OFFERING MEMORANDUM

Book Entry Only

Rating
Moody's: P-1
(See "RATING" herein)

Squire Sanders (US) LLP, Bond Counsel, rendered its opinions on February 16, 2000, with respect to the original issuance of $43,000,000 of Notes, and on April 3, 2002, with respect to the original issuance of $20,000,000 of Notes. Each of those opinions spoke only as the date of original issuance and delivery of the respective issue of Notes and has not been reissued and will not be reissued in connection with the offering of the Notes. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$60,000,000
STATE OF OHIO
(HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE NOTES
(CASE WESTERN RESERVE UNIVERSITY COMMERCIAL PAPER PROGRAM I)

This Offering Memorandum contains information concerning commercial paper issued by the Ohio Higher Educational Facility Commission (the "Commission") for Case Western Reserve University (the "University") to provide interim or short-term financing of various capital projects, equipment, refundings and other lawful purposes.

The State of Ohio Higher Educational Facility Revenue Notes (Case Western Reserve University Commercial Paper Program I) (the "Notes") are special obligations of the State of Ohio issued by the Commission pursuant to the terms of a Trust Indenture dated as of February 1, 2000, as amended and supplemented by a First Supplemental Trust Indenture dated November 25, 2008 (the "Trust Indenture"), between the Commission and Deutsche Bank National Trust Company, as successor trustee (the "Trustee"). The Commission has authorized an aggregate principal amount not to exceed $90,000,000 of the Notes outstanding at any one time. This maximum amount may be increased from time to time by the agreement of the University and the Commission. As of the date of this Offering Memorandum, $63,000,000 in aggregate principal amount of Notes have been issued, all of which are currently outstanding, of which $3,000,000 in principal amount will be refunded by the issuance of Program II Notes (as described herein).

The University has entered into a Credit Agreement dated as of February 1, 2000, as amended and as further amended and restated by the Second Amended and Restated Credit Agreement dated as of February 1, 2013 (the "Liquidity Facility") with JPMorgan Chase Bank, N.A. (the "Liquidity Provider") under which the University may borrow from the Liquidity Provider to pay the principal of the Notes at stated maturity in case of any lack of sufficient proceeds of the sale of renewal Notes and up to 90 days interest, subject to termination of the Liquidity Facility. The Liquidity Facility will terminate at the close of business on February 23, 2015 unless terminated prior to such date in accordance with its terms. **Under certain circumstances, the Liquidity Facility may be terminated while Notes are outstanding and prior to the maturity of such outstanding Notes. In such circumstances, holders of the Notes will rely solely on the University (and not the Liquidity Provider) to provide for the payment of such Notes at maturity.**

The Notes bear interest (computed on the basis of actual days elapsed and a 365 or 366-day year, as appropriate) from their date of delivery, at the rate per annum determined on such date, which may not exceed 10% per annum. The Notes are not subject to redemption prior to maturity. The Notes are issuable as registered Notes without coupons, under a book entry system, and initially will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. The Notes are issuable only under the book-entry system maintained by DTC and purchasers of the Notes will not receive physical delivery of bond certificates. See "Book-Entry System." The Notes are issuable only as fully registered Notes in denominations of $100,000 and multiples of $1,000 in excess of $100,000. The Notes have varying maturities of not more than 270 days from their respective dates of issuance (but not later than six business days prior to the stated expiration date of the Liquidity Facility or other applicable Liquidity Facility).

The Notes do not represent or constitute a debt or pledge of the faith and credit of the Commission or the State of Ohio and are not secured by an obligation or pledge of any money raised by taxation, and do not grant to the Holders any rights to have the State levy any taxes or appropriate funds for the payment of the principal of or interest on the Notes.

The Notes are payable solely from and secured by a pledge of certain funds to the Trustee under the Trust Indenture, which include the payments required to be made by the University under a Lease dated as of February 1, 2000 as amended and supplemented by a First Supplemental Lease dated November 25, 2008 (the "Lease") between the Commission and the University. The Notes are further secured by an Assignments of Rights Under Leases dated as of February 1, 2000, as amended and supplemented by the First Supplemental Assignment of Rights Under Lease dated November 25, 2008 (the "Assignment of Rights"), whereby the Commission assigns substantially all of the Commission's right to and interest in and to the Lease to the Trustee. The University's obligation to make payments of the principal of, and interest on the Notes is secured by a Guaranty Agreement dated as of February 1, 2000 as amended and restated by the Amended and Restated Guaranty Agreement dated November 25, 2008 (the "Guaranty") from the University to the Trustee.

