pursuant to a single Supplemental Master Indenture.

“Noteholder” or “Holder” (when used with reference to any Note or Notes) means the Person in whose name the Note is registered on the note register maintained pursuant to the Master Indenture.

“Obligated Group” means the Corporation and each other Obligated Issuer.

“Obligated Issuer” means the Corporation, each other Person named on the signature pages of the Master Indenture which has executed the Master Indenture and any Person which shall have become an Obligated Issuer pursuant to the provisions of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - The Obligated Group” and shall not have withdrawn as such pursuant to the provisions of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - The Obligated Group.”

“Officer’s Certificate” means a certificate signed by the President or any Vice President of one or more Obligated Issuers.

“Opinion of Bond Counsel” means a written opinion satisfactory in form and substance to the Master Trustee, of Bond Counsel selected and paid by the Corporation and approved by the Master Trustee.

“Opinion of Counsel” means an opinion in writing signed by legal counsel who may be an employee of or counsel to the Corporation or any other Obligated Issuer and who shall be satisfactory to the Master Trustee.

“Outstanding” means, as of any time, Indebtedness issued or incurred and not paid or for which payment has not been provided by deposit of money or securities with the Master Trustee and shall not include Notes surrendered for exchange pursuant to the provisions of the Master Indenture or Notes for which replacement Notes have been issued pursuant to the provisions of the Master Indenture, or Notes that the Master Indenture otherwise provides shall be deemed not to be Outstanding.

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

“Projected Rate” means the projected yield at par of an obligation, as set forth in the report of an Independent Consultant (which Consultant and report, including, without limitation, the scope, form, substance and other aspects thereof, are acceptable to the Master Trustee) which report shall state that in determining the Projected Rate such Independent Consultant reviewed the yield evaluations at par of not less than five obligations selected by such Independent Consultant, the interest on which is excludable from gross income for federal income tax purposes (or, if it is not expected that it would be possible to issue obligations the interest on which is excludable from gross income for federal income tax purposes to refinance the Indebtedness with respect to which Debt Service is being estimated or if it is not expected that the obligor on the debt with respect to which Debt Service is being estimated would choose to refinance that Indebtedness with obligations the interest on which is excludable from gross income for federal income tax purposes, obligations the interest on which is subject to federal income tax) which obligations such Independent Consultant states in its opinion are reasonable comparators to be utilized in developing such Projected Rate and which obligations: (a) were outstanding on a date selected by the Independent Consultant which date so selected occurred during the 45-day period preceding the date of the calculation utilizing the Projected Rate in question, (b) to the extent practicable, are obligations of persons engaged in operations similar to those of the Obligated Group and having a credit rating similar to that of the Obligated Group, (c) are not entitled to the benefits of any credit enhancement including without limitation any letter of credit or insurance policy (except in a case where the Obligated Group has a commitment for comparable credit enhancement), and (d) to the extent practicable, have a remaining term and amortization schedule substantially the same as the obligation with respect to which such Projected Rate is being determined.

“Property”, when used in connection with a particular Person, means any and all rights, title and interests of such Person in and to any and all property (including cash) whether real or personal, tangible or intangible, and wherever situated, but not including Excluded Property.

“Put Date” means any date on which a holder of Put Indebtedness may elect to have such Put Indebtedness paid, purchased or redeemed prior to its stated maturity date.

“Put Indebtedness” means Indebtedness which is payable or required to be purchased or redeemed, at the option of the holder thereof, prior to its stated maturity date.

“Qualified Accountants” means (a) KPMG LLP, (b) a firm of certified public accountants of the size and type commonly referred to as nationally known certified public accountants or (c) a firm of independent public accountants selected by the Corporation and approved by the Master Trustee.

“Registered Owner” means the Person or Persons in whose name or names a particular Note shall be registered on the register maintained pursuant to the provisions of the Master Indenture.

“Related Bond Indenture” means any indenture or other document pursuant to which a series of Related Bonds is issued or incurred.

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture.

“Related Bonds” means the bonds, participation certificates, debentures or other obligations of any Related Issuer issued or incurred pursuant to a Related Bond Indenture, the proceeds of which are loaned or otherwise made available to any Obligated Issuer in consideration of the execution, authentication and delivery of a Note or Notes to such Related Issuer.

“Related Issuer” means any state of the United States or any municipal corporation or political subdivision formed under the laws thereof or any body corporate and politic or any constituted authority or any agency or instrumentality of any of the foregoing empowered to issue or incur obligations on behalf thereof which is the issuer or obligor of any series of Related Bonds.

“Seventh Supplement” means the Seventh Supplemental Master Trust Indenture between the Corporation and the Master Trustee dated as of November 1, 2002.

“Subordinated Indebtedness” means Indebtedness which, with respect to any issue thereof, is evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness substantially as set forth in the Master Indenture.

“Supplemental Master Indenture” means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture for the purpose of creating one or more series of Notes issued under the Master Indenture or amending or supplementing the terms of the Master Indenture.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code and is not a “private foundation” within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“United States Government Obligations” means direct, noncallable obligations of the United States of America and noncallable obligations the timely payment of principal or interest or both on which is fully and unconditionally guaranteed by the United States of America but only to the extent of the principal or interest so guaranteed.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

In General

The Master Indenture authorizes Obligated Issuers to issue Notes which are full and unlimited obligations of the Obligated Issuer issuing the Notes. The Notes are entitled to the benefit of certain operational and financial restrictions and other contractual obligations contained in the Master Indenture. Subject to Existing Restrictions,

each Obligated Issuer has jointly and severally guaranteed any and all amounts payable under any Note issued under the Master Indenture if, for any reason, the amount due under any Note is not punctually paid by the Obligated Issuer issuing the Note. Set forth below is a summary of certain provisions of the Master Indenture primarily relating to restrictions imposed on the Obligated Group with respect to debt service coverage requirements, the incurrence of additional indebtedness, entry into and exit from the Obligated Group and certain other matters. The summary is not comprehensive and reference is made to the Master Indenture for a complete recital of its terms.

Granting Clauses

In the Master Indenture the Corporation and each other Obligated Issuer, to secure the payment of the principal of and premium, if any, and interest on such Notes and to secure the performance and observance by the Corporation and each other Obligated Issuer of all the covenants expressed or implied therein and in the Master Indenture, subject to Permitted Encumbrances, pledge, assign and grant a security interest in the following described property (the “Trust Estate”) to the Master Trustee: (a) any funds or property held by the Master Trustee under the Master Indenture or any Supplemental Master Indenture; and (b) any and all other property, or interests therein, of every kind or description that may from time to time be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to or deposited with the Master Trustee as additional security under the Master Indenture by the Corporation or any Obligated Issuer.

Series and Amount of Notes

The number or series of Notes that may be created under the Master Indenture is not limited. The aggregate principal amount of Notes of each series that may be issued, authenticated and delivered under the Master Indenture is not limited except as may be set forth in the Supplemental Master Indenture and as restricted by the provisions of the Master Indenture.

Payment of Principal, Premium and Interest on Notes and Guaranty of Notes

Each Obligated Issuer agrees in the Master Indenture that it will duly and punctually pay the principal of, the premium, if any, and the interest on each Note issued by it, and the payment of any other amounts payable thereunder or under the Master Indenture, on the dates, at the times and at the place and in the manner provided in such Note, the Supplemental Master Indenture relating thereto and the Master Indenture when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning thereof and of the Master Indenture. Subject to Existing Restrictions, each Obligated Issuer jointly and severally guarantees in the Master Indenture the payment of any and all amounts payable under any Note issued under the Master Indenture, and the payment of any other amounts payable under the Master Indenture, if, for any reason, said amount is not punctually paid by the applicable Obligated Issuer.

Authentication of Obligations in Forms Other Than Notes

To the extent that any obligation intended to be entitled to the benefits of the Master Indenture, including any Interest Rate Agreement or Guaranty, is not in the form of a promissory note, a Note in the form of a promissory note may nevertheless be issued under the Master Indenture and pledged as security for the payment of such obligation in lieu of directly issuing such obligation as a Note. Notes may be issued under the Master Indenture to evidence any type of obligation, including any obligation in a form other than a promissory note. The Supplemental Master Indenture pursuant to which any Note is issued may provide for such supplements or amendments to the provisions of the Master Indenture as are necessary to permit the issuance of such Note thereunder and as are not inconsistent with the intent of the Master Indenture that, except as otherwise expressly provided in the Master Indenture, all Notes issued under the Master Indenture be equally and ratably secured by any lien created under the Master Indenture; provided, however, that any Note evidencing obligations pursuant to an Interest Rate Agreement shall be deemed outstanding under the Master Indenture solely for the purpose of receiving payment under the Master Indenture and shall not be entitled to the exercise of any rights under the Master Indenture.

General Covenants

The Corporation and each other Obligated Issuer, respectively, covenants in the Master Indenture to:

(a) subject to the provisions of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Consolidation, Merger, Sale or Conveyance,” preserve its corporate existence as a corporation and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification and failure to qualify could reasonably be expected to have a material adverse effect on the financial condition of the Corporation or such Obligated Issuer; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body, no longer useful in the conduct of its business;

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

(c) conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Property except for any such noncompliance or nonconformance which could not reasonably be expected to have a material adverse effect on the operations or financial condition of the Corporation or such Obligated Issuer; provided, nevertheless, that nothing contained in the Master Indenture shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof shall be contested in good faith;

(d) promptly pay all lawful taxes, governmental charges and assessments at any time levied or assessed and due upon or against it or its Property; provided, however, that it shall have the right to contest in good faith by appropriate proceedings any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof and shall have the right to pay taxes in installments; and provided further that such contest shall not materially impair the ability of the Obligated Issuers to meet their obligations under the Master Indenture;

(e) promptly pay or otherwise satisfy and discharge all of its obligations and Indebtedness (including, in addition to Indebtedness, guaranties by any Obligated Issuer of Indebtedness of any other Obligated Issuer) (subject to Existing Restrictions) and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Notes issued and Outstanding under the Master Indenture and the obligations to make payments on Notes) whose validity, amount or collectability is being contested in good faith by appropriate proceedings, so long as such contest shall not materially impair the ability of the Obligated Issuers to meet their obligations under the Master Indenture;

(f) at all times comply with all terms, covenants and provisions contained in any Mortgages which secure any of the Notes; and

(g) procure and maintain all necessary licenses, approvals and permits and, if appropriate, maintain accreditation of its educational facilities; provided, however, that an Obligated Issuer need not comply with this provision of the Master Indenture if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is no

longer in the best interests of such Obligated Issuer and that lack of such compliance would not materially impair the ability of such Obligated Issuer to pay its Indebtedness, if any, when due.

Restrictions as to Incurrence of Additional Indebtedness

The Corporation and each other Obligated Issuer, respectively, agrees in the Master Indenture that it will not incur any Additional Indebtedness other than the following Additional Indebtedness (provided, however, that no Additional Indebtedness shall be incurred or assumed at any time when there shall exist any Event of Default of the Corporation or such Obligated Issuer under the Master Indenture or under any Related Bond Indenture unless such Additional Indebtedness is to be incurred to cure such Event of Default): (a) Additional Indebtedness in the form of Notes or otherwise; provided that, after taking into account the Additional Indebtedness proposed to be incurred, (i) Maximum Annual Debt Service will not exceed 12% of the total unrestricted revenues and net assets released from restrictions, or the equivalent thereof, as shown on the financial statements of the Obligated Group, of the Obligated Group for the most recently completed Fiscal Year for which audited financial statements are available if the Obligated Group has complied with the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Filing of Financial Statements, Certificate of No Default, Other Information" and, if it has not, then for the most recently completed Fiscal Year once they are available and (ii) the unrestricted net assets, less net property, plant and equipment, plus Indebtedness, plus temporarily restricted net assets, of the Obligated Group divided by its Indebtedness is not less than 0.60 and (b) Commitment Indebtedness, Subordinated Indebtedness and Non-Recourse Indebtedness without limit.

Calculation of Debt Service

The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the Debt Service payable with respect to such Indebtedness for future periods required under certain provisions of the Master Indenture shall be made in a manner consistent with that adopted in the provisions of the Master Indenture summarized under this heading and under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness." The Projected Rate and other assumptions utilized with respect to Indebtedness at the time compliance with the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness" was first calculated shall continue to be utilized for the calculation of Debt Service payable with respect to such Indebtedness for future periods unless such Indebtedness is reclassified as summarized under this heading.

In determining the amount of Debt Service payable on Indebtedness in the course of the various calculations required under certain provisions of the Master Indenture, except as otherwise provided in the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness" with respect to interest rate assumptions, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of Debt Service, interest on such Indebtedness for such period (the "Determination Period") shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average annual rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) that was or would have been in effect for the 12-month period immediately preceding the date on which such calculation is made; provided, however, that if such average annual rate of interest cannot be calculated for such entire 12-month period but can be calculated for a shorter period, then the assumed interest rate for the Determination Period shall be the average annual rate of interest that was or would have been in effect for such shorter period; and provided further, that if such average annual rate of interest cannot be calculated for any preceding period of time, then the assumed interest rate for the Determination Period shall be the initial annual rate of interest which is actually applicable to such Indebtedness upon the incurrence thereof.

The annual principal and interest payments on a Guaranty issued by any Obligated Issuer is 100% of the annual principal and interest payments scheduled to become due on the guaranteed indebtedness.

With respect to Balloon Indebtedness, (a) if there is in effect at the time such Balloon Indebtedness is incurred a binding commitment by a financial institution generally regarded as responsible, which commitment provides for repayment of amounts drawn under such commitment over a term of at least 18 months commencing with the last day of each consecutive twelve-month period during which 25% or more of such Balloon Indebtedness matures, which commitment and institution are acceptable to the Master Trustee, to provide financing sufficient to pay such Balloon Indebtedness coming due during such twelve-month period, then Debt Service with respect to the portion of that Balloon Indebtedness coming due during such twelve-month period is calculated assuming it matures over a term equal to the term of such Balloon Indebtedness plus the term provided in such commitment for the amortization of Indebtedness incurred thereunder or a term of 25 years from the date of issuance of the Balloon Indebtedness, whichever is greater, and such portion of the Balloon Indebtedness bears interest on the unpaid principal balance at the rate set forth in such commitment, and is payable in accordance with such commitment if the term of such Balloon Indebtedness plus the term provided in such commitment for the amortization of Indebtedness incurred thereunder is greater than 25 years, or, if the term of such Balloon Indebtedness plus the term provided in such commitment for the amortization of Indebtedness incurred thereunder is not greater than 25 years, such Balloon Indebtedness is payable on a level Debt Service basis over a twenty-five-year period and bears interest at the Projected Rate based upon such period; or (b) if such Balloon Indebtedness has a remaining term in excess of five years; (ii) the Corporation or the Obligated Issuer incurring such Balloon Indebtedness establishes in an Officer's Certificate filed with the Master Trustee an amortization schedule for such Balloon Indebtedness, which amortization schedule shall provide for payments of principal and interest for each Fiscal Year that are not less than the amounts required to make any actual payments required to be made in such Fiscal Year by the terms of such Balloon Indebtedness; (iii) the Corporation or the Obligated Issuer incurring such Balloon Indebtedness agrees in such Officer's Certificate to cause to be deposited each Fiscal Year with a bank or trust company (pursuant to an agreement between the Corporation or an Obligated Issuer and such bank or trust company, which agreement shall be satisfactory in form and substance to the Master Trustee) the amount of principal shown on such amortization schedule net of any amount of principal actually paid on such Balloon Indebtedness during such Fiscal Year (other than from amounts on deposit with such bank or trust company) which deposit shall be made prior to any such required actual payment during such Fiscal Year if the amounts so on deposit are intended to be the source of such actual payments, then Debt Service with respect to that portion of the Balloon Indebtedness is calculated assuming that such Balloon Indebtedness is Indebtedness which is actually payable in accordance with such amortization schedule.