This cover page contains certain information for quick reference only. It is not a summary of this Offering Memorandum. Investors must read the entire Offering Memorandum to obtain information essential to the making of an informed decision.

MORGAN STANLEY
Dealer

February 12, 2013

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Summary of Terms

Issuer:	State of Ohio, acting through its Ohio Higher Educational Facility Commission
Lessee and Guarantor:	Case Western Reserve University (the "University")
Securities:	The commercial paper notes (the "Notes") are payable from amounts received from the University under a Lease between the University and the Commission. The Lease is a general obligation of the University.
Liquidity:	JPMorgan Chase Bank, N.A. (the "Liquidity Provider") will provide liquidity in the case of any lack of sufficient proceeds from the sale of renewal Notes to pay the principal of and interest on a Note at its maturity. This liquidity facility covers the principal amount of the Notes plus up to 90 days interest at a maximum rate of 10%.
Amount:	A maximum principal amount outstanding of $90,000,000, as this amount may be increased by the agreement of the University and the Commission or decreased upon the payment and discharge of Notes prior to maturity. As of the date of this report, the Notes aggregate $63,000,000 in principal amount, of which $3,000,000 in principal amount will be refunded by the issuance of Program II Notes.
Offering Price:	Par
Maturities:	Up to 270 days from the date of issuance of each Note. Final maturity is February 1, 2030.
Principal Amounts and Minimum Purchase:	$100,000 minimum principal amount and integral multiples of $1,000 in excess of $100,000
Interest Payments:	Payable at maturity
Redemption:	Not redeemable prior to maturity or subject to voluntary prepayment
Tax Status:	Tax Exempt. See "TAX MATTERS."
Settlement:	In immediately available funds, unless otherwise agreed
Dealer:	Morgan Stanley & Co. LLC is the dealer for the Notes.
Trustee:	Deutsche Bank National Trust Company
Use of Proceeds:	Capital projects at the University's Cleveland, Ohio campus as described herein.

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In connection with this offering, the Dealer may overallot or effect transactions that stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Notes are exempt from registration under the Securities Act of 1933 and from registration under the securities laws of the State of Ohio. No dealer, broker, salesman or other person has been authorized by the Commission, the University or the Dealer to give any information or to make any representations with respect to the Notes, other than those contained in this Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Commission, the University or the Dealer. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any state, possession or territory, in which it is unlawful for such person to make such offer, solicitation or sale. The information contained herein has been obtained from the Commission (with respect to the Commission), the University, DTC and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Dealer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or any related parties since the date hereof. This Offering Memorandum is not to be construed as an agreement or contract with the Commission. Capitalized terms used in this Offering Memorandum and not otherwise defined have the meanings set forth in "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND THE LEASE" in APPENDIX C. All quotations from summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The Dealer has provided the following sentence for inclusion in this Offering Memorandum. The Dealer has reviewed the information in this Offering Memorandum in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

PORTIONS OF THIS OFFERING MEMORANDUM CONTAIN "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. AS A GENERAL MATTER, FORWARD-LOOKING STATEMENTS ARE THOSE FOCUSED UPON FUTURE PLANS, OBJECTIVES OR PERFORMANCE AS OPPOSED TO HISTORICAL ITEMS AND INCLUDE STATEMENTS OF ANTICIPATED EVENTS OR TRENDS AND EXPECTATIONS AND BELIEFS RELATING TO MATTERS NOT HISTORICAL IN NATURE. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO UNCERTAINTIES AND FACTORS, INCLUDING THOSE RELATING TO THE UNIVERSITY'S OPERATIONS AND ITS ABILITY TO REPAY ITS DEBT, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE UNIVERSITY'S CONTROL. SUCH UNCERTAINTIES AND FACTORS COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE MATTERS EXPRESSED IN OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THOSE UNCERTAINTIES AND FACTORS INCLUDE, IN ADDITION TO THOSE MENTIONED ELSEWHERE HEREIN, INTEREST RATES, THE UNIVERSITY'S ENROLLMENT AND TUITION INCREASES, AND GIFTS, GRANTS AND BEQUESTS MADE TO THE UNIVERSITY.

$60,000,000
STATE OF OHIO
(HIGHER EDUCATIONAL FACILITY COMMISSION)
HIGHER EDUCATIONAL FACILITY REVENUE NOTES
(CASE WESTERN RESERVE UNIVERSITY COMMERCIAL PAPER PROGRAM I)

THE NOTES

The State of Ohio Higher Educational Facility Revenue Notes (Case Western Reserve University Commercial Paper Program I) (the "Notes") are special obligations of the State of Ohio issued by the Ohio Higher Educational Facility Commission (the "Commission") pursuant to the terms of a Trust Indenture dated as of February 1, 2000, as amended and supplemented by a First Supplemental Trust Indenture dated November 25, 2008 (the "Trust Indenture"), between the Commission and Deutsche Bank National Trust Company, as successor trustee (the "Trustee"). The Commission has authorized an aggregate principal amount not to exceed $90,000,000 (now limited as described below) of the Notes outstanding at any one time. The Commission is also issuing its Higher Educational Facility Revenue Notes (Case Western Reserve University Commercial Paper Program II) (the "Program II Notes") and the maximum aggregate principal amount of the Notes and the Program II Notes outstanding at any time may not exceed $90,000,000. This maximum amount may be increased from time to time by the agreement of the University and the Commission. As of the date of this Offering Memorandum, $63,000,000 in aggregate principal amount of Notes have been issued, all of which are currently outstanding, of which $3,000,000 in principal amount will be refunded by the issuance of Program II Notes.

The Notes will bear interest (computed on the basis of actual days elapsed and a 365 or 366-day year, as appropriate) from their date of delivery, at the rate per annum determined on such date, which may not exceed 10% per annum. The Notes are not subject to redemption prior to maturity. The Notes are issuable as registered Notes without coupons, under a book entry system, and initially will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. The Notes are issuable only under the book-entry system maintained by DTC and purchasers of the Notes will not receive physical delivery of bond certificates. See Appendix E - "BOOK-ENTRY ONLY SYSTEM." The Notes are issuable only as fully registered Notes in denominations of $100,000 and multiples of $1,000 in excess of $100,000. The Notes will have varying maturities of not more than 270 days from their respective dates of issuance (but not later than six business days prior to the stated expiration date of the Liquidity Facility or other applicable Liquidity Facility).

The Notes do not represent or constitute a debt or pledge of the faith and credit of the Commission or the State of Ohio and will not be secured by an obligation or pledge of any money raised by taxation, and do not grant to the Holders any rights to have the State levy any taxes or appropriate funds for the payment of the principal of or interest on the Notes.

The Notes are payable solely from and secured by a pledge of certain funds to the Trustee under the Trust Indenture, which include the payments required to be made by the University under a Lease dated as of February 1, 2000 as amended and supplemented by a First Supplemental Lease dated November 25, 2008 (the "Lease") between the Commission and the University. The Notes are further secured by an Assignments of Rights Under Leases dated as of February 1, 2000, as amended and supplemented by the First Supplemental Assignment of Rights Under Lease dated November 25, 2008 (the "Assignment of Rights"), whereby the Commission assigns substantially all of the Commission's right to and interest in and to the Lease to the Trustee. The University's obligation to make payments of the principal of, and interest on the Notes is secured by a Guaranty Agreement dated as of February 1, 2000 as amended and restated by the Amended and Restated Guaranty Agreement dated November 25, 2008 (the "Guaranty") from the University to the Trustee.

THE COMMISSION

The Commission is a body both corporate and politic, constituting an agency and instrumentality of the State. It was created in 1968 by, and exists under, Chapter 3377 of the Ohio Revised Code. The Commission was established to enhance educational opportunities for the people of the State and to alleviate the pressing demands upon tax-supported colleges and universities by enhancing the availability, efficiency and economy of educational facilities for private colleges and universities by facilitating or achieving the lower costs of the financing or refinancing of such educational facilities.

The Commission is authorized, among other things, to issue revenue bonds of the State to provide funds for acquiring, constructing, equipping and furnishing educational facilities that are leased to private colleges or universities. Each issue of bonds or notes by the Commission is secured by a pledge and assignment of the payments received by the Commission pursuant to the lease of the applicable educational facilities and may be secured by a mortgage on such facilities. In the lease, the college or university has the option to purchase the facilities prior to the termination of the lease and the college or university agrees to purchase the facilities at the lease termination, in each case after provision has been made for the retirement or redemption of all the bonds issued for such facilities. The Commission does not make any grants and has access to capital improvement funds only through the issuance of revenue bonds or notes.

The Commission may lease projects to private, nonprofit institutions of higher education that hold effective certificates of authorization issued by the Ohio Board of Regents, but not to institutions whose principal educational activity is preparing students for religious or ecclesiastical fields. The Commission may acquire and lease any facility that is academic, administrative or auxiliary thereto, other than facilities used exclusively as places for devotional activities.