With respect to Put Indebtedness if there is in effect at the time such Put Indebtedness is incurred a binding commitment by a financial institution generally regarded as responsible which commitment provides for the amortization of the Indebtedness incurred under such commitment over a term of at least 18 months commencing with the next succeeding Put Date, and which commitment and institution are acceptable to the Master Trustee, to provide financing sufficient to pay such Put Indebtedness on any Put Date occurring during the term of such commitment, then Debt Service with respect to that Put Indebtedness is calculated assuming that such Put Indebtedness is Indebtedness which bears interest at the Projected Rate and is amortized on a level Debt Service basis over a twenty-five-year period; provided that if the option of the holder to require that such Put Indebtedness be paid, purchased or redeemed prior to its stated maturity date has expired as of the date of calculation, such Put Indebtedness shall be deemed payable in accordance with its terms.

Notes issued to secure Indebtedness permitted to be incurred under the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness" shall not be treated as Additional Indebtedness.

No Debt Service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness, except to the extent that the terms of such Commitment Indebtedness are to be considered pursuant to the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness" in determining the amortization schedule and Debt Service payable with respect to the Indebtedness supported by the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such Debt Service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto, utilizing the various assumptions contained in the provisions of the Master Indenture summarized under this heading and under the heading "SUMMARY OF CERTAIN PROVISIONS OF

THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness.” No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal.

No Additional Indebtedness shall be deemed to arise when variable rate Indebtedness converts to fixed rate Indebtedness if such conversion is in accordance with the provisions applicable to such variable rate Indebtedness when it was initially incurred. In making any determination of or with regard to Debt Service under the Master Indenture, the Master Trustee may rely on such opinions or reports of Independent Consultants as it deems appropriate.

The Corporation or any other Obligated Issuer may elect to have Indebtedness issued pursuant to one provision summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness” classified as having been incurred under another provision of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness” demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision including the certification of any applicable Projected Rate. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

If the Corporation or an Obligated Issuer enters into an Interest Rate Agreement with a counterparty with respect to Indebtedness, the unsecured obligations of which counterparty are rated at least investment grade by a national rating agency (or, to the extent the obligations of the counterparty under the Interest Rate Agreement are guaranteed, the unsecured obligations of such guarantor are rated at least investment grade by a national rating agency), then, at the option of the Corporation or the Obligated Issuer which is a party to such Interest Rate Agreement, the interest rate on such Indebtedness of the maturity or maturities subject to the Interest Rate Agreement shall be determined after giving effect to the Interest Rate Agreement. An Interest Rate Agreement which provides an interest rate cap or similar arrangement may be treated as establishing the maximum rate on the Indebtedness subject to such Interest Rate Agreement bearing interest at a variable rate. Payments on Interest Rate Agreements due to be paid and received in any Fiscal Year or other 12 month period may, at the option of the Corporation and the Obligated Issuers which are parties to such Interest Rate Agreements, be netted against each other for purposes of calculating Debt Service, and non-scheduled termination or similar payments on Interest Rate Agreements, payments due on optional redemptions, payments due on tenders of Indebtedness for purchase or retirement (other than scheduled mandatory redemptions and sinking fund payments), payments due as a result of acceleration following default and similar, non-scheduled payments which come due or may become due on any Indebtedness shall not be treated as Debt Service.

Consolidation, Merger, Sale or Conveyance

The Corporation and each other Obligated Issuer, respectively, covenants in the Master Indenture that it will not merge or consolidate with any other corporation not an Obligated Issuer or sell or convey all or substantially all of its assets to any Person not an Obligated Issuer unless (a) either (i) such Obligated Issuer shall be the surviving corporation, or (ii) the successor corporation (if other than such Obligated Issuer) shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such corporation shall expressly assume in writing all of the obligations of such Obligated Issuer to pay principal of and interest on the Notes issued under the Master Indenture, and the due and punctual performance and observance of all of the covenants and conditions of the Master Indenture to be performed or observed by such Obligated Issuer by a Supplemental Master Indenture satisfactory to the Master Trustee, executed and delivered to the Master Trustee by such corporation; (b) the Corporation or such other Obligated Issuer shall have furnished to the Master Trustee an Opinion of Bond Counsel that such merger, consolidation, sale or conveyance does not adversely affect any exclusion from gross income of interest on outstanding Related Bonds for federal income tax purposes to which that interest would otherwise be entitled; (c) the net assets of such Obligated Issuer or such successor corporation, as the case may be, will not be less than 90% of the net assets of such Obligated Issuer prior to such merger or consolidation, or such sale or conveyance; and (d) (i) such Obligated Issuer or such successor corporation, as the case may be, immediately

after such merger or consolidation, or such sale or conveyance, would not be in default in the performance or observance of any such covenants or conditions of the Master Indenture and (ii) the conditions described in clause (a) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness” would be met for the incurrence of one dollar of Additional Indebtedness by such Obligated Issuer or successor corporation.

In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for such Obligated Issuer, with the same effect as if it had been named in the Master Indenture as the Corporation or another Obligated Issuer, as the case may be. Such successor corporation thereupon may cause to be signed, and may issue in its own name Notes issuable under the Master Indenture; and upon the order of such successor corporation, instead of such Obligated Issuer, and subject to all the terms, conditions and limitations in the Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Notes that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Notes so issued by such successor corporation under the Master Indenture shall in all respects have the same legal rank and benefit under the Master Indenture as Notes theretofore or thereafter issued in accordance with the terms of the Master Indenture as though all of such Notes had been issued under the Master Indenture at the date of the execution of the Master Indenture.

In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Notes thereafter to be issued as may be appropriate.

The Master Trustee, subject to the provisions of the Master Indenture, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of the Master Indenture summarized under this heading and that it is proper for the Master Trustee under the provisions of the Master Indenture to join in the execution of the Supplemental Master Indenture provided for in the provisions of the Master Indenture summarized under this heading.

Any corporation which controls the Corporation (the “New Parent”) may assume all obligations, rights and duties and succeed to all interests of the Corporation under the Master Indenture, and upon completion of such assumption will be the “Corporation” under the Master Indenture if (a) there shall be filed with the Master Trustee (i) a resolution of the Governing Body of the New Parent agreeing to assume all obligations, rights and duties of the Corporation under the Master Indenture, approving the form of and authorizing the execution of the document mentioned in clause (ii) below, (ii) a document, in form and substance satisfactory to the Master Trustee, executed by the Corporation and the New Parent evidencing such assumption, (iii) an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee to the effect that such assumption will not adversely affect any exclusion from gross income for federal income tax purposes of interest payable on any Related Bond to which that interest would otherwise be entitled and (iv) an Officer’s Certificate certifying compliance with the requirements of the Master Indenture summarized under this heading and (b) the requirements of the Master Indenture summarized under this heading shall have been met to the same extent as if the New Parent and the Corporation had merged.

Filing of Financial Statements, Certificate of No Default, Other Information

The Corporation and each other Obligated Issuer, respectively, covenant in the Master Indenture as follows: (a) as soon as practicable but in no event later than 180 days after the end of each Fiscal Year, the Corporation shall file, or cause to be filed, with the Master Trustee, with each Noteholder who may have so requested or on whose behalf the Master Trustee may have so requested, with each Related Issuer, with each nationally recognized rating agency maintaining a rating on any outstanding issue of Related Bonds at the request of the Corporation, with each bond insurance company which may have a policy of bond insurance outstanding with respect to any issue of Related Bonds and with each underwriter who has underwritten the sale of a series of Related Bonds who may have so requested (i) a combined or consolidated and consolidating revenue and expense statement of the Corporation and each other Obligated Issuer for such Fiscal Year (all material inter-company transactions and balances shall be eliminated in the preparation of the combined statements), and (ii) a combined or consolidated balance sheet of the Obligated Issuers presented on the basis described in (i) above as of the end of such Fiscal Year, accompanied by an Accountant’s Certificate or an opinion of Qualified Accountants to the effect that such statements have been properly compiled from information underlying the audited financial statements of the respective entities; (b) as soon as practicable but in no event later than 180 days after the end of each Fiscal Year,

the Corporation shall file with the Master Trustee, with each Noteholder who may have so requested or on whose behalf the Master Trustee may have so requested, with each Related Issuer, with each nationally recognized rating agency maintaining a rating on any outstanding issue of Related Bonds at the request of the Corporation, with each bond insurance company which may have a policy of bond insurance outstanding with respect to any issue of Related Bonds and with each underwriter who has underwritten the sale of a series of Related Bonds who may have so requested, an Officer's Certificate of the Corporation and an Accountant's Certificate or an opinion of Qualified Accountants stating whether or not, to the best knowledge of the signers, the Obligated Issuers are in default in the performance of any financial covenant contained in the Master Indenture, and, if so, specifying each such default of which the signers may have knowledge; (c) if an Event of Default shall have occurred and be continuing, the Corporation and each other Obligated Issuer shall (i) file with the Master Trustee other financial statements and information concerning the operations and financial affairs of the Corporation and each Obligated Issuer as the Master Trustee may from time to time reasonably request, excluding specifically donor records, student and personnel records and (ii) provide access to the facilities of each Obligated Issuer for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request; and (d) within 20 days after the Corporation's receipt thereof, the Corporation will file with the Master Trustee a copy of each report which any provision of the Master Indenture requires to be prepared by an Independent Consultant or an Independent Insurance Consultant.

Insurance

Subject to their rights to enter into a program of self insurance in compliance with the provisions of the Master Indenture summarized under this heading, the Corporation and each other Obligated Issuer, respectively, agrees in the Master Indenture that it will maintain, or cause to be maintained, insurance covering such risks (including, but not limited to, public liability and fire and extended coverage) and in such amounts as, in its judgment, is adequate to protect it and its Properties and operations. The insurance or self insurance program required to be maintained pursuant to the Master Indenture shall be subject to the review of an Independent Insurance Consultant not less frequently than once every five years and the Corporation and each other Obligated Issuer, respectively, agrees in the Master Indenture that it will follow any recommendations of the Independent Insurance Consultant to the extent feasible. In order to establish compliance with the provisions of the Master Indenture summarized under this heading, the Corporation and each other Obligated Issuer, respectively, agrees in the Master Indenture that it will deliver or cause to be delivered to the Master Trustee not less frequently than once every five years, on or prior to a date designated by it upon reasonable prior notice to the Master Trustee, a report of the Independent Insurance Consultant setting forth a description of the insurance maintained, or caused to be maintained, by such Obligated Issuer pursuant to the provisions of the Master Indenture summarized under this heading and then in effect and stating whether, in the opinion of the Independent Insurance Consultant, such insurance and any reduction or elimination of the amount of any insurance coverage during the period covered by such report complies with the requirements of the Master Indenture summarized under this heading and adequately protects such Obligated Issuer and its Properties and operations; provided that with respect to any self insurance, such report shall be delivered not less frequently than once every two years and shall be by an independent actuary. Such report shall also set forth any recommendations of the Independent Insurance Consultant as to additional insurance, if any, reasonably required (during the period preceding the next such report) for the protection referred to in the next preceding sentence in light of available insurance coverage.

If the Corporation or any other Obligated Issuer has or hereafter obtains any of the following types of insurance, whether from an Insurance Subsidiary or other insurer, it must secure the concurrence of an Independent Insurance Consultant before it may reduce or eliminate the amounts of its insurance coverage for the following types of insurance: (i) comprehensive general public liability insurance, including product liability, blanket contractual liability and automobile insurance including owned, non-owned and hired automobiles (excluding collision and comprehensive coverage thereon), (ii) professional liability, (iii) worker's compensation insurance and (iv) boiler insurance.

In making its decision whether to concur in such reductions or eliminations, the Independent Insurance Consultant shall make an estimate of the added financial risk, if any, assumed by the Corporation or the Obligated Issuer, as the case may be, as a result of the lower or amended coverage; it shall consider the availability of commercial insurance, the terms upon which such insurance is available and the cost of such available insurance, and the effect of such terms and such cost upon such Obligated Issuer and charges for its services; and it shall

determine whether the additional financial risk, if any, being assumed by such Obligated Issuer, is prudent in light of the savings to be realized from lowered insurance premiums or in light of the general availability of such coverage.

Before the Corporation or any other Obligated Issuer may enter into a program of self insurance (i.e. a program not involving a contract of insurance issued by an insurer licensed by the Commissioner of Insurance of the State of Wisconsin) against any particular risk for which it is not on the date of the Master Indenture self-insuring, it must receive a certificate from an Independent Insurance Consultant to the effect that adequate reserves for such insurance program are deposited and maintained with an independent corporate trustee if recommended by the Independent Insurance Consultant. The Corporation or any other Obligated Issuer may not enter into a program of self insurance against risks of damage to property, plant and equipment, including business interruption insurance.

Events of Default

Event of Default, as used in the Master Indenture, means any of the events described in clauses (a) through (g), below, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) there shall be a failure to make any payment of the principal of, the premium, if any, and interest on any Notes issued and Outstanding under the Master Indenture when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, in accordance with the terms thereof, of the Master Indenture and any Supplemental Master Indenture; or

(b) subject to the provisions of the Master Indenture summarized in the last paragraph under this heading, the Corporation or any other Obligated Issuer shall fail duly to observe or perform any covenant or agreement on its part contained in the Master Indenture or any Supplemental Master Indenture (other than a failure of the Corporation or any other Obligated Issuer to make a payment required under the Master Indenture that would result in a default under clause (a) under this heading) for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation and the other Obligated Issuers by the Master Trustee, or to the Corporation, the other Obligated Issuers and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Notes then Outstanding except that, if such failure can be remedied but not within such thirty (30) day period, such failure shall not become an Event of Default for so long as the Corporation and the other Obligated Issuers shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time established by the Master Trustee; or

(c) the Corporation or any other Obligated Issuer shall default in the payment of any Indebtedness for borrowed money (other than Notes issued and Outstanding under the Master Indenture and Non-Recourse Indebtedness), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any Mortgage, indenture (including a Related Bond Indenture) or instrument, under which there may be issued, or by which there may be secured or evidenced, any such Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which default in payment or event of default shall result in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; provided, however, that such default or event of default shall not constitute an Event of Default within the meaning of the Master Indenture (i) if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness under the laws of the state having jurisdiction or other laws governing such proceeding the Obligated Issuers in good faith commence proceedings to contest the existence or payment of such Indebtedness, and sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness or (ii) unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other such Indebtedness in default, exceeds 1% of the unrestricted net assets of the Obligated Group for its most recently completed Fiscal Year for which audited financial statements are available if the Obligated Group has complied with the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Filing of Financial Statements, Certificate of No Default, Other Information" and, if it has not, then for the most recently completed Fiscal Year once

they are available or (iii) if the default or event of default is one which results in a Note being subject to mandatory redemption pursuant to the Supplemental Indenture under which the Note was issued; or

(d) (i) without the consent of the Corporation or any other Obligated Issuer, a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Corporation or any other Obligated Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Corporation or any other Obligated Issuer under the Federal Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or, without the consent of the Corporation or any other Obligated Issuer, a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the Corporation or any other Obligated Issuer or of all or substantially all of its Property, or for the winding up or liquidation of its affairs, shall have been entered and such decree or order shall have remained in force undischarged and unstayed for a period of 90 days and (ii) the Obligated Issuers (other than those subject to such decree or order) shall have failed to deposit with the Master Trustee within 15 calendar days of their receipt of written notice from the Master Trustee that an event described in this clause has occurred, either (A) an amount sufficient to pay in full all Notes of such Obligated Issuer subject to such decree or order or (B) if acceptable to the Master Trustee in its sole discretion, and then only under such terms and conditions as the Master Trustee in its sole discretion shall prescribe, a Note or Notes executed by one or more other Obligated Issuers in substitution for the Note or Notes of such Obligated Issuer subject to such decree or order; or

(e) (i) the Corporation or any other Obligated Issuer shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the Federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its Property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Corporation or any other Obligated Issuer in furtherance of any of the aforesaid purposes and (ii) the Obligated Issuers (other than those subject to such proceedings described above) shall have failed to deposit with the Master Trustee within 15 calendar days of their receipt of written notice from the Master Trustee that an event described in this clause has occurred, either (A) an amount sufficient to pay in full all Notes of such Obligated Issuer subject to such proceeding or (B) if acceptable to the Master Trustee in its sole discretion, and then only under such terms and conditions as the Master Trustee in its sole discretion shall prescribe, a Note or Notes executed by one or more other Obligated Issuers in substitution for the Note or Notes of such Obligated Issuer subject to such proceeding; or

(f) any representation or warranty made by the Corporation or any other Obligated Issuer in the Master Indenture or in any statement or certificate furnished to the Master Trustee or the purchaser of any Note in connection with the sale of any Note or furnished by the Corporation or any other Obligated Issuer pursuant to the Master Indenture proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within 30 days after written notice thereof to the Corporation by the Master Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes; or

(g) payment of any installment of interest or principal, or any premium, on any Related Bond shall not be made when the same shall become due and payable under the provisions of any Related Bond Indenture and any applicable grace period has expired.