The Commission consists of nine members, including the Chancellor of the Ohio Board of Regents (or a designee of the Chancellor) as an ex officio member. The other eight members are appointed to overlapping eight-year terms by the Governor with the advice and consent of the State Senate. The Chair is designated by the Governor, and the other officers, including the Vice Chair, the Secretary and the Deputy Secretary, are elected by the members from their own number. The members of the Commission receive no compensation for their services but are entitled to reimbursement for their actual and necessary expenses. The Commission's office is located in Columbus, Ohio. The Commission does not have any employees. The Ohio Board of Regents provides staffing assistance to the Commission when necessary.

THE UNIVERSITY

The University, an Ohio nonprofit corporation, is the largest independent research university in Ohio, providing undergraduate, graduate and professional programs in the arts and sciences, engineering, health (including medicine, nursing and dentistry), law, management and social work. The University's campus occupies 150 acres and contains more than 90 major buildings for academic, administrative, residential, athletic and recreational use. Western Reserve University, founded in 1826, and Case Institute of Technology, founded in 1880, federated in 1967 to form Case Western Reserve University.

See APPENDIX A – "CASE WESTERN RESERVE UNIVERSITY" for a more complete description of the University.

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

The Notes Service Charges due on the Notes are payable from the Revenues, including primarily the Rental Payments to be derived by the Commission under the Lease, amounts held in, or for the credit of, the Special Funds, all other rentals, revenue, income, charges and money received or to be received by the Commission (except Additional Payments), or the Trustee for the account of the Commission, from the lease, sale or other disposition of the Project, and all income and profit from the investment of the Rental Payments and the Special Funds and such other money (the "Revenues"), and the money, securities and funds and accounts to be held by the Trustee (including investment earnings) available for that purpose under the Trust Indenture. The Notes are secured by the Commission's assignment to the Trustee of all of the Commission's right, title and interest in and to the Revenues, the Lease (except for the Unassigned Rights), all money and investments in the Special Funds, and the proceeds of the Notes to the extent included in the Revenues and the Guaranty. The Commission will also assign to the Trustee all of its right, title and interest in the Base Lease, except for the Unassigned Rights, and effective only upon an

Event of Default under the Lease and for so long as an Event of Default under the Lease continues to exist. There is no debt service reserve fund or mortgage additionally securing the Notes.

The Notes are further secured by the Guaranty by which the University unconditionally guarantees the payment of the debt service on the Notes.

The facilities comprising the Project have been or will be specifically constructed, equipped and improved for the benefit of the University for use in its educational programs, and by reason of their location may be subject to practical restrictions that may limit the use thereof by others. Therefore, in the event of a default, the Trustee's ability to lease or sell the Project or portions thereof to third parties may be limited. The rentals or sale price, if any, might thus be adversely affected. There is no assurance that, should an event of default occur, the proceeds from the sale, lease or other disposition of the Project would be sufficient to allow payment in full of the Notes.

Under existing law, the remedies specified by the Trust Indenture, the Lease, and the Guaranty may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights or the application of general principles of equity.

As described above, the Notes are secured by a pledge of and security interests in the equipment and other tangible personal property included in the Project. The security interests in such property are intended to be prior to any security interest in, lien on or pledge or assignment of such property except for Permitted Encumbrances.

The enforceability of the liens of the Lease and the Trust Indenture may be subject to subordination or prior claims in certain instances in addition to that arising from bankruptcy proceedings. For a discussion of examples of possible limitations on enforceability and of possible subordination or prior claims, see "ENFORCEABILITY OF REMEDIES" herein.

The University has entered into the Liquidity Facility with the Liquidity Provider with respect to the Notes. See "LIQUIDITY FACILITY."

The Notes do not represent or constitute a debt or pledge of the faith and credit of the Commission or the State, will not be secured by an obligation or pledge of any money raised by taxation and do not grant to the Holders any rights to have the General Assembly of the State levy any taxes or appropriate any funds for the payment of the debt service on the Notes. The Commission has no taxing power.

INVESTMENT CONSIDERATIONS

An investment in the Notes is subject to a number of significant risk factors. The following is a discussion of certain risks that could affect payments to be made with respect to the Notes. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Offering Memorandum and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Notes should analyze carefully the information contained in this Offering Memorandum, 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 Offering Memorandum.

Nature of Obligations and Remedies

The Notes are special, limited obligations of the Commission and are payable solely from and secured by a pledge of Rental Payments received from the University, and certain other revenues pursuant to the Trust Indenture. The realization of such revenues is dependent upon, among other things, the capabilities of the University to make such payments. That capability depends on the University's success in attracting and keeping students enrolled at the University and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. **The Notes are special, limited obligations and do not constitute a general obligation of the**

Commission or the State and do not constitute an indebtedness of the Commission or the State or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation. Neither the full faith and credit nor the taxing power of the Commission, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Notes. Neither the Commission, the State nor any political subdivision thereof shall be obligated to levy a tax or to make any appropriation from moneys raised by taxation to pay debt service on the Notes.

Payment of principal of and interest on the Notes is intended to be made from the University's Rental Payments. The University's ability to make Rental Payments will be dependent on its ability to generate sufficient unrestricted revenues in excess of expenditures. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the University and may change in the future to an extent that cannot be presently determined.

Payment of the principal of and interest on the Notes is not secured by any deed of trust, mortgage or other lien on the University's facilities or any portion thereof. Under the Note Documents, the payment of debt service on the Notes is secured by and payable solely from payments made by the University under the Lease and the Guaranty. The obligation of the University to perform under the Guaranty is strictly a financial obligation. The likelihood of the University's performance under the Guaranty in the event of a default under the other Note Documents should be evaluated in the same manner as the University's performance of its other obligations under the Note Documents is evaluated and is subject to the same risks described herein.

The practical realization of any rights upon any default under the Lease or under the Trust Indenture will depend upon the exercise of various remedies specified in such instruments, as restricted by federal and state laws. The remedies available upon an Event of Default under the Lease or the Trust Indenture will, in many respects, be dependent upon judicial action, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code or in the Lease and the Trust Indenture may not be readily available or may be limited. The various legal opinions to be delivered relating to the Lease, the Trust Indenture and the Notes will be qualified as to the enforceability of the various legal instruments by reference to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the right of creditors.

Also, as noted in "THE LEASE - Events of Default," the Trustee as assignee has the right, upon default under the Lease to sublease the Project. The Lease covers only a portion of the campus of the University, and college buildings are generally special-use buildings, so that it may be difficult to obtain rentals on subleasing adequate to pay debt service on the Notes. The University has not granted a mortgage on the Project to secure the Notes.

If the University were to file a petition for relief under the federal bankruptcy laws, the filing would cause an automatic stay of virtually all creditor collection activities against the University and its property. Subject to orders of the bankruptcy court, the University's property could be used in the operations of the University, despite the claims of its creditors (including the Trustee). In a bankruptcy case, the University could seek to confirm a plan of reorganization that modifies the rights of its creditors, secured or unsecured. The plan, if confirmed by the bankruptcy court, would bind all creditors and discharge all claims against the debtor except as provided for in the plan. In order to be confirmed, among other conditions, a plan must provide each impaired creditor with more than they would receive through a liquidation of the debtor. A plan must also be feasible and must be accepted by each class of claims impaired thereunder. A class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if a plan is not so accepted, it may be confirmed if the court finds that the plan is "fair and equitable" with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

University Investments

The University's policy provides for an annual distribution from the endowment to support operations of the University. Market conditions that negatively affect the University's investments may adversely affect debt service coverage and endowment spending.

Competition

The University is subject to the same competitive pressures that affect other private colleges and universities. Changing demographics may mean a smaller pool of college-bound persons from which to draw entering classes. Greater competition for students together with rising tuition may mean that the University will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the University.

The University competes for students generally with universities located throughout the United States, many of which receive significant support from state governments and therefore can afford to charge lower tuition rates than the University. Other educational facilities may in the future expand their programs in competition with the programs provided by the University. Increased competition from other educational facilities or a decrease to the student population interested in pursuing higher education could have a material adverse economic impact on the University. In addition, future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time.

Other Risk Factors

Factors that may also adversely affect the operations of the University, although the extent cannot be presently determined, include, among others: (1) employee strikes and other labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs; (2) increased costs and decreased availability of public liability insurance; (3) changes in the demand for higher education in general or for residential higher education programs or for programs offered by the University in particular; (4) cost and availability of energy; (5) high interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures; (6) a decrease in availability of student loan funds or other aid; (7) an increase in the costs of health care benefits, retirement plan or other benefit packages offered by the University to its employees and retirees; (8) a significant decline in the University's investments based on market or other external factors; (9) litigation; (10) a decline in research funding, including research funding from the U.S. government; (11) reductions in funding support from donors or other external sources; and (12) natural disasters, which might damage the University's facilities, interrupt service to its facilities or otherwise impair the operation of the facilities.