The provisions of clause (b) under this heading are subject to the following limitations: If by reason of force majeure, any Obligated Issuer is unable in whole or in part to carry out its agreements on its part contained in the Master Indenture, such Obligated Issuer shall not be deemed in default during the continuance of such disability. The term "force majeure" includes the following: acts of God; strikes; lockouts or other employee disturbances; acts of public enemies; orders of any kind of the government of the United States of America, the state or states in which such Obligated Issuer is doing business, or any of their departments, agencies, political subdivisions or officials, or

any civil or military authority; insurrections; riots; epidemics; storms; floods; washouts; droughts; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or similar acts or events other than financial not within the control of the Obligated Issuer.

Remedies for Certain Defaults

Upon the occurrence of an Event of Default described in clauses (a), (c), (d), (e), (f) and (g) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Events of Default,” then and in each and every such case, unless the principal of Notes shall have already become due and payable, the Master Trustee may, and if requested by the Holders of not less than 25% in aggregate principal amount of all Notes then Outstanding, the Master Trustee shall, and upon the occurrence of an Event of Default described in clause (b) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Events of Default” and if requested by the holders of not less than 25% in aggregate principal amount of all Notes then Outstanding the Master Trustee shall, by notice in writing to the Obligated Issuers declare the principal of all such Notes to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Master Indenture or in such Notes contained to the contrary notwithstanding. In such event, there shall be due and payable on the Notes an amount equal to the aggregate principal amount of all such Notes, plus all interest accrued thereon and, to the extent permitted by applicable law, interest on such principal and interest to the date of payment. This provision, however, is subject to the condition that if, at any time after the principal of all Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Master Indenture, the Obligated Issuers shall pay or shall deposit with the Master Trustee a sum sufficient to pay all matured installments of interest upon all such Notes and the principal and premium, if any, of all such Notes that shall have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the respective rates borne by such Notes to the date of such payment or deposit) and the expenses of the Master Trustee, and any and all Events of Default under the Master Indenture, other than the nonpayment of principal of and accrued interest on such Notes that shall have become due by acceleration, shall have been remedied, then and in every such case the Holders of a majority in aggregate principal amount of all Notes then Outstanding, by written notice to the Obligated Issuers and to the Master Trustee, or the Master Trustee by written notice to the Obligated Issuers, may waive such Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon.

The Master Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Master Trustee, its agents, attorneys and counsel, and any expenses incurred by the Master Trustee other than as a result of its negligence or bad faith. The Master Trustee may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Corporation and each other Obligated Issuer, and collect in the manner provided by law out of the Property of the Corporation and each other Obligated Issuer, wherever situated, the moneys adjudged or decreed to be payable. The Master Trustee, upon the bringing of any action or proceeding at law or in equity under the provisions of the Master Indenture summarized under this heading as a matter of right, without notice and without giving bond to the Corporation or any other Obligated Issuer, may, to the extent permitted by law, have a receiver appointed for all of the Property of the Corporation and each other Obligated Issuer pending such action or proceeding with such powers as the court making such appointment shall confer.

Upon the occurrence and continuance of any Event of Default described in clauses (a) through (g) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Events of Default,” the Master Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Notes then Outstanding, together with indemnification of the Master Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Holders under the Master Indenture by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to: (i) enforcement of the rights of the Holders to collect and enforce the payment of amounts due or becoming due under the Notes and the Master Indenture, including the joint and several liability of the Obligated Issuers for the guaranty of principal and interest on Outstanding Notes; (ii) suit upon all or any part of the Notes;

(iii) civil action to require any Person holding moneys, documents or other Property pledged to secure payment of amounts due or to become due on the Notes to account as if it were the trustee of an express trust for the Noteholders; (iv) civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Noteholders and to compel the performance of any action required by the Master Indenture; (v) upon bringing any such suit or other proceeding, as a matter of right and without notice or giving bond, to the extent permitted by law, have a receiver appointed of all or any part of the Property of any Obligated Issuer pending such suit or other proceeding with such powers as the court making such appointment shall confer; and (vi) enforcement of any other rights or remedy of the Noteholders conferred by law or equity or by the Master Indenture.

Regardless of the happening of an Event of Default, the Master Trustee may, and if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Notes then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the Noteholders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions of the Master Indenture and, in the sole judgment of the Master Trustee, not unduly prejudicial to the interest of the Noteholders not making such request.

Application of Moneys Collected

Any amounts collected by the Master Trustee shall be applied, for the equal and ratable benefit of the holders of Notes of all series then due and payable by acceleration or otherwise in the order following, at the date or dates fixed by the Master Trustee for the distribution of such moneys, upon presentation of such Notes and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

(a) to fund any deficiency in any fund or account created by a Related Bond Indenture or otherwise to provide for the payment of amounts required to be paid to the United States pursuant to Section 148 of the Code with respect to any Related Bonds if doing so will prevent owners or holders of the Related Bonds from losing the ability to exclude from their gross incomes interest paid on the Related Bonds for federal income tax purposes;

(b) to the payment of costs and expenses of collection, and of all amounts payable to the Master Trustee under the provisions of the Master Indenture;

(c) unless the principal of all of the Notes shall have become or shall have been declared due and payable, all such moneys shall be applied in the following order:

First: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments shall have become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Notes; and

Second: to the payment to the persons entitled thereto of the unpaid principal of any of the Notes which shall have become due and payable (other than Notes previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Indenture) in the order of their due dates, and, if the amount available shall not be sufficient to pay in full principal of the Notes due and payable on any particular date, then to the payment of the principal, ratably, according to the amount of the principal due on that date, to the persons entitled thereto without any discrimination or preference; and

(d) if the principal of all the Notes shall have become or shall have been declared due and payable, moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Notes, (other than for Notes previously called for redemption for the payment of which moneys are held

pursuant to the provisions of the Master Indenture) without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences in the respective rates of interest specified in the Notes;

(e) to the payment of any other sums required to be paid by the Corporation or any other Obligated Issuer pursuant to any provisions of the Master Indenture or any of the Notes; and

(f) to the payment of the remainder, if any, to the Obligated Issuers, their successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Suit by Noteholders

Unless otherwise provided in the applicable Supplemental Master Indenture, no Noteholder shall have any right by virtue of any provision of the Master Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Master Indenture or for the appointment of a receiver or trustee, or any other remedy under the Master Indenture, unless such Noteholder previously shall have given to the Master Trustee written notice of default and of the continuance thereof, as provided in the Master Indenture, and unless also the Holders of not less than 25% in aggregate principal amount of all series of Notes then Outstanding shall have made written request upon the Master Trustee to institute such action, suit or proceeding in its own name as Master Trustee under the Master Indenture and shall have offered to the Master Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Master Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Master Trustee pursuant to the Master Indenture; it being understood and intended, and being expressly covenanted by the taker and Holder of a Note with every other taker and Holder of a Note and the Master Trustee, that no one or more Noteholders shall have any right in any manner whatever by virtue or by availing of any provision of the Master Indenture to affect, disturb or prejudice the rights of any other Noteholders or to obtain or seek to obtain priority over or preference to any other such Noteholder, or to enforce any right under the Master Indenture, except in the manner provided in the Master Indenture and for the equal, ratable and common benefit of all Noteholders. For the protection and enforcement of the provisions of the Master Indenture summarized under this heading, each and every Noteholder and the Master Trustee shall be entitled to such relief as can be given either at law or in equity.

The Noteholder instituting a suit, action or proceeding in compliance with the provisions of the Master Indenture summarized under this heading shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including, to the extent permitted by applicable law, a reasonable compensation to its attorneys.

Notwithstanding any other provisions in the Master Indenture, the right of a Noteholder to receive payment of the principal of and interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Noteholder.

Direction of Proceedings and Waiver of Defaults by Noteholders

The Holders of a majority in aggregate principal amount of Notes then Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred on the Master Trustee; provided, however, that, subject to the provisions of the Master Indenture, the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken, or if the Master Trustee in good faith shall, by a responsible officer or officers of the Master Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability, and provided further that nothing in the Master

Indenture shall impair the right of the Master Trustee in its discretion to take any action deemed proper by the Master Trustee and which is not inconsistent with such direction by the Noteholders.

Prior to the declaration of the maturity of Notes as provided in the provisions of the Master Indenture summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Remedies for Certain Defaults,” the Holders of 25% or more in aggregate principal amount of Notes then Outstanding may on behalf of the Holders of all Notes waive any past Event of Default and its consequences, except a default in the payment of the principal of or interest on such Notes or in respect of a covenant or provision of the Master Indenture which under the provisions of the Master Indenture cannot be modified or amended without the consent of all the Holders of such Notes then Outstanding. In addition, prior to the date upon which a notice of redemption is sent to the holders of the Related Bonds associated with a Note which, pursuant to the terms of the Supplemental Master Indenture pursuant to which it was issued, is subject to mandatory redemption upon the occurrence of certain events, the holder of that Note may waive its right to have the Note redeemed. In the case of any such waiver the Corporation, each other Obligated Issuer, the Master Trustee and the Noteholders of all series shall be restored to their former positions and rights under the Master Indenture, respectively; but no such waiver shall extend to any subsequent or other default or right to have a Note redeemed or impair any right consequent thereon.

Delay or Omission of Master Trustee

No delay or omission of the Master Trustee, or of any Noteholder, to exercise any right or power accruing upon an Event of Default, occurring and continuing, shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, nor shall the action of the Master Trustee or of the Noteholders in case of any Event of Default, or in case of any Event of Default and the subsequent waiver of such Event of Default, affect or impair the rights of the Master Trustee or of such Noteholders in respect of any subsequent Event of Default or impair any right resulting therefrom; and every power and remedy given by the Master Indenture to the Master Trustee or to such Noteholders may be exercised from time to time and as often as may be deemed expedient by it or by them.

Resignation, Removal and Successor Master Trustee

The Master Trustee may resign at any time without cause by giving at least 30 days' prior written notice to the Obligated Issuers and to each Noteholder, as the names and addresses of such Noteholders appear on the register maintained pursuant to the Master Indenture, such resignation to be effective upon the acceptance of such trusteeship by a successor. In addition, the Master Trustee may be removed without cause at the direction of the Holders of more than 50% in aggregate principal amount of Notes then Outstanding, delivered to the Obligated Issuers and the Master Trustee, and the Master Trustee shall promptly give notice thereof in writing to each Noteholder as provided above. Such removal of the Master Trustee shall not be effective until the acceptance of such trusteeship by a successor. In the case of the resignation or removal of the Master Trustee, a successor Master Trustee may be appointed at the direction of the Holders of more than 50% in aggregate principal amount of Notes then Outstanding. If a successor Master Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Master Trustee, the Corporation, any other Obligated Issuer or any Noteholder may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Supplemental Master Indentures

The Corporation, when authorized by its board of trustees, and each other Obligated Issuer, and the Master Trustee may from time to time and at any time enter into one or more Supplemental Master Indentures for one or more of the following purposes:

- (a) to evidence the succession of another corporation to the Corporation or any other Obligated Issuer, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Corporation or any other Obligated Issuer pursuant to the Master Indenture;

(b) to add to the covenants of the Corporation or any other Obligated Issuer such further covenants, restrictions or conditions as its Governing Body and the Master Trustee shall consider to be for the protection of the holders of Notes issued under the Master Indenture, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Master Indenture; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Master Trustee upon such default;

(c) to cure any ambiguity or to correct or supplement any provision contained in the Master Indenture or in any Supplemental Master Indenture which may be defective or inconsistent with any other provision contained in the Master Indenture or in any Supplemental Master Indenture, or to make any other changes that, in the Master Trustee's judgment, shall not impair the security of the Master Indenture or materially and adversely affect the interest of the Noteholders;

(d) to modify or supplement the Master Indenture in such manner as may be necessary or appropriate to qualify the Master Indenture under the Trust Indenture Act of 1939 as then amended (the "1939 Act"), or under any similar federal statute hereafter enacted, or as may be necessary to comply with any applicable state securities laws which require the Master Indenture to comport with any requirements of the 1939 Act regardless of the applicability of the 1939 Act to the Master Indenture, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions under the Master Indenture and the Corporation and each other Obligated Issuer undertakes such covenants, conditions or restrictions additional to those contained in the Master Indenture as would be necessary or appropriate so to qualify the Master Indenture or so to comply with such state securities laws;

(e) to provide for the issuance of additional Notes;

(f) to add new Obligated Issuers; and

(g) to evidence the withdrawal of Obligated Issuers.

The Master Trustee is authorized to join with the Corporation and each other Obligated Issuer in the execution of any Supplemental Master Indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, mortgage, pledge or assignment of any Property thereunder, but the Master Trustee shall not be obligated to enter into any such Supplemental Master Indenture that affects the Master Trustee's own rights, duties or immunities under the Master Indenture or otherwise.

Any Supplemental Master Indenture authorized by the provisions of the Master Indenture summarized under this heading may be executed by the Corporation, by each other Obligated Issuer without adoption of resolutions by the Governing Body of such other Obligated Issuers, and by the Master Trustee without the consent of the Noteholders, notwithstanding any of the provisions of the Master Indenture summarized under this heading.

With the consent of the Holders of not less than a majority in aggregate principal amount of Notes then Outstanding, the Corporation and each other Obligated Issuer, when authorized by resolution of the board of trustees and the Governing Bodies, respectively, and the Master Trustee may from time to time and at any time enter into a Supplemental Master Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Master Indenture or of any Supplemental Master Indenture or of modifying in any manner the rights of the Noteholders; provided, however, that no such Supplemental Master Indenture shall, (i) without the consent of the Holders of all Notes then Outstanding which are affected thereby, (A) effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Note or a reduction in the principal amount or redemption price of any Note or the rate of interest thereon, or any other amounts payable thereon, (B) reduce the aforesaid percentage of Notes, the Holders of which are required to consent to any such Supplemental Master Indenture or (C) permit the preference or priority of any Note or Notes over any other Note or Notes or (ii) release any portion of the Trust Estate or any other collateral given to secure the Notes except as specifically provided in the documents pursuant to which the interest in the collateral is given.

Upon the request of the Corporation and each other Obligated Issuer, accompanied by a copy of a resolution of each Governing Body certified by the Secretary or an Assistant Secretary of each Obligated Issuer authorizing the execution of any such Supplemental Master Indenture, and upon the filing with the Master Trustee of evidence of the consent of the Noteholders as aforesaid, the Master Trustee shall join with the Corporation and each other Obligated Issuer in the execution of such Supplemental Master Indenture unless such Supplemental Master Indenture affects the Master Trustee's own rights, duties or immunities under the Master Indenture or otherwise, in which case the Master Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Master Indenture.

It shall not be necessary for the consent of the Noteholders under the provisions of the Master Indenture summarized under this heading to approve the particular form of any proposed Supplemental Master Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Corporation, each other Obligated Issuer and the Master Trustee of any Supplemental Master Indenture pursuant to the provisions of the Master Indenture summarized under this heading, the Corporation shall mail to each Noteholder a letter setting forth in general terms the substance of such Supplemental Master Indenture. Any failure of the Corporation to publish such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Master Indenture.

The Obligated Group

Subject to meeting the criteria with respect to acceptance set forth under this heading, any Person may, with the consent of the Corporation, become an Obligated Issuer and a member of the Obligated Group. Prior to becoming an Obligated Issuer under the Master Indenture, a Person shall in each case deliver to the Master Trustee and each Related Issuer a written instrument as described in the Master Indenture. In addition, a Person may not become an Obligated Issuer unless the Corporation shall deliver to the Master Trustee an Officer's Certificate to the effect that: (a) giving effect to the inclusion of the proposed Obligated Issuer at the beginning of the most recently completed Fiscal Year for which audited financial statements are available if the Obligated Group has complied with the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Filing of Financial Statements, Certificate of No Default, Other Information" and, if it has not, then for the most recently completed Fiscal Year once they are available, the Obligated Group could meet the conditions for the incurrence on the date the proposed Obligated Issuer becomes a member of the Obligated Group of at least \$1.00 of Additional Indebtedness under the provisions of the Master Indenture summarized in clause (a) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness;" (b) giving effect to the inclusion of the proposed Obligated Issuer, no Event of Default would occur and be continuing under the Master Indenture or any Related Bond Indenture; and (c) the Corporation has approved the acceptance of the proposed Obligated Issuer.

Each such Acceptance shall be accompanied by a Supplemental Master Indenture duly executed and delivered and by an Opinion of Counsel, addressed to and reasonably satisfactory to the Master Trustee to the effect that all conditions precedent to the addition of a member to the Obligated Group, as set forth in the Master Indenture, have been satisfied, each such Person has the corporate power and authority to execute and deliver the form of acceptance of a new obligated issuer as described in the Master Indenture and the Supplemental Master Indenture and to perform its obligations under such instruments and such instruments have been duly authorized, executed and delivered by such Person and constitute valid and binding obligations of each of such parties, enforceable in accordance with their terms, except as limited by bankruptcy laws, insolvency laws and other similar laws affecting creditors' rights generally.

It shall be a condition precedent to the consummation of any transaction involving an instrument to be executed and delivered to the Master Trustee in accordance with the provisions of the Master Indenture summarized under this heading that the Master Trustee shall also have received an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not adversely affect the exclusions under the Code of the interest payable on any issue of Related Bonds then outstanding from the gross income of the owners of the Related Bonds for federal income tax purposes.

Upon any Person becoming an Obligated Issuer (a) the Person shall be jointly and severally liable for the guaranty of principal and interest on all of the Outstanding Notes and (b) the Person shall be required to perform the various covenants applicable to Obligated Issuers contained in the Master Indenture.

A Person becoming an Obligated Issuer shall remain an Obligated Issuer until such time as the Master Indenture shall be discharged pursuant to the Master Indenture or such Person is permitted to withdraw pursuant to the provisions of the Master Indenture summarized under this heading.

An Obligated Issuer may not withdraw from the terms of the Master Indenture and the obligation of such Obligated Issuer under the Master Indenture unless, in each case, the Obligated Issuer shall deliver to the Master Trustee and each Related Issuer a written instrument in the form of withdrawal of an obligated issuer as described in the Master Indenture. In addition an Obligated Issuer may not withdraw unless the Corporation shall deliver to the Master Trustee an Officer's Certificate to the effect that: (a) giving effect to the proposed withdrawal of the Obligated Issuer, as if such withdrawal had occurred at the beginning of the most recently completed Fiscal Year for which audited financial statements are available if the Obligated Group has complied with the provisions of the Master Indenture summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Filing of Financial Statements, Certificate of No Default, Other Information" and, if it has not, then for the most recently completed Fiscal Year once they are available, on the date of the proposed withdrawal of the Obligated Issuer, the Obligated Group could meet the conditions for the incurrence of at least \$1.00 of Additional Indebtedness under the provisions of the Master Indenture summarized in clause (a) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Restrictions as to Incurrence of Additional Indebtedness;" (b) giving effect to the proposed withdrawal of the Obligated Issuer, no Event of Default would occur and be continuing under the Master Indenture or any Related Bond Indenture; (c) the Obligated Issuer proposing to withdraw has no series of Notes Outstanding or any such Note has been reissued or assumed by an Obligated Issuer which is not withdrawing in accordance with the provisions of the Master Indenture as if it were new Indebtedness and all applicable provisions of law pursuant to which the Note and any other Indebtedness secured by the Note and any Related Bonds were issued or incurred; and (d) the Corporation has approved the withdrawal.

Each such withdrawal shall be accompanied by a Supplemental Master Indenture duly executed and delivered and by an Opinion of Counsel, addressed to and reasonably satisfactory to the Master Trustee to the effect that all conditions precedent to the withdrawal of a member of the Obligated Group, as set forth in the Master Indenture, have been satisfied and that any reissued or assumed Note referred to in clause (c) in the immediately preceding paragraph is a valid and enforceable obligation under the terms of the Master Indenture.

It shall be a condition precedent to the consummation of any transaction involving an instrument to be executed and delivered to the Master Trustee in accordance with the provisions of the Master Indenture summarized under this heading that the Master Trustee shall also have received an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction will not adversely affect the exclusion under the Code of the interest payable on any issue of Related Bonds then outstanding from the gross income of the owners of the Related Bonds for federal income tax purposes or the status as a Tax-Exempt Organization of any member of the Obligated Group.

Satisfaction and Discharge of the Master Indenture

If (a) all Notes theretofore authenticated (other than any Notes which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Master Indenture) and not theretofore canceled are delivered to the Master Trustee for cancellation, or (b) all Notes not theretofore canceled or delivered to the Master Trustee for cancellation shall have become due and payable and payment thereof shall have been provided for by a deposit of money in accordance with the provisions of the Master Indenture, or (c) the Corporation or any Obligated Issuer shall deposit with the Master Trustee (or with a bank or trust company acceptable to the Master Trustee pursuant to an agreement between the Corporation or any Obligated Issuer and such bank or trust company in form acceptable to the Master Trustee) as trust funds the entire amount of moneys or Defeasance Obligations or both which, together in the case of Defeasance Obligations with the income or increment to accrue thereon, will be sufficient to pay at maturity or upon redemption or combination of payment and redemption all Notes not theretofore canceled or delivered to the Master Trustee for cancellation, including principal and interest

due or to become due to such date of maturity or redemption date or combination thereof, as the case may be, and if in any such case the Corporation or any Obligated Issuer shall also pay or cause to be paid all other sums payable under the Master Indenture by the Corporation or any Obligated Issuer, then the Master Indenture, shall cease to be of further effect, and the Master Trustee, on demand of the Corporation or any Obligated Issuer, and at the cost and expense of the Corporation and the Obligated Issuers, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. The Corporation and each Obligated Issuer agrees in the Master Indenture to reimburse the Master Trustee for any costs of expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture or such Notes.

Payment of one or more series of, but less than all, Notes may be provided for by the deposit with the Master Trustee (or with a bank or trust company acceptable to the Master Trustee pursuant to an agreement between the Corporation or any Obligated Issuer and such bank or trust company in form acceptable to the Master Trustee) as trust funds of moneys or Defeasance Obligations or both. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a letter from Qualified Accountants or other consultants generally recognized as experts in the preparation of refunding escrow sufficiency reports selected by the Corporation and approved by the Master Trustee, to pay the principal of and interest on such Notes. The moneys and Defeasance Obligations shall be held by the Master Trustee or other bank or trust company irrevocably in trust for the holders of such Notes solely for the purpose of paying the principal of and interest on such Notes as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Master Trustee as to the dates upon which any such Notes are to be redeemed prior to their respective maturities.

Notwithstanding the foregoing, the Supplemental Master Indenture or Related Bond Indenture pursuant to which a Series of Notes or Related Bonds, respectively, is issued may have other provisions for the payment thereof through the deposit of one or more types of Defeasance Obligations, and as to such Series of Notes or Related Bonds, respectively, the provisions of such Supplemental Master Indenture or Related Bond Indenture shall control.

SUMMARY OF CERTAIN PROVISIONS OF THE FIFTH, SEVENTH AND EIGHTH SUPPLEMENTS

The Fifth, Seventh and Eighth Supplements provide for the issuance by the Corporation of several series of Notes pursuant to the Master Indenture in connection with the issuance of corresponding series of Related Bonds (the “Insured Bonds”). The payment of the principal of and interest on the Insured Bonds is insured by bond insurance policies issued by XL Capital Assurance Inc. (the “Bond Insurer”). As a condition to the issuance of such bond insurance policies, the Bond Insurer required that the modification described below be made to the Master Indenture for the sole benefit of the Bond Insurer and the Obligated Group, which modification may be amended, waived, modified or terminated by agreement between the Bond Insurer and the Obligated Group, without the consent of or notice to the holders of any of the Notes or the owners of any of the Related Bonds.

Restrictions as to Creation of Mortgages

So long as any series of Insured Bonds is outstanding and the Bond Insurer is not in default under the bond insurance policy insuring such series, the Corporation agrees that it will not create or suffer to be created or exist a Lien (as defined below) upon any of its land or buildings located within the Campus Area (as defined below), other than Section 5.13 Excluded Property (as defined below), whether now owned or hereafter acquired by it, which secures Indebtedness, unless effective provision is made in the instrument creating such Lien whereby the Note issued by the Corporation as evidence of its payment obligations in respect to such series of Insured Bonds is directly secured thereby equally and ratably with the Indebtedness to be secured by such Lien.

For purposes of the provisions summarized under this heading, the terms defined below have the following meanings:

“Campus Area” means the Corporation’s core campus area in Milwaukee, Wisconsin, which is the area bounded by North 20th Street, West Kilbourn Avenue, North 9th Street and West Clybourn Street.

“Lien” means any mortgage upon and security interest in any land or building owned by the Corporation and located within the Campus Area.

“Section 513 Excluded Property” means any property acquired by the Corporation by bequest, gift or donation.

SUMMARY OF CERTAIN PROVISIONS OF THE ELEVENTH SUPPLEMENT

The Eleventh Supplement provides for the issuance by the Corporation of the Series 2011A Master Note.

The Series 2011A Master Note was issued to evidence the obligations of the Corporation to repay to the Authority the amounts loaned to the Corporation which were derived from proceeds of the Series 2011A Bonds.

APPENDIX D

SUMMARY OF BOND INDENTURE AND LOAN AGREEMENT

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SUMMARY OF BOND INDENTURE AND LOAN AGREEMENT

Brief descriptions of the Bond Indenture and Loan Agreement are set forth below. Those descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to those documents are qualified in their entirety by reference to each document, copies of which are available for review prior to the issuance and delivery of the Series 2011A Bonds at the offices of the Authority and thereafter at the offices of the Bond Trustee.

DEFINITIONS OF CERTAIN TERMS

The following terms have the following meanings in this Official Statement:

“Act” means Chapter 231 of Wisconsin Statutes, as amended from time to time.

“Advance Refunded Municipal Obligations” means obligations of any state of the United States or any political subdivision, public instrumentality or public authority of any state which (a) are not callable prior to maturity or with respect to which irrevocable instructions concerning their calling and redemption have been given by the trustee for them and (b) are fully secured by and payable solely from cash or U.S. Government Obligations which (i) may be applied only to the payment of the principal of, premium, if any, and interest on the obligations, (ii) are held by an escrow agent or the Bond Trustee pursuant to an escrow agreement satisfactory to the Bond Trustee, (iii) are not redeemable prior to maturity without the consent of their holder and (iv) are not available to satisfy any other claims including those against the Bond Trustee or the escrow agent.

“Arbitrage Bonds” means bonds which are arbitrage bonds within the meaning of Section 148 of the Code.

“Authority” means the Wisconsin Health and Educational Facilities Authority.

“Authority’s Documents” means the Loan Agreement, the Bond Purchase Agreement, the Bond Indenture, the Tax Exemption Agreement and the Series 2011A Bonds.

“Authorized Borrower Representative” means the person or persons identified in a written certificate which is signed by an officer of the Borrower, which contains a specimen of each Authorized Borrower Representative’s signature and which has been delivered to the Bond Trustee. Authorized Borrower Representative includes any alternate or alternates designated in the certificate in the same manner. Any Authorized Borrower Representative may be an employee of the Borrower.

“Bond Counsel” means Counsel whose legal opinions on municipal bond issues are nationally recognized.

“Bond Financed Property” means any and all property of the Borrower financed or refinanced, directly or indirectly, with the proceeds of the Series 2011A Bonds, including without limitation all capital expenditures financed or refinanced with the proceeds of the Prior Bonds.

“Bond Fund” means the fund by that name created by the Bond Indenture.

“Bond Indenture” means the Bond Trust Indenture relating to the Series 2011A Bonds dated as of February 1, 2011 between the Authority and the Bond Trustee, as amended from time to time.

“Bond Indenture Funds” means the Issuing Expenses Fund, the Bond Fund and any other funds created under the Bond Indenture but does not include the Rebate Fund created under the Tax Exemption Agreement.

“Bond Interest Payment Date” means each date on which a payment of interest on the Series 2011A Bonds is due.

“Bond Principal Payment Date” means each date on which a payment of principal (whether upon maturity, acceleration or otherwise) on the Series 2011A Bonds is due.

“Bond Purchase Agreement” means the Bond Purchase Agreement with respect to the Series 2011A Bonds between the Authority and the Purchaser and approved by the Borrower.

“Bond Trustee” means the trustee at the time serving under the Bond Indenture. The initial Bond Trustee is U.S. Bank, National Association.

“Bonds” means the Series 2011A Bonds.

“Borrower” means Marquette University, a Wisconsin nonstock nonprofit corporation.

“Borrower’s Closing Certificate” means the Officer’s Certificate of the Borrower dated the date of and delivered at the time of the issuance and delivery of the Series 2011A Bonds.

“Borrower’s Documents” means the Loan Agreement, the Series 2011A Master Note, the Tax Exemption Agreement and all other documents (other than the Master Indenture) to which the Borrower is a party related to the issuance of the Series 2011A Bonds.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday or (b) a day on which banking institutions in the State or the State of New York are authorized by law to close.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any proposed, temporary or final regulations related to it or any successor federal income tax code and its related regulations. References to specific sections of the Code mean the designated sections of the Internal Revenue Code of 1986, as amended, in effect on the date of the Loan Agreement and any successor or renumbered provisions.

“Counsel” means an attorney admitted to practice before the highest court of any state.

“Default” means the occurrence of an event which, with the lapse of time or the giving of notice or both, is an Event of Default.

“Defeasance Obligations” means noncallable U.S. Government Obligations not redeemable at the option of the issuer or anyone acting on its behalf prior to maturity and Advance Refunded Municipal Obligations to the extent permitted by law.