LIQUIDITY FACILITY

The Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Various words or terms used in the following summary are defined in this Offering Memorandum or the Liquidity Facility, and reference thereto is made for full understanding of their import. For further information regarding the Liquidity Provider, see APPENDIX D – "JPMORGAN CHASE BANK, N.A." See also APPENDIX C – "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND THE LEASE."

The University entered into the Liquidity Facility with the Liquidity Provider to provide liquidity with respect to the Notes. Subject to the terms and conditions of the Liquidity Facility, the Liquidity Provider agrees to make Loans to the University from time to time on a Borrowing Date in the amount necessary to pay the Notes at their maturity in case of any lack of sufficient proceeds of the sale of renewal Notes, including accrued interest (in an amount not to exceed 90 days' interest at a maximum interest rate of 10% per annum and assuming a 365-day year), if any, to the Borrowing Date, pursuant to the Trust Indenture; provided, however, that the Outstanding Notes at any one time shall not exceed the Commitment as of such date. Loans shall be made for the sole purpose of paying the Notes (other than University Notes) at their maturity, including accrued interest thereon, if any, pursuant to the Trust Indenture for which funds are otherwise not available. The Liquidity Facility expires on February 23, 2015, but can be extended pursuant to terms in the Liquidity Facility. The Liquidity Facility may be terminated prior to such an expiry date if there shall have been an Event of Default. Certain Events of Default shall cause all Obligations owing to the Liquidity Provider to not only become immediately due and payable but provide the Liquidity Provider with the right to immediately terminate any request for Loans.

Under certain circumstances, the Liquidity Facility may be terminated while Notes are outstanding and prior to the maturity of such outstanding Notes. In such circumstances, holders of the Notes will rely solely on the University (and not the Liquidity Provider) to provide for the payment of such Notes at maturity.

Liquidity Facility Defaults. The occurrence of any of the events described in (a) or (b) below shall constitute an Event of Default under the Liquidity Facility (a "Liquidity Facility Default" and in the case of events described in (b), a "Special Liquidity Facility Default"). Upon the occurrence of such an Event of Default, the Liquidity Provider may exercise the remedies described in (c) below.

(a) **Events of Default.**

(i) The University shall default in the payment when due of any fee or other amount payable under the Liquidity Facility (other than any principal of or interest on the Loans or the Notes) and such default continues for three Business Days after written notice thereof from the Liquidity Provider is received by the University; or

(ii) Any representation or warranty made in the Liquidity Facility or any other Credit Document, or any statement or representation made by the University or any authorized representative thereof in any document delivered hereunder or in any offering document delivered in connection with the Notes, shall prove to have been incorrect in any material respect when made; or

(iii) The University shall default in the due and punctual performance of certain covenants, agreements or provisions contained in the Liquidity Facility; or

(iv) The University shall default in the due and punctual performance of any other covenant, agreement or provision contained in the Liquidity Facility or the other Credit Documents, and such default shall continue for 15 days after written notice specifying such default shall have been given to the University by the Liquidity Provider; or

(v) The occurrence of any "reportable event," as defined in ERISA, which is determined to constitute grounds for termination by the PBGC of any Plan maintained by or on behalf of the University, or any ERISA Affiliates thereof or for the appointment by the appropriate United States District Court of a trustee to administer such Plan and such reportable event is not corrected and such determination is not revoked within 30 days after notice thereof has been given to the plan administrator or the University, or any ERISA Affiliates thereof, or the institution of proceedings by the PBGC to terminate any such Plan or to appoint a trustee to administer such Plan; or the appointment of a trustee by the appropriate United States District Court to administer any such Plan; or the University, or any ERISA Affiliates thereof as employer under a Multi-employer Plan shall have made a complete or partial withdrawal from such Multi-employer Plan and the plan sponsor of such Multi-employer Plan shall have notified such withdrawing employer that such employer has incurred a withdrawal liability in an annual amount exceeding $1,000,000; or

(vi) The University’s long term non-credit-enhanced rating shall fall below BBB- by S&P and below Baa3 by Moody’s; or

(vii) Any "event of default" shall occur and be continuing under any Note Document or Credit Document (other than the Liquidity Facility);or

(viii) (A) The University shall default in any payment of principal of or interest on any obligation of an amount less than $10,000,000 for borrowed money (or any obligation under conditional sale or other title retention agreement or any obligation secured by purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit, but excluding any borrowing in an amount less than $1,000,000 under which the lender's sole remedy on default is to re-take possession of the asset financed with the proceeds of such borrowing) then outstanding beyond any period of grace provided with respect thereto, which default in payment shall result in such obligation becoming or being declared due and payable prior to the date on which it otherwise would have become due and payable; provided, however, that any failure by the University to make any such payment of the principal of or interest on any such obligation shall not be an "event of default" under the Liquidity Facility so long as the University shall be diligently contesting in good faith by appropriate legal proceedings its obligation to make such payment or the amount of the payment required; or (B) the University shall default in the performance or observance of any other agreement, term or condition contained in any agreement under which any such obligation described in subsection (A) of this section (a)(viii) is created (or if any other event or default thereunder or under such agreement shall occur and be continuing) beyond any period of grace provided with respect thereto, which default in performance or observance (or other "event of default") shall result in such obligation becoming or being declared due and payable prior to the date on which it otherwise would have become due and payable; provided, however, that any failure by the University to perform or observe any such other agreement, term or condition (or such other "event of default") shall not be an "event of default" under the Liquidity Facility so long as the University shall be diligently contesting in good faith by appropriate legal proceedings its obligation to perform or observe such agreement, term or condition.

(ix) Any provision of the Liquidity Facility, the Notes or any of the Related Documents relating to the payment of money due and owing to the Liquidity Provider or the Trustee shall cease to be valid and binding, or the University shall contest any such provision, or the University or any agent or trustee on behalf of any of them, shall deny that it has any further liability under any such provision of the Liquidity Facility, the Notes or any of the Related Documents.

(b) **Liquidity Facility Events of Default Constituting Special Liquidity Facility Defaults.**

(i) The University shall default in the payment when due of any principal of or interest on the Loans or the Notes (provided that any payment on the Notes from a Loan made pursuant to the Liquidity Facility or from newly issued Notes shall not constitute a payment default).

(ii) (A) The University, in writing, shall admit insolvency or bankruptcy or its inability to pay its debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for itself or for the major part of its property; or (B) a trustee, custodian or receiver shall be appointed for the University or for the major part of its property; or (C) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy or similar law for the relief of debtors shall be instituted by or against the University and if instituted against it, shall be allowed against it or shall be consented to or shall not be dismissed, stayed or otherwise nullified within a period of 60 days; or

(iii) Final, non-appealable judgment or judgments for the payment of money not covered by insurance in excess of an aggregate of $10,000,000 shall be rendered against the University and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed; or

(iv) The University shall default in any payment of principal of or interest on any obligation equal to or in excess of $10,000,000 constituting bonds, notes or other obligations issued by the University on a parity with the Notes; provided, however, that any failure by the University to make any such payment of the principal of or interest on any such obligation shall not be an "event of default" under the Liquidity Facility so long as the University shall be diligently contesting in good faith by appropriate legal proceedings its obligation to make such payment or the amount of the payment required.

(c) **Remedies.**

(i) Upon the occurrence of any Liquidity Facility Default described in (a) above, the Liquidity Provider may, by notice to the University declare all Obligations owing to it immediately due and payable, and the same shall thereupon become due and payable without demand, presentment, protest or further notice of any kind, all of which are hereby expressly waived.

(ii) Upon the occurrence and continuance of any Special Liquidity Facility Default in (b) above, the Liquidity Provider may, (A) immediately terminate any request for a Loan and/or (B) declare all Obligations then outstanding under this Agreement immediately due and payable, and the same shall thereupon become due and payable without demand, presentment, protest or notice of any kind, all of which are hereby expressly waived. The Liquidity Provider agrees to give prompt notice on the date of such termination to the University, any Rating Service, the Dealer and the Trustee of termination of the Liquidity Provider's obligation to make Loans under the Liquidity Facility; provided, however, that failure to give such notice shall in no way affect the Liquidity Provider's rights under the Liquidity Facility.