“Event of Default” as used in or with reference to (a) the Loan Agreement has the meaning attributed to it under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Events of Default,” (b) the Bond Indenture has the meaning attributed to it under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE - Events of Default,” (c) the Master Indenture has the meaning attributed to it under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE - Events of Default” in Appendix C of this Official Statement and (d) other documents has the meaning attributed to it in them.

“Event of Taxability” means any act, omission or event which results in the interest paid or payable on any Bond becoming includable for federal income tax purposes in the gross income of any owner.

“Facility” or “Facilities” means the Borrower’s existing regionally accredited, nonstock, nonprofit, postsecondary educational facilities located in the City of Milwaukee, Wisconsin, the Bond Financed Property and all additions and improvements to either.

“Financial Statement Recipients” means the Authority, the Bond Trustee, the Purchaser and any firm or corporation which has, at the request of the Borrower, assigned a credit rating to the Series 2011A Bonds.

“Interest Account” means the account by that name in the Bond Fund created by the Bond Indenture.

“Issuing Expenses” means fees and expenses incurred or to be incurred by or on behalf of the Authority, the Bond Trustee, the Borrower or Bond Counsel for the Series 2011A Bonds in connection with the issuance and sale of the Series 2011A Bonds including, but not limited to, underwriting costs (whether in the form of discount in

the purchase of the Series 2011A Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel and Counsel for the Authority, the Bond Trustee, the Purchaser and the Borrower), fees and expenses of financial advisors, feasibility consultants and accountants, rating agency fees, fees of the Bond Trustee, printing costs, recording expenses, costs associated with the acquisition of securities for any defeasance escrow and for verifying the sufficiency of any defeasance escrow and title insurance and survey costs.

“Issuing Expenses Fund” means the fund by that name created by the Bond Indenture.

“Loan” means the loan made by the Authority to the Borrower under the Loan Agreement.

“Loan Agreement” means the Loan Agreement relating to the Series 2011A Bonds dated as of February 1, 2011 between the Borrower and the Authority, as amended from time to time.

“Master Indenture” has the meaning attributed to it in Appendix C of this Official Statement.

“Master Trustee” has the meaning attributed to it in Appendix C of this Official Statement.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower, with written notice to the Bond Trustee and the Authority.

“Note” has the meaning attributed to it in Appendix C of this Official Statement.

“Obligated Group” means the Obligated Group created by the Master Indenture.

“Officer’s Certificate” means (a) with respect to the Authority, a certificate of the Authority signed by the Chairperson, Vice Chairperson, Executive Director or by any other person designated by resolution of the Authority to act for any of those officers, either generally or with respect to the execution of any particular document or other specific matter, if a certified copy of the resolution has been filed with the Bond Trustee and (b) with respect to any corporation, including the Borrower, a certificate of the corporation signed by (i) the president, by any vice president or by any other person designated by resolution of the board of directors of the corporation, either generally or with respect to the execution of any particular document or other specific matter, if a copy of the resolution has been filed with the Bond Trustee or (ii) in the case of the Borrower, by the Authorized Borrower Representative.

“Opinion of Bond Counsel” means a written opinion, satisfactory in form and substance to the Bond Trustee, of Bond Counsel selected and paid by the Borrower and acceptable to the Authority and not objected to by the Bond Trustee.

“Opinion of Counsel” means a written opinion, satisfactory in form and substance to the Bond Trustee, of Counsel selected and paid by the Borrower and not objected to by the Bond Trustee.

“Outstanding” when used with reference to the Series 2011A Bonds means all Bonds which have been authenticated and delivered by the Bond Trustee under the Bond Indenture except (a) Bonds or portions of Series 2011A Bonds which have been canceled after (i) purchase in the open market, (ii) payment at maturity or (iii) delivery to the Bond Trustee by the Borrower under the Bond Indenture, (b) Bonds for the payment of which there has been deposited with the Bond Trustee, in trust, cash or Defeasance Obligations in an amount sufficient, including in the case of Defeasance Obligations the income or increment to accrue on them, but without reinvestment, to pay or redeem (when redeemable) the Series 2011A Bonds at or before their respective maturity dates, including interest which has accrued on the Series 2011A Bonds and will accrue through the final payment of the Series 2011A Bonds, (c) Bonds in lieu of which other Bonds have been authenticated under the Bond Indenture and (d) for purposes of any agreement, acceptance, approval, waiver, consent, request or other action to be taken under the Loan Agreement or the Bond Indenture by the Registered Owners of a specified percentage of principal amount of Series 2011A Bonds, Bonds held by or for the account of the Authority, the Borrower or any Person controlling, controlled by or under common control with any of them, unless such parties own 100% of the outstanding Series 2011A Bonds.

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

“Prepayment Account” means the account by that name in the Bond Fund created by the Bond Indenture.

“Principal Account” means the account by that name in the Bond Fund created by the Bond Indenture.

“Principal Trust Office” means the designated corporate trust office of the Bond Trustee. The address of the Principal Trust Office is initially the address which the Bond Trustee has designated as its address for receiving notices under the Bond Indenture.

“Prior Bonds” means the Series 1998 Bonds.

“Purchaser” means the initial purchaser of the Series 2011A Bonds, whether one or more.

“Qualified Investments” means, subject to the Tax Exemption Agreement,

(a) U.S. Government Obligations and bonds or securities issued or guaranteed as to principal and interest by a commission, board or other instrumentality of the federal government;

(b) short-term discount obligations of the Federal National Mortgage Association;

(c) certificates of deposit or time deposits constituting direct obligations of any bank the full amount of which is insured by the Federal Deposit Insurance Corporation;

(d) time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State if the time deposits mature in not more than three years;

(e) bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State;

(f) any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by S&P, Moody’s or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;

(g) securities of an open-end management investment company or investment trust if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the Investment Company Act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following: (i) bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government, (ii) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government and (iii) repurchase agreements that are fully collateralized by bonds or securities described under (i) or (ii); and

(h) any other obligation or security which constitutes a permitted investment for money of the Authority as a result of an amendment of the Act subsequent to February 1, 2011 if the prior written consent of the Authority and the Bond Trustee are obtained.

“Rebate Fund” means the fund by that name created by the Tax Exemption Agreement.

“Registered Owner” or “Owner” or “holder” or “Bondholder” when used with reference to a Series 2011A Bond means the person who is the registered owner of a Series 2011A Bond or that person’s legal representative.

“Registered Owner’s Address” means the address, which a Registered Owner may change upon written request to the Bond Trustee, of the Registered Owner of any Bond as it appears in the Registration Books.

“Registration Books” means books maintained by the Bond Trustee on behalf of the Authority at the Principal Trust Office of the Bond Trustee for the purpose of recording the registration, transfer, exchange or replacement of any of the Series 2011A Bonds.

“Revenues” means (a) all income and revenues derived pursuant to the terms of the Loan Agreement (except to the extent included in the Unassigned Rights) including all payments made by the Borrower in respect of the Series 2011A Master Note, (b) all amounts realized upon recourse to the Loan Agreement or any collateral given by the Borrower to secure the Borrower’s obligations under the Loan Agreement, (c) all amounts realized upon recourse to the Master Indenture which are available pursuant to the Master Indenture to pay amounts due on the Series 2011A Master Note and (d) the money and securities (including the earnings from the investment of them) held by the Bond Trustee in the trust funds established under the Bond Indenture (which does not include the Rebate Fund).

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower, with written notice to the Bond Trustee and the Authority.

“Series 1998 Bonds” means the Authority’s Revenue Bonds, Series 1998 (Marquette University).

“Series 2011A Bonds” means the Wisconsin Health and Educational Facilities Authority Revenue Refunding Bonds, Series 2011A (Marquette University).

“Series 2011A Master Note” means the Borrower’s Promissory Note, Series 2011A issued pursuant to the Master Indenture.

“State” means the State of Wisconsin.

“Tax Exemption Agreement” means the Tax Exemption Certificate and Agreement between the Authority, the Borrower and the Bond Trustee dated the date of issuance and delivery of the Series 2011A Bonds.

“Unassigned Rights” means the Authority’s rights (a) to receive indemnity, payments for its expenses and other payments under the Loan Agreement or any other document associated with the issuance of any Series 2011A Bonds specifically including but not limited to its rights to receive payments under the Loan Agreement, (b) to execute and deliver amendments to the Loan Agreement and the Bond Indenture and to receive notices and other documents and to provide its consent, acceptance or approval with respect to matters as to which that right is given in the Loan Agreement or the Bond Indenture and (c) to receive indemnification and payment of expenses under the Bond Purchase Agreement.

“U.S. Government Obligations” means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

“Written Request” means with reference to the Authority, a request in writing signed by the Chairperson, Vice Chairperson or Executive Director of the Authority and with reference to the Borrower means a request in writing signed by the President or a Vice President of the Borrower, or any other officers designated by the Authority or the Borrower, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

Granting Clauses

In consideration of the acceptance by the Bond Trustee of the trusts created by the Bond Indenture, the purchase and acceptance of the Series 2011A Bonds by the Purchaser and other good and valuable consideration, and to secure the payment of the principal of, premium, if any, and interest on the Series 2011A Bonds and the performance and observance by the Authority of its obligations under the Bond Indenture and the Series 2011A Bonds, pursuant to the Bond Indenture the Authority pledges and assigns to the Bond Trustee and grants the Bond Trustee a security interest in, with power of sale, the following property:

- (1) except for the Unassigned Rights, the Authority's entire right, title and interest in and to each of the Borrower's Documents and the Series 2011A Master Note, specifically including the Authority's right to receive payments from the Borrower under the Series 2011A Master Note, the Loan Agreement, the Master Indenture which are available pursuant to the Master Indenture to pay amounts due on the Series 2011A Master Note and the other Borrower's Documents;
- (2) the Authority's entire right, title and interest in and to all Revenues and all cash, securities or other investments held by the Bond Trustee in any of the Bond Indenture Funds (which does not include the Rebate Fund) or otherwise under the terms of the Bond Indenture; and
- (3) all money and securities from time to time held by the Bond Trustee under the terms of the Bond Indenture (which does not include the Rebate Fund) and all other real or personal property from time to time conveyed, pledged, assigned or transferred to the Bond Trustee as additional security under the Bond Indenture.

Authorization and Issuance of the Series 2011A Bonds

The Bond Indenture authorizes the issuance of the Series 2011A Bonds and limits their aggregate principal amount to the amount stated on the cover page of this Official Statement.

Application of Bond Proceeds

The Authority agrees in the Bond Indenture to deposit the purchase price of the Series 2011A Bonds with the Bond Trustee and, upon receipt, the Bond Trustee agrees in the Bond Indenture to apply the purchase price as described in the forepart of this Official Statement under the headings "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

Bond Fund

The Bond Indenture creates a trust fund designated "Marquette University Series 2011A Bond Fund." Within the Bond Fund are created the following Accounts:

Principal Account. Except as provided in the Bond Indenture, money in the Principal Account will be used solely for the payment of the principal of the Series 2011A Bonds as it becomes due, whether at maturity, acceleration or otherwise.

Interest Account. Except as provided in the Bond Indenture, money in the Interest Account will be used solely for the payment of the interest on the Series 2011A Bonds as it becomes due.

Prepayment Account. Money in the Prepayment Account will be used to make up any deficiencies existing in the Interest Account and the Principal Account (in that order). Money remaining in the Prepayment Account may be used by the Bond Trustee to purchase Series 2011A Bonds in the open market for immediate cancellation if the Bond Trustee is requested to do so by the Borrower.

If (i) on any date on which a payment from the Principal Account or the Interest Account is due there is not enough money in the Principal Account or the Interest Account to make all of the payments then required to be

made from the Principal Account or the Interest Account or (ii) a Default or an Event of Default has occurred and is continuing, then money in any account of the Bond Fund may be immediately or from time to time thereafter transferred to any other account in the Bond Fund which the Bond Trustee determines to be appropriate for application as summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Application of Proceeds.”

Issuing Expenses Fund

The Bond Indenture creates a trust fund designated “Marquette University Series 2011A Issuing Expenses Fund.” Money in the Issuing Expenses Fund will be used to pay Issuing Expenses or to reimburse the Borrower for Issuing Expenses actually paid by it. No money on deposit in any fund or account created by the Bond Indenture will be used to pay Issuing Expenses other than money on deposit in the Issuing Expenses Fund. Upon the earlier of the receipt by the Bond Trustee of an Officer’s Certificate to the effect that all Issuing Expenses have been paid and that the Borrower has been reimbursed for all Issuing Expenses paid by it or the first anniversary of the original issuance and delivery of the Series 2011A Bonds, amounts then on deposit in the Issuing Expenses Fund will be transferred to the Principal Account to the extent necessary to make the next payment therefrom so long as the next principal payment therefrom is required to be made within 13 months from the date of deposit therein, then to the Interest Account to the extent necessary to make the next two interest payments therefrom and then to the Prepayment Account, unless the Bond Trustee is provided with an Opinion of Bond Counsel to the effect that some other disposition of those amounts will not adversely affect the validity of the Series 2011A Bonds or any exclusion from gross income for federal income tax purposes to which interest on the Series 2011A Bonds would otherwise be entitled.

Upon the occurrence of a Default or an Event of Default and an acceleration of Outstanding Bonds, money in the Issuing Expenses Fund may be immediately or from time to time thereafter transferred to the account in the Bond Fund which the Bond Trustee determines to be appropriate for application as summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Application of Proceeds.”

Non-Presentation of Bonds

If funds sufficient to pay the principal of any Series 2011A Bond when due (whether at maturity, acceleration or otherwise) are on deposit with the Bond Trustee but the Bond is not presented to the Bond Trustee for payment, then all liability of the Authority to the Registered Owner for the payment of the Bond is completely discharged. The Bond Trustee agrees in the Bond Indenture to hold the funds on deposit for any Series 2011A Bonds that have not been presented when due, but without liability for interest, solely for the benefit of the Registered Owners of those Bonds. Thereafter and prior to the transfer summarized in this paragraph, the sole claim that any Registered Owner who did not present its Bonds for payment when due has for the payment of its Bonds is to receive the funds held for its Bonds by the Bond Trustee.

Any money held by the Bond Trustee pursuant to the provisions summarized under this heading which remains unclaimed by the Registered Owners entitled to it for a period of five years after the date on which those Bonds became due will, except as may otherwise be provided by law, be paid to the Borrower upon its Written Request or, if required by law, to the officer, board or body as may then be entitled by law to receive it. Thereafter, the Registered Owners of the Series 2011A Bonds not presented for payment may look only to the holder of those funds for the payment of its Bonds and may not look to the Bond Trustee for payment of its Bonds and the Bond Trustee has no responsibility with respect to the money transferred or the unrepresented Bonds.

Investments Generally

Subject to the requirements of the Tax Exemption Agreement and the limitations summarized under this heading, the Bond Trustee agrees in the Bond Indenture to continuously invest and reinvest money on deposit in the Bond Indenture Funds and the Rebate Fund in Qualified Investments as directed in writing by the Borrower according to the Loan Agreement. The Bond Trustee may conclusively rely upon the Borrower’s written instructions as to both the suitability and legality of the directed investments. Ratings of Qualified Investments shall be determined at the time of purchase of such Qualified Investments and without regard to ratings subcategories. In the absence of investment instructions from the Borrower, the Bond Trustee shall not be responsible or liable for keeping the moneys held by it under the Bond Indenture fully invested in permitted investments. The Qualified Investments acquired pursuant to the provisions summarized this heading must be (i) securities which are traded on

an established securities market and are purchased in such a market, (ii) direct obligations of the United States or (iii) other obligations purchased at their fair market value under circumstances where their fair market value may be established by published evidence. Investments made with money on deposit in the Bond Indenture Funds and the Rebate Fund may be made by the Bond Trustee through its own bank investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees and

(a) will have maturities or be readily marketable prior to maturity in the amounts and not later than the dates as may be necessary to provide funds for the purpose for which the money in any account is to be used,

(b) will be held by or under the control of the Bond Trustee,

(c) will at all times be considered a part of the account for whose benefit the investment was made,

(d) will have any loss attributable to them charged to the account for whose benefit the investment was made,

(e) in the case of the Interest Account and the Principal Account, will have any interest or profit derived from them applied as provided in the Loan Agreement,

(f) in the case of the Prepayment Account, will have any interest or profit derived from them retained in the Account in which the investment was made until applied as other amounts on deposit in the Account will be applied,

(g) in the case of the Issuing Expenses Fund, will have any interest or profit derived from them to the Interest Account in the amount necessary to make any interest payments on the Series 2011A Bonds occurring within 13 months of such transfer and then to the Prepayment Account, and

(h) in all other cases will have any interest or profit derived from them retained in the Fund or Account from which the investment was made.

Although the Authority and the Borrower each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority and the Borrower agree that confirmations of permitted investments are not required to be issued by the Bond Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Discharge

The Bond Indenture, the Series 2011A Master Note, and the Loan Agreement and the estate and rights granted by them cease, determine and are void if

(a) the Borrower has performed all of its obligations under the Master Indenture to the extent they relate to the Series 2011A Master Note and under the other Borrower's Documents, and the Authority has performed its obligations under the Authority's Documents,

(b) all expenses of the Bond Trustee and the expenses of any other paying agent which have accrued and will accrue to the final payment of the Series 2011A Bonds have been paid or arrangements satisfactory to the Bond Trustee for their payment have been made,

(c) all expenses of the Authority which have accrued and will accrue to the final payment of the Series 2011A Bonds have been paid or arrangements satisfactory to the Authority for their payment have been made,

(d) provision for the payment of all Outstanding Bonds has been made to the satisfaction of the Bond Trustee in one or more of the following ways: (i) by paying or causing to be paid, when due, the principal of, premium, if any, and interest on all Outstanding Bonds, (ii) by depositing with the Bond Trustee, in trust, at or before maturity, cash in an amount sufficient to pay or redeem (when redeemable) all Outstanding Bonds including unpaid interest which has accrued on the Series 2011A Bonds and will accrue to the final payment of the Series 2011A Bonds, (iii) by delivering to the Bond Trustee, for cancellation, all Outstanding Bonds or (iv) by depositing with the Bond Trustee, in trust, Defeasance Obligations which mature in an amount which the Bond Trustee determines will, together with the income or increment to accrue on them but without reinvestment, be sufficient to pay or redeem (when redeemable) all Bonds at or before their respective maturity dates, including interest which has accrued on the Series 2011A Bonds and will accrue to the final payment of the Series 2011A Bonds,

(e) [Reserved],

(f) if the payment of the Series 2011A Bonds has been provided for under clause (d)(ii) or (d)(iv) under this heading, the Bond Trustee (i) has been furnished with an Opinion of Bond Counsel to the effect that the actions taken as summarized under this heading will not adversely affect the validity of any Series 2011A Bonds or any exclusion from gross income for federal income tax purposes to which interest on the Series 2011A Bonds would otherwise be entitled and (ii) has given notice to the Registered Owners of the Series 2011A Bonds at the Registered Owner's Address of the actions taken as summarized in clause (d) under this heading, and

(g) if the payment of the Series 2011A Bonds has been provided for as described in clause (d)(iv) under this heading and the Series 2011A Bonds are to be redeemed more than 90 days following the deposit of the Defeasance Obligations and if requested by the Authority or the Bond Trustee, the Bond Trustee has been provided an opinion from a firm of certified public accountants of the size and type commonly referred to as nationally known certified public accountants or a firm of independent public accountants or other financial experts selected by the Borrower and approved by the Bond Trustee and the Authority to the effect that the funds available or to be available in the escrow for the payment of the Series 2011A Bonds will be sufficient to pay the principal of, premium, if any, and interest on the Series 2011A Bonds.

On the occurrence of the events described in (a) through (g) above, the Bond Trustee is authorized and directed to

(h) cancel the Series 2011A Master Note and deliver it to the Borrower,

(i) execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of the Bond Indenture and the Loan Agreement and

(j) assign and deliver to the Borrower any money and investments in any Bond Indenture Fund (except money or investments held by the Bond Trustee for the payment of the principal of, premium, if any, and interest on any Series 2011A Bond or in the Rebate Fund).

Notwithstanding any other provision of the Bond Indenture which may be contrary to the provisions summarized under this heading, all money and Defeasance Obligations which are set aside and held in trust pursuant to the provisions summarized under this heading for the payment of the principal of, premium, if any, and interest on the Series 2011A Bonds will be applied to and used solely for the payment of the principal of, premium, if any, and interest on the particular Bonds with respect to which it was so set aside in trust. The income derived from Defeasance Obligations held by the Bond Trustee pursuant to the provisions summarized under this heading which are not needed for the payment of the principal of, premium, if any, or interest on the Series 2011A Bonds is to be disposed of in a manner which, in the Opinion of Bond Counsel, will not adversely affect the validity of any Series 2011A Bond or any exclusion from gross income for federal income tax purposes to which interest on the Series 2011A Bonds would otherwise be entitled.

Notwithstanding a discharge of the Bond Indenture as provided in (d)(ii) or (d)(iv) under this heading, resulting in the Registered Owners of the Series 2011A Bonds having a claim for the payment of their Series 2011A Bonds solely from the cash and Defeasance Obligations so set aside, the Bond Indenture will continue to govern the method of making payments of principal and interest on the Series 2011A Bonds, the registration, transfer and

exchange of the Series 2011A Bonds, the circumstances under which the Series 2011A Bonds may be redeemed and similar matters.

Events of Default

The occurrence and continuance of any of the following events is an Event of Default under the Bond Indenture:

(a) payment of any installment of interest on any of the Series 2011A Bonds shall not be made when the same shall become due and payable; or

(b) payment of the principal of any of the Series 2011A Bonds shall not be made when the same shall become due and payable, either at maturity or through failure to make any payment to any Fund under the Bond Indenture or otherwise; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations under the Bond Indenture; or

(d) any Event of Default under the Loan Agreement or the Master Indenture shall occur and such Event of Default shall be continuing from and after (i) the date the Authority is entitled under the Loan Agreement to request that the Master Trustee declare the Series 2011A Master Note pledged under the Bond Indenture to be immediately due and payable, (ii) the date on which the Master Trustee is entitled under the Master Indenture to declare any Notes immediately due and payable, or (iii) the date the Master Trustee shall declare any Notes immediately due and payable; or

(e) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2011A Bonds or in the Bond Indenture or any indenture supplemental thereto to be performed on the part of the Authority, and such default shall continue for the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Borrower by the Bond Trustee, which notice the Bond Trustee may give in its discretion and must give at the written request of the owners of not less than 25% in aggregate principal amount of the Series 2011A Bonds then Outstanding under the Bond Indenture; provided, that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture if the Authority shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch and the Bond Trustee shall have consented; or

(f) the Authority, the Borrower or the Bond Trustee shall default in the performance of any covenant, condition, agreement or provision of the Tax Exemption Agreement, and such default shall continue for the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the party in default, the Borrower by the other party; provided that if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority, the Borrower or the Bond Trustee to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture if any of the foregoing shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch and the Bond Trustee shall have consented.

Acceleration and Other Remedies

Upon the occurrence of an Event of Default under the Bond Indenture, the Bond Trustee may, and, upon receipt of a request to do so from the Registered Owners of 25% of the aggregate principal amount of the Series 2011A Bonds then Outstanding, must by written notice to the Authority and the Borrower declare the principal of and accrued interest on the Series 2011A Bonds (if not then due and payable) to be due and payable immediately.

Upon the occurrence of an Event of Default under the Bond Indenture, the Bond Trustee may take whatever action at law or in equity it deems necessary or desirable (i) to collect any amounts then due under the Bond Indenture, the Series 2011A Bonds, the Loan Agreement, the Master Indenture or the Series 2011A Master Note, (ii) to enforce performance of any obligation, agreement or covenant of the Authority under the Bond Indenture or the Series 2011A Bonds, of the Borrower under any of the Borrower's Documents or the Master Indenture, of a guarantor under any guaranty given with respect to any Series 2011A Bond or the Series 2011A Master Note or of the grantor of any other collateral given to secure the payment of the Series 2011A Bonds or the Series 2011A Master Note or (iii) to otherwise enforce any of its rights.

None of the remedies under the Bond Indenture is exclusive of any other remedy or remedies. Each remedy given under the Bond Indenture is cumulative and is in addition to every other remedy which is given or which now or hereafter exists at law, in equity or by statute. No delay or omission in the exercise of any right or power accruing upon an Event of Default impairs the right or power or is a waiver of or acquiescence in any Event of Default. Every right and power given by the Bond Indenture may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default extends to or affects any subsequent or other Event of Default or impairs any rights or remedies consequent thereon.

In the event that the Master Trustee has accelerated the Series 2011A Master Note and is pursuing its available remedies under the Master Indenture, the Bond Trustee, without waiving any Event of Default under the Bond Indenture, agrees in the Bond Indenture not to pursue its available remedies under the Bond Indenture or the Loan Agreement in a manner that would hinder or frustrate the pursuit by the Master Trustee of its remedies under the Master Indenture provided that the Bond Trustee may take any action permitted of a noteholder under the Master Indenture.

If an event of default shall have occurred, and if it shall have been requested so to do by the Registered Owners of twenty-five percent (25%) in aggregate principal amount of the Series 2011A Bonds outstanding, and shall have been indemnified as provided in the Bond Indenture, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the provisions summarized under this heading as the Bond Trustee shall deem most expedient in the interests of the Registered Owners of the Series 2011A Bonds; provided, however, that the Bond Trustee shall have the right to decline to comply with any such request if the Bond Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Bond Trustee in good faith shall determine that such action would be unjustly prejudicial to the Registered Owners of the Series 2011A Bonds not parties to such request or would subject the Bond Trustee to personal liability.

Right To Direct Proceedings

Anything in the Bond Indenture to the contrary notwithstanding, the Registered Owners of a majority of the aggregate principal amount of the Series 2011A Bonds have the right to direct the exercise of any rights or remedies under the Bond Indenture or any of the Borrower's Documents and the method and place of conducting all proceedings to be taken in connection with the enforcement of the Bond Indenture or any of the Borrower's Documents. The directions of the Registered Owners summarized in this paragraph are to be (a) contained in a request which is signed by the Registered Owners of at least a majority of the aggregate principal amount of the Series 2011A Bonds then Outstanding and delivered to the Bond Trustee, (b) in accordance with law and the provisions of the Bond Indenture and (c) accompanied with indemnification of the Bond Trustee as is provided in the Bond Indenture.

Application of Proceeds

(a) If the principal of all the Series 2011A Bonds is not due, whether by declaration by the Bond Trustee pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Acceleration" or otherwise, then any money received by the Authority or the Bond Trustee as a result of the exercise of one or more of the remedies granted by the Bond Indenture or any of the Borrower's Documents will be applied as follows:

FIRST: To the payment of (i) the costs and expenses associated with the exercise of any remedy granted by the Bond Indenture or any of the Borrower's Documents, including reasonable compensation to

the Authority, the Bond Trustee and either of their attorneys and agents, (ii) any expenses of the Authority and (iii) any expenses of the Bond Trustee.

SECOND: To fund any deficiency in the Rebate Fund if doing so will prevent the occurrence of an Event of Taxability.

THIRD: To the payment of interest then due on the Series 2011A Bonds, in the order of the maturity of the payments of interest then due, and, if the amount available is not sufficient to pay in full any particular installment of interest, then to the payment of interest ratably, according to the amounts due, to the persons entitled to it without discrimination or privilege.

FOURTH: To the payment of principal and premium, if any, then due on the Series 2011A Bonds, in the order of the maturity of the payments of principal and premium then due, and, if the amount available is not sufficient to pay in full the Series 2011A Bonds due on any particular date then to their payment ratably, according to the amount of principal due, to the persons entitled to it without any discrimination or privilege.

FIFTH: To the payment of any other sums required to be paid by the Borrower pursuant to any provisions of the Bond Indenture or any of the Borrower's Documents.

SIXTH: To the payment of any other sums required to be paid by the Borrower pursuant to any provisions of the Master Indenture.

SEVENTH: Any balance is to be paid to the Borrower, its successors or assigns, upon its written request, to whoever may be lawfully entitled to receive it, upon its written request, or as any court of competent jurisdiction may direct.

(b) Subject to the provisions summarized in (c) under this heading, if the principal of the Series 2011A Bonds is due, whether by declaration by the Bond Trustee pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Acceleration" or otherwise, then any money received by the Authority or the Bond Trustee as a result of the exercise of one or more of the remedies granted by the Bond Indenture or any of the Borrower's Documents will be applied as follows:

FIRST: To the payment of (i) the costs and expenses associated with the exercise of any remedy granted by the Bond Indenture or any of the Borrower's Documents, including reasonable compensation to the Authority, the Bond Trustee and either of their attorneys and agents, (ii) any expenses of the Authority and (iii) any expenses of the Bond Trustee.

SECOND: To fund any deficiency in the Rebate Fund if doing so will prevent the occurrence of an Event of Taxability.

THIRD: To the payment of the full amount of the principal of, premium, if any, and interest then due and unpaid on the Series 2011A Bonds. In the event money available for that purpose is insufficient to pay the full amount due, then the money which is available for that purpose will be applied ratably, according to the aggregate of principal, interest and premium, if any, then due without preference or priority as between principal, interest or premium.

FOURTH: To the payment of any other sums required to be paid by the Borrower pursuant to any provisions of the Bond Indenture or any of the Borrower's Documents.

FIFTH: To the payment of any other sums required to be paid by the Borrower pursuant to any provisions of the Master Indenture or any of the Borrower's Documents.

SIXTH: Any balance is to be paid to the Borrower, its successors or assigns, upon its written request, to whoever may be lawfully entitled to receive it, upon its written request, or as any court of competent jurisdiction may direct.

(c) If the principal of all the Series 2011A Bonds has been declared due and payable and if the declaration is thereafter rescinded and annulled under the provisions of the Bond Indenture then, subject to the provisions summarized in (b) under this heading in the event that the principal of all the Series 2011A Bonds later becomes due or is declared due and payable, the money is to be applied in accordance with the provisions summarized in (a) under this heading and any amounts transferred to the Principal Account and Interest Account of the Bond Fund from any other Bond Indenture Fund will be returned to the fund or account from which they were taken.

(d) Whenever money is to be applied pursuant to the provisions summarized under this heading, the money is to be applied at the times the Bond Trustee determines, having due regard for the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Bond Trustee applies funds as summarized under this heading it will fix the date (which will be a Bond Interest Payment Date unless it deems another date more suitable) upon which the application is to be made and on that date interest on the amounts of principal paid ceases to accrue. The Bond Trustee agrees in the Bond Indenture to give any notice it deems appropriate of the deposit with it of any money pursuant to the provisions summarized under this heading and of the fixing of the payment date. Payments of principal to the Registered Owner of any unpaid Bonds will not be made until the Bond is presented to the Bond Trustee at its Principal Trust Office for appropriate endorsement or for cancellation if fully paid.

Remedies Vested in Bond Trustee

All rights of action (including the right to file proofs of claim) under the Bond Indenture or under any Series 2011A Bonds may be enforced by the Bond Trustee without the possession of any of the Series 2011A Bonds or the production of them in any trial or other proceeding relating to them. Any suit or proceeding instituted by the Bond Trustee is to be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants the Registered Owners. Any resulting recovery or judgment is for the benefit of the Registered Owners of the Outstanding Bonds in accordance with the terms of the Bond Indenture.