(iii) Upon the occurrence of an event described in (a)(viii) above, the Liquidity Provider may give the University and the Trustee instructions ("No-Issuance Instructions") not to issue, authenticate or deliver Notes (other than University Notes), provided that the University shall have the right from time to time after any receipt of No-Issuance Instructions to issue, and to cause the Trustee to authenticate and deliver (A) Notes pursuant to the Trust Indenture solely for the purpose of paying outstanding Notes so long as the University shall have deposited in the Rental Payment Account prior to the issuance of the Notes to be issued under this proviso funds (other than through the proceeds of a Borrowing hereunder) for the payment in full of the face amount of such outstanding Notes and (B) University Notes. Any No-Issuance Instructions given by the Liquidity Provider to the University and to the Trustee in accordance with this (c)(iii) shall be in substantially the form attached to the Liquidity Facility, specifying the events or conditions that are the reason or reasons to cease issuing, authenticating, and delivering Notes (other than Notes permitted to be issued, authenticated and delivered as provided above). If the Liquidity Provider shall, as permitted by this section (c)(iii) and as contemplated by the Trust Indenture, deliver No-Issuance Instructions to the University and the Trustee, the University shall not, and shall cause the Trustee not to, issue, authenticate or deliver any Notes (other than Notes permitted to be issued, authenticated, and delivered as provided above) after the time such No-Issuance Instructions are first received by the Trustee and the University until such time as all previously delivered No-Issuance Instructions have been revoked. The University shall not, under any circumstances, so long as any No-Issuance Instructions given hereunder remain in effect, request the Dealer to purchase or sell any Notes (other than Notes permitted to be issued, authenticated, and delivered as provided above). Concurrently with the giving of any No-Issuance Instructions to the University and the Trustee, the Liquidity Provider shall give notice thereof to the Dealer and to any Rating Service, if then applicable, but the failure of the Liquidity Provider to do so shall not impair the effectiveness of any such No-Issuance Instructions.

(iv) Upon the occurrence and continuance of any other Event of Default (other than a Special Default), the Liquidity Provider may by notice to the University, the Trustee and the Rating Service, declare the obligation of the Liquidity Provider to honor any request for a Loan to be terminated on a date 30 days after the date on which the Trustee receives such notice. The Liquidity Provider agrees to give prompt notice to the Dealer of termination of the Liquidity Provider's obligation to make Loans under the Liquidity Facility upon the occurrence of any Event of Default (other than a Special Default); provided, however, that failure to give such notice shall in no way affect the Liquidity Provider's rights hereunder.

(v) The Liquidity Provider may pursue, exercise and enforce such further rights and remedies available under the Credit Documents and the Note Documents, or otherwise available pursuant to law or equity.

THE GUARANTY

Under the Guaranty, the University unconditionally guarantees to the Trustee for the benefit of the Holders of the Notes (a) the full and prompt payment of the principal of any Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration, or otherwise, (b) the full and prompt payment of any interest on any Note when and as the same shall become due and (c) the full and prompt payment of all fees and expenses paid or incurred by the Trustee as Trustee under the Trust Indenture and in enforcing the Guaranty. The Trustee will proceed against the University under the Guaranty if (i) requested to do so by the Holders of at least 25% in aggregate principal amount of the Notes outstanding and (ii) the Trustee is provided with adequate indemnity.

No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind which the University has or may have against the State, the Commission, the Liquidity Provider, the Trustee or any Holder will be available to the University against the Trustee under the Guaranty. The University has entered into a similar guaranty agreement in connection with each series of bonds issued by the Commission for the University.

ENFORCEABILITY OF REMEDIES

Enforcement of the security interest in the Revenues and the remedies specified by the Trust Indenture, the Lease, the Assignment and the Guaranty may be limited by the application of federal bankruptcy laws or other laws relating to creditors' rights. A court may decide not to order the specific performance of the covenants contained in these documents.

Under the United States Bankruptcy Code, allowable claims in a bankruptcy case for future rents under a lease of real property are limited to rentals during the greater of (i) one year or (ii) 15% (but not exceeding three years) of the lease term remaining after the date of the filing of the bankruptcy proceedings or the removal of the lessee from possession. There is no dispositive court decision that decides whether the Bankruptcy Code's limitation on the claims for rentals may apply to a bond trustee's claim against a bankrupt obligor under a guaranty of the obligation to make payments on tax-exempt bonds. However, in light of (i) the weight of the case law regarding claims in bankruptcy by bond trustees under lease agreements similar to the Lease and (ii) the economic realities of this tax-exempt bond financing, a claim by the Trustee under the Guaranty in a bankruptcy proceeding should not be subject to limitations imposed on amounts allowed for claims arising under the leases of real property. The degree to which such a claim is satisfied will be dependent upon amounts that are available for and ordered to be distributed in the bankruptcy proceeding.

The enforceability of the liens of the Lease and the Trust Indenture may be subject to subordination or prior claims in certain instances other than bankruptcy proceedings. Examples of possible limitations on enforceability and of possible subordination or prior claims include (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal statutes or regulations, (iv) constructive trusts, equitable liens or other rights imposed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Ohio Uniform Commercial Code from time to time in effect or as a result of that code's not providing for perfection of a security interest therein, (vi) inability