Rights and Remedies of the Registered Owners

No Registered Owner of any Series 2011A Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Indenture, for the execution of any trust created under the Bond Indenture, for the appointment of a receiver or any other remedy, unless (a) an Event of Default has occurred of which the Bond Trustee has been notified as provided in the Bond Indenture or of which it is deemed to have notice, (b) the Bond Trustee has received a request to do so from the Registered Owners of not less than 25% in aggregate principal amount of the Series 2011A Bonds then Outstanding and has been offered a reasonable opportunity either to proceed to exercise the powers granted in the Bond Indenture or to institute an action, suit or proceeding in its own name, (c) the Bond Trustee has been offered indemnity as provided in the Bond Indenture and (d) the Bond Trustee thereafter fails or refuses to exercise the powers granted in the Bond Indenture or to institute an action, suit or proceeding in its own name. No Registered Owner has any right to affect, disturb or prejudice the security of the Bond Indenture by its action or to enforce any right under the Bond Indenture except in the manner provided in the Bond Indenture and all proceedings at law or in equity are to be conducted in the manner provided in the Bond Indenture for the equal and ratable benefit of all the Registered Owners. Nothing in the Bond Indenture, however, affects or impairs the right of the Registered Owners to enforce the payment of the principal of, premium, if any, and interest on any Series 2011A Bonds at and after its maturity or the obligation of the Authority to pay the principal of, premium, if any, and interest on the Series 2011A Bonds issued under the Bond Indenture to the Registered Owners at the time, place, from the source and in the manner expressed in the Bond Indenture and the Series 2011A Bonds.

Waivers of Events of Default

The Bond Trustee (a) may waive any Event of Default under the Bond Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Series 2011A Bonds and (b) must do so upon receipt of a request to do so from the Registered Owners of a majority in aggregate principal amount of all the Series 2011A Bonds then Outstanding in respect of which a default in the payment of the principal of, premium, if any, or interest exists or of the Registered Owners of 25% or more in principal amount of the Series 2011A Bonds then Outstanding in the case of any other default. Notwithstanding the preceding sentence, the Bond Trustee may not waive any Event of Default in the payment of the principal of, premium, if any, or interest on any Series 2011A

Bond unless prior to the waiver all arrears of principal, premium, if any, and interest on the Series 2011A Bonds, and all expenses of the Authority and the Bond Trustee in connection with the Event of Default have been paid or provided for.

Removal of the Bond Trustee

The Bond Trustee may be removed at any time without cause (a) by the written direction of the Borrower (so long as no Default or Event of Default under the Bond Indenture, any of the Borrower's Documents or the Master Indenture has occurred, whether or not continuing) and delivered to the Bond Trustee and the Authority or (b) by an instrument or concurrent instruments in writing signed by the Registered Owners of a majority of the aggregate principal amount of the Series 2011A Bonds then Outstanding and delivered to the Bond Trustee and the Authority. A removal takes effect upon the appointment of a successor or temporary Bond Trustee by the Registered Owners or the Authority and the successor or temporary Bond Trustee's acceptance of its appointment.

Supplemental Bond Indentures Not Requiring the Consent of the Registered Owners

The Authority and the Bond Trustee may, without the consent of or notice to the Registered Owners, enter into an indenture or indentures supplemental to the Bond Indenture which are not inconsistent with the terms and provisions of the Bond Indenture in order to (a) cure any ambiguity or formal defect or omission in the Bond Indenture, (b) grant to or confer upon the Bond Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Bond Trustee, (c) subject to the Bond Indenture additional revenues, properties or collateral or (d) supplement the Bond Indenture in any other way which, in the judgment of the Bond Trustee, is not to the material prejudice of the Bond Trustee or the Registered Owners.

Supplemental Bond Indentures Requiring the Consent of the Registered Owners

Exclusive of supplemental indentures summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Supplemental Bond Indentures Not Requiring the Consent of the Registered Owners," the Authority and the Bond Trustee, with the prior written consent of the Registered Owners of a majority of the aggregate principal amount of the Series 2011A Bonds then Outstanding, may enter into an indenture or indentures supplemental to the Bond Indenture as the Authority and the Bond Trustee deem necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in the Bond Indenture or in any supplemental indenture. No supplemental indenture, however, may permit, (a) an extension of the stated maturity or reduction in the principal amount of, reduction in the rate or extension of the time for paying interest on, a reduction of any premium payable on the redemption of or a reduction in the amount or extension of the time for any payment required by any sinking fund or principal fund applicable to any Series 2011A Bonds without the consent of the Registered Owners of all Bonds at the time Outstanding which would be affected by the action to be taken, (b) the creation of any lien prior to or on a parity with the lien of the Bond Indenture, without the consent of the Registered Owners of all Bonds at the time Outstanding, (c) a reduction in the aggregate principal amount of the Registered Owners which are required to consent to any supplemental indenture without the consent of the Registered Owners of all Bonds at the time Outstanding which would be affected by the action to be taken or (d) a modification of the rights, duties or immunities of the Bond Trustee without the written consent of the Bond Trustee.

If at any time the Authority requests the Bond Trustee to enter into a supplemental indenture for any of the purposes summarized under this heading, the Bond Trustee agrees in the Bond Indenture, upon being satisfactorily indemnified with respect to expenses, to send notice of the proposed execution of the supplemental indenture by registered or certified mail to the Registered Owner of each of the Series 2011A Bonds at the Registered Owner's Address subject, for so long as the Series 2011A Bonds are in a Book Entry System (as described in the forepart of this Official Statement), to the blanket issuer letter of representations. The notice will briefly set forth the nature of the proposed supplemental indenture and state that copies of it are on file at the Principal Trust Office of the Bond Trustee for inspection by the Registered Owner of any Series 2011A Bond. If, within sixty days or any longer period as is prescribed by the Authority following the mailing of the notice, consent of the Registered Owners of a majority of the aggregate principal amount of the Series 2011A Bonds then Outstanding has been obtained, no Registered Owner of any Series 2011A Bond has any right to object to any of the terms and provisions summarized under this heading or their operation, in any manner to question the propriety of the execution of the supplemental

indenture or to enjoin or restrain the Bond Trustee or the Authority from executing the supplemental indenture or from taking any action pursuant to the provisions of the supplemental indenture.

Amendments to the Borrower's Documents Not Requiring the Consent of the Registered Owners

The Authority and the Bond Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of any of the Borrower's Documents (a) as may be required by the provisions of the Loan Agreement and the Bond Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission in any of the Borrower's Documents, or (c) in connection with any other change in any of the Borrower's Documents which, in the judgment of the Bond Trustee, is not to the material prejudice of the Bond Trustee or the Registered Owners.

Amendments to the Borrower's Documents Requiring the Consent of the Registered Owners

Except for the amendments, changes or modifications summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Amendments to the Borrower's Documents Not Requiring the Consent of the Registered Owners," neither the Authority nor the Bond Trustee will consent to any other amendment, change or modification of any of the Borrower's Documents without mailing a notice to all Registered Owners and obtaining the prior written consent of the Registered Owners of a majority of the aggregate principal amount of the Series 2011A Bonds then Outstanding in the manner summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE - Supplemental Bond Indentures Requiring the Consent of the Registered Owners." No amendment to any of the Borrower's Documents, however, may permit, (a) an extension of the stated maturity or reduction in the principal amount of, reduction in the rate or extension of the time for paying interest on, a reduction of the amount or an extension of the time for paying any premium payable on the prepayment of, or a reduction in the amount or extension of the time for any payment of principal on any of the Borrower's Documents without the consent of the Registered Owners of all the Series 2011A Bonds which would be affected by the action to be taken, (b) the creation of any lien prior to or on a parity with any lien created by any of the Borrower's Documents without the consent of the Registered Owners of all Bonds at the time Outstanding, (c) a reduction in the aggregate principal amount of Bonds the Registered Owners of which are required to consent to any amendment of any of the Borrower's Documents without the consent of the Registered Owners of all Bonds at the time Outstanding which would be affected by the action to be taken or (d) modify the rights, duties or immunities of the Bond Trustee without the written consent of the Bond Trustee. If at any time the Authority and the Borrower request the consent of the Bond Trustee to any proposed amendment, change or modification of any of the Borrower's Documents the Bond Trustee agrees in the Bond Indenture, upon being satisfactorily indemnified with respect to expenses, to send notice of the proposed amendment, change or modification in the same manner as summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE - Supplemental Bond Indentures Requiring the Consent of the Registered Owners." The notice will briefly set forth the nature of the proposed amendment, change or modification and state that copies of the instrument embodying it are on file at the Principal Trust Office of the Bond Trustee for inspection by the Registered Owners.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Deposits in Respect of the Series 2011A Master Note and Loan Agreement

The Borrower agrees in the Loan Agreement to make the following payments to the Bond Trustee:

(a) on or before the third Business Day preceding April 1 and October 1 of each year, for deposit into the Interest Account the amount necessary, together with any money then on deposit in the Interest Account and available for that purpose, to pay the next installment of interest due on the Series 2011A Master Note and

(b) on or before the third Business Day preceding October 1 of each year, for deposit into the Principal Account, the amount necessary, together with any money then on deposit in the Principal Account and available for that purpose, to pay the next installment of principal due on the Series 2011A Master Note.

Obligation of the Borrower Unconditional

The Borrower agrees in the Loan Agreement that its obligation to make the payments described in the Loan Agreement and the Series 2011A Master Note and to perform its obligations under the Loan Agreement and the Series 2011A Master Note is absolute and unconditional and is not subject to diminution by any defense (other than payment), by any right of set off, counterclaim or abatement, by the happening or non-happening of any event or for any other reason whatsoever.

Pledge of the Loan Agreement and the Series 2011A Master Note

Except for Unassigned Rights, all of the Authority's right, title and interest in the Loan Agreement and the Series 2011A Master Note (including the right to receive the payments to be made by the Borrower pursuant to the Series 2011A Master Note) have been assigned to the Bond Trustee by the Bond Indenture. The Borrower consents to that assignment and agrees in the Loan Agreement that the Bond Trustee may enforce any of the rights, privileges and remedies of the Authority under the Loan Agreement and the Series 2011A Master Note other than the Unassigned Rights.

Issuing Expenses Fund Insufficiency

If amounts in the Issuing Expenses Fund available for the payment of Issuing Expenses are insufficient to pay Issuing Expenses in full, the Borrower agrees in the Loan Agreement to complete the payment of the Issuing Expenses from its own funds.

Maintenance of Bond Financed Property

The Borrower agrees in the Loan Agreement that it will maintain and keep the Bond Financed Property or cause the Bond Financed Property to be maintained and kept in good repair, working order and condition except for ordinary wear and tear and that it will make or cause to be made all necessary repairs and replacements.

Inspection of the Bond Financed Property

The Borrower agrees in the Loan Agreement that each of the Authority, the Bond Trustee and the authorized agents of either of them, on reasonable prior notice and as often as the Authority and the Bond Trustee reasonably determine to be desirable, (a) have the right at reasonable times to enter upon the Bond Financed Property and to examine and inspect it, (b) have the right to any access to the Bond Financed Property which is reasonably necessary to repair and maintain the Bond Financed Property in the event the Borrower fails to do so, (c) will be permitted to discuss the affairs and finances of the Borrower with its officers and independent accountants and (d) will be permitted at all reasonable times to examine and copy the books and records of the Borrower with respect to the Bond Financed Property.

Sufficient Revenues

Notwithstanding any other provision of the Loan Agreement or any other of the Borrower's Documents or the Master Indenture, the Borrower unconditionally agrees in the Loan Agreement that it will pay pursuant to the Loan Agreement and the Series 2011A Master Note the full amount needed and at the times needed to enable the Authority to make timely payment of the principal of (whether due upon maturity, acceleration or otherwise), premium, if any, and interest on the Series 2011A Bonds.

Maintenance of Tax Status

The Borrower is organized and operated exclusively for religious, educational or charitable purposes and not for pecuniary profit. Subject to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Tax Exempt Bonds," the Borrower agrees in the Loan Agreement that it will at all times maintain its existence as a nonprofit corporation and its status as an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code. The Borrower agrees in the Loan Agreement that it will not take any action or permit any action to be taken by others which will adversely affect its agreement summarized in this paragraph.

No Private Inurement

The Borrower agrees in the Loan Agreement that none of its revenues, income, net earnings or profits, whether realized or unrealized, will be distributed to any of its directors or inure to the benefit of any private Person; provided that the Borrower may pay to any Person the value of any service performed for or any product supplied to the Borrower by that Person.

Financial Information and Reports

The Borrower agrees in the Loan Agreement to (a) keep proper books of record and account in which full, true and correct entries will be made of all the Borrower's business and affairs in accordance with generally accepted accounting principles consistently applied and (b) furnish to the Financial Statement Recipients, at the same time it is provided to the Master Trustee, the materials and notices required to be delivered to the Master Trustee under the Master Indenture.

Tax Exempt Bonds

The Borrower and Authority intend that the interest paid on the Series 2011A Bonds will be excluded from the gross income of the owners of the Series 2011A Bonds for federal income tax purposes pursuant to Section 103 of the Code. The Borrower agrees in the Loan Agreement that it will not take any action which would, or fail to take any action the omission of which would, cause an Event of Taxability to occur. The obligations of the Borrower summarized under this heading shall survive a defeasance of the Series 2011A Bonds pursuant to the Bond Indenture and continue until all the Series 2011A Bonds have been paid in full.

Maintenance of Status as a Member of the Obligated Group

The Borrower agrees in the Loan Agreement that as long as any Series 2011A Bonds remain Outstanding it will be a member of the Obligated Group.

Events of Default

The occurrence and continuance of any of the following events is an Event of Default under the Loan Agreement:

(a) failure of the Borrower to pay any installment of interest, principal or any premium on the Series 2011A Master Note as described under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Deposits in Respect of the Series 2011A Master Note and Loan Agreement;" or failure by the Borrower to make any other payment required by the Loan Agreement for the payment of the Series 2011A Bonds when the same shall become due and payable, whether upon a scheduled Interest Payment Date, at maturity, by acceleration or otherwise; or failure of the Borrower to make any payments required by the Tax Exemption Agreement; or

(b) failure of the Borrower to comply with or perform any of the covenants, conditions, or provisions of the Loan Agreement or of the Tax Exemption Agreement and, except in case of a failure described in (a) under this heading which shall immediately constitute an Event of Default, to remedy such default within 30 days after written notice thereof from the Authority or the Bond Trustee to the Borrower, the Authority and the Bond Trustee; provided that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Borrower to remedy such default within such 30-day period shall not constitute a default under the Loan Agreement if the Borrower shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(c) if any representation or warranty made by the Borrower in the Loan Agreement, in the Borrower's Closing Certificate or in any statement or certificate of the Borrower furnished to the Authority, the Bond Trustee or the purchasers of any Series 2011A Bonds in connection with the sale of the Series 2011A Bonds or furnished by the Borrower pursuant to the Loan Agreement proves untrue in any material

respect as of the date of the issuance or making thereof and shall not be made good within 30 days after written notice thereof by the Authority to the Borrower or the Authority, as the case may be; provided that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Borrower to remedy such default within such 30-day period shall not constitute a default under the Loan Agreement if the Borrower shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(d) any Event of Default shall occur under the Master Indenture which would permit the acceleration of any Note; or

(e) if payment of any installment of interest or principal, or any premium, on any Series 2011A Bond shall not be made when the same shall become due and payable under the provisions of the Bond Indenture.

Remedies

Upon the occurrence of an Event of Default under the Loan Agreement, the Authority may, and, upon receipt from the Registered Owners of at least 25% of the principal amount of the Series 2011A Bonds then Outstanding of a request to do so, shall by written notice to the Master Trustee, request that the Master Trustee declare the principal of the Series 2011A Master Note (if not then due and payable) to be due and payable immediately subject to the provisions of the Master Indenture regarding waiver of events of default, anything in the Series 2011A Master Note or in the Loan Agreement contained to the contrary notwithstanding.

Upon the occurrence of an Event of Default under the Loan Agreement, the Bond Trustee may take whatever action at law or in equity the Authority or the Bond Trustee deem necessary or desirable (i) to collect any amounts then due under the Loan Agreement, the Series 2011A Master Note or the Master Indenture, (ii) to enforce performance of any obligation, agreement or covenant of the Borrower under any of the Borrower's Documents, the Series 2011A Master Note or the Master Indenture or (iii) to otherwise enforce any of its rights.

None of the Authority's remedies under the Loan Agreement is exclusive of any other remedy or remedies. Each remedy given to the Authority is cumulative and is in addition to every other remedy which is given or which now or hereafter exists at law, in equity or by statute. No delay or omission by the Authority in the exercise of any right or power accruing upon an Event of Default impairs the right or power or is a waiver of or acquiescence in any Event of Default. Every right and power given by the Loan Agreement to the Authority may be exercised from time to time and as often as may be deemed expedient by the Authority. No waiver of any Event of Default extends to or affects any subsequent Event of Default or impairs any rights or remedies consequent thereon.

Waivers of Events of Default

The Authority may waive any Event of Default under the Loan Agreement and its consequences and rescind any action previously taken and must do so upon receipt of a request from the Registered Owners of at least a majority of the principal amount of the Series 2011A Bonds then Outstanding. There may not be waived, however, any Event of Default described in clause (a) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Events of Default" unless, prior to the waiver, all arrears of principal of, premium, if any, and interest on the Series 2011A Bonds, and all expenses of the Authority and the Bond Trustee in connection with the Event of Default have been paid or provided for. If any waiver or proceeding taken by the Bond Trustee on account of any Event of Default is discontinued, abandoned or determined adversely, then the Authority, the Borrower, the Bond Trustee and the Registered Owners will be restored to their former positions and rights under the Loan Agreement. No waiver summarized under this heading, whether by the Bond Trustee or the Registered Owners, extends to or affects any subsequent or other Event of Default or impairs any rights or remedies consequent thereon.

Remedies Subject to Law

All rights, remedies and powers given to the Authority by the Loan Agreement may be exercised only to the extent that the exercise does not violate any applicable provision of law. All the provisions of the Loan Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and to

be limited to the extent necessary so that they will not render the Loan Agreement invalid or unenforceable under the provisions of any applicable law.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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February 17, 2011

We have acted as bond counsel in connection with the issuance by the Wisconsin Health and Educational Facilities Authority (the "*Authority*") of \$27,265,000 of its Revenue Refunding Bonds, Series 2011A (Marquette University) (the "*Bonds*"). The Bonds are being issued pursuant to Chapter 231 of the Wisconsin Statutes (the "*Act*") and a resolution adopted by the Authority on December 15, 2010 (the "*Resolution*") and under a Bond Trust Indenture (the "*Bond Indenture*") dated as of February 1, 2011 between the Authority and U.S. Bank National Association, as bond trustee (the "*Bond Trustee*").

Under a Loan Agreement dated as of February 1, 2011 (the "*Loan Agreement*") between the Authority and Marquette University (the "*Borrower*"), the Authority is loaning to the Borrower the proceeds from the sale of the Bonds to (a) refund a portion of the Authority's Revenue Bonds, Series 1998 (Marquette University) and (b) pay certain costs associated with the issuance of the Bonds. The Borrower's obligation to repay the loan is evidenced by its Promissory Note, Series 2011A dated the date hereof (the "*Note*"). The Note is being issued pursuant to an Amended and Restated Master Trust Indenture originally dated as of July 15, 1992 and as amended and restated as of November 1, 1998, as previously supplemented and amended from time to time and as currently being supplemented by a Eleventh Supplemental Master Trust Indenture dated as of February 1, 2011, between the Borrower and The Bank of New York Mellon Trust Company, N.A., as the current trustee thereunder.

The Bonds are issuable as fully registered bonds in the denominations, bear interest at the rates and mature on the dates and in the amounts provided in the Bond Indenture. The Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in the Bonds and the Bond Indenture.

We have examined (a) a copy of Bond numbered R-1, (b) the Loan Agreement, (c) the Note, (d) the Bond Indenture, (e) a Tax Exemption Certificate and Agreement between the Authority, the Borrower and the Bond Trustee (the "*Tax Exemption Agreement*") dated the date hereof and (f) the Resolution.

As to questions of fact material to our opinion, we have also examined and relied upon representations and certifications of officials of the Authority, the Borrower and others delivered in connection with the issuance of the Bonds (including without limitation, certifications as to the use of proceeds of the Bonds and the operation and use of the property refinanced therewith) without undertaking to verify the same by independent investigation. We have also relied upon legal opinions dated the date hereof of Whyte Hirschboeck Dudek S.C., special counsel to the Borrower, and/or Douglas O. Smith, Associate General Counsel of the Borrower, with respect to various matters concerning the Borrower, including (a) its status as an organization described in

Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which is exempt from federal income taxation pursuant to Section 501(a) of the Code and is not a private foundation as defined in Section 509(a) of the Code, (b) its corporate existence, (c) the authorization, execution and delivery of the Loan Agreement, the Tax Exemption Agreement and the Note by the Borrower and (d) the validity, binding effect and enforceability of the Loan Agreement, the Tax Exemption Agreement and the Note against the Borrower. We have also examined such other documents we deemed relevant and necessary in rendering this opinion.

Based upon the examination described above, it is our opinion under existing law that:

1. The Authority is a public body corporate and politic created and existing under the laws of the State of Wisconsin and has authority under the Act to issue the Bonds and to enter into and perform its obligations under the Loan Agreement, the Tax Exemption Agreement and the Bond Indenture.

2. The Bonds are in the form required by law and have been authorized, executed, issued and delivered by the Authority in accordance with law, the Resolution and the Bond Indenture. The Bonds are valid and binding limited obligations of the Authority and are entitled to the protection given by the Bond Indenture except that enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or other laws affecting creditors’ rights generally. Enforceability of the Authority’s obligations is also subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). The principal of, premium, if any, and interest on the Bonds are payable solely out of the revenues derived from the Loan Agreement or, in the event of a default under the Loan Agreement, as otherwise permitted by the Bond Indenture or the Resolution and by law. The Bonds do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. The Authority has no taxing power.

3. The Loan Agreement, the Note and the amounts payable under the Loan Agreement and the Note by the Borrower have been pledged and assigned under the Bond Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds.

4. The Bond Indenture, the Loan Agreement and the Tax Exemption Agreement have each been duly authorized, executed and delivered by the Authority, are each in full force and effect and, assuming the due authorization, execution and delivery of them by the other parties to them, constitute valid and legally binding agreements of the Authority except to the extent limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or other laws of general application relating to or affecting the enforcement of creditors’ rights generally. Enforceability of the Authority’s obligations is also subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

5. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax

preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code on corporations (as that term is defined for federal income tax purposes) and individuals. The interest on the Bonds is, however, included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Authority, the Bond Trustee and the Borrower have agreed to comply with all of those requirements and the opinion set forth in the first sentence of this paragraph is subject to the condition that the Authority, the Bond Trustee and the Borrower comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

This opinion letter deals only with the specific legal issues that it explicitly addresses and no opinions may be inferred or implied beyond the matters expressly contained herein. The opinions expressed herein are specifically limited to the laws of the United States and the present internal laws of the State of Wisconsin. The opinions expressed herein are based upon those facts and circumstances in existence and laws in effect on the date hereof, and we assume no obligation or responsibility to update or supplement this opinion letter to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur, or to inform any person of any change in circumstances occurring after the date hereof which would alter the opinions rendered herein.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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AGREEMENT ON CONTINUING DISCLOSURE

Wisconsin Health and Educational Facilities Authority Revenue Refunding Bonds, Series 2011A (Marquette University)

This Agreement on Continuing Disclosure (the “Disclosure Agreement”) is executed and delivered by Marquette University, a Wisconsin nonstock, nonprofit corporation (the “University”) and U.S. Bank National Association (the “Trustee”). The University and the Trustee covenant and agree as follows:

Section 1. Definitions.

The following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Bonds**” shall mean the Wisconsin Health and Educational Facilities Authority Revenue Refunding Bonds, Series 2011A (Marquette University).

“**Bondholders**” shall mean the owners and beneficial owners from time to time of the Bonds.

“**University**” shall mean Marquette University, a Wisconsin nonstock, nonprofit corporation.

“**Disclosure Agreement**” shall mean this agreement.

“**Dissemination Agent**” shall mean the party responsible, if any, for assisting the University in carrying out the obligations of the University under this Disclosure Agreement.

“**Indenture**” shall mean the Bond Trust Indenture dated as of February 1, 2011, between the Issuer and the Trustee, pursuant to which the Bonds are issued.

“**Issuer**” shall mean the Wisconsin Health and Educational Facilities Authority.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“**Loan Agreement**” shall mean the Loan Agreement dated as of February 1, 2011, between the Issuer and the University.

“**National Repository**” shall mean the Municipal Securities Rulemaking Board electronically through the Electronic Municipal Market Access system, available at www.emma.msrb.org, or such other website as may be determined from time to time by the Securities and Exchange Commission.

“**Obligated Person**” shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds.

“**Official Statement**” shall mean the Official Statement, dated February 4, 2011, describing the Bonds.

“**Participating Underwriters**” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Trustee**” shall mean U.S. Bank National Association, as trustee.

Section 2. Purpose of the Disclosure Agreement.

The purpose of this Disclosure Agreement is to assist the Participating Underwriters in complying with the Rule in connection with the Bonds. In its actions under this Disclosure Agreement, if any, whether as Trustee or as Dissemination Agent, the Trustee shall be entitled to the same protection in so acting under this Disclosure Agreement as it has in acting as Trustee under the Indenture.

Section 3. Provision of Annual Reports.

(a) The University shall, not later than 180 days after the close of each fiscal year of the University (beginning with its fiscal year ending June 30, 2011), provide or cause to be provided to the National Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be provided in an electronic format as prescribed by the National Repository.

(b) If the University is unable to provide to the National Repository an Annual Report by the date required in subsection (a), the University shall send or cause to be sent a notice, in the form of Exhibit A, of such fact to the National Repository.

(c) The Annual Report may be submitted as a single document or as a package comprising separate documents. Any or all of the items constituting the Annual Report may be incorporated by reference from other documents that have been submitted to the National Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The University shall clearly identify each such other document so incorporated by reference.

(d) Documents provided to the National Repository shall be accompanied by identifying information as prescribed by the National Repository.

(e) The University shall determine each year prior to providing the Annual Report the electronic address of the National Repository.

Section 4. Content of Annual Reports.

The Annual Report shall include financial statements of the University for its fiscal year last ended. Such financial statements shall be prepared in accordance with generally accepted accounting principles and shall be audited by an independent certified public accountant. The Annual Report shall also provide financial and operating data, if material, for the University of the type included in Tables A-1, A-2 and A-3 of Appendix A of the Official Statement.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

1. Any delinquency in payment when due of any principal of, or interest on the Bonds.
2. Occurrence of any Event of Default under and defined in the Indenture (other than as described in clause 1. above), if material.
3. Any unscheduled draw on debt service reserves reflecting financial difficulties.
4. Any unscheduled draw on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
7. Modification to rights of Bondholders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasance of the Bonds or any portion thereof.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Any change in the rating on the Bonds.
12. Bankruptcy, insolvency, receivership or similar event of any Obligated Person.
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) For purposes of the event identified in subsection (a) (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(c) Whenever the University obtains knowledge of the occurrence of a Listed Event, the University shall as soon as possible determine if such event would constitute material information for Bondholders, provided, that any event under subsection (a)(1), (3), (4), (5), (8) (tender offers only), (9), (11) or (12) will always be deemed to be material.

(d) If the University determines that knowledge of the occurrence of a Listed Event would be material, the University shall promptly file a notice of such occurrence with the National Repository. Notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to affected Bondholders if it is required pursuant to the Indenture. If the University determines that it failed to give notice as required by this Section, it shall promptly file a notice of such occurrence in the same manner.

Section 6. Termination of Reporting Obligation.

The University's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the defeasance, prior redemption or payment in full of all the Bonds or if the Rule shall be revoked or rescinded by the Securities and Exchange Commission or declared invalid by a final decision of a court of competent jurisdiction.

Section 7. Amendment; Waiver; Modification.

The University and Trustee may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived by the Trustee, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule or adjudication of the Rule by a final decision of a court of competent jurisdiction. The University may modify from time to time the specific types of information provided in an Annual Report to the extent necessary as a result of a change in legal requirements, change in law or change in the nature of the University or its business, provided that any such modification will be done in a manner consistent with the Rule and will not materially impair the interests of the Bondholders.

Section 8. Additional Information.

The University may from time to time choose to disseminate other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or include other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default.

A default under this Disclosure Agreement shall not be deemed an Event of Default under the Loan Agreement or the Indenture, and the sole remedy of Bondholders under this Disclosure Agreement in the event of any failure of the University to comply with this Disclosure Agreement shall be an action filed in the Circuit Court for Milwaukee County, Wisconsin, to compel performance. Notwithstanding the foregoing, the Dissemination Agent, if any, shall be able to maintain an action for damages for the repayment of fees and the reimbursement of its expenditures, if any, incurred in performing its obligations under this Disclosure Agreement.

Section 10. Dissemination Agent.

The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the University pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be the Trustee. Notwithstanding anything to the contrary herein, the Dissemination Agent shall not be responsible for any determination as to the adequacy of the contents or format of any Annual Report, and as to the materiality of any Listed Event. The Dissemination Agent is entitled to the same protections and immunities granted the Trustee in the Indenture.

Section 11. Beneficiaries.

The University and Trustee intend to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the University, the Trustee, the Participating Underwriters and the Bondholders, and shall create no rights in any other person or entity.

Section 12. Responsible Officer.

The University's Treasurer shall be the officer, agency, or agent of the University responsible for providing Annual Reports and giving notice of Listed Events, to the extent required hereunder, and any inquiries regarding this Disclosure Agreement should be directed to the University, to the attention of its Treasurer, at 915 West Wisconsin Avenue, Suite M215H,

Milwaukee, Wisconsin 53233 or P.O. Box 1881, Milwaukee, Wisconsin 53201-1881 (telephone: (414) 288-1671) (facsimile: (414) 288-6600).

Section 13. Counterparts.

This Disclosure Agreement may be signed in any number of counterparts with the same effect as if signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the University and the Trustee caused this Disclosure Agreement to be executed by their duly authorized officers.

Date: February 1, 2011

MARQUETTE UNIVERSITY

By: _____
Title: Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as trustee

By: _____
Title: _____

Signature Page to Series 2011A Agreement on Continuing Disclosure

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Wisconsin Health and Educational Facilities Authority

Name of Bond Issue: Wisconsin Health and Educational Facilities Authority Refunding Revenue Bonds, Series 2011A (Marquette University)

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the University has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Agreement on Continuing Disclosure dated February 1, 2011 between the University and U.S. Bank National Association, as trustee. The University anticipates that the Annual Report will be filed by _____.

Dated: _____

MARQUETTE UNIVERSITY
on behalf of ISSUER

cc: Wisconsin Health and Educational Facilities Authority

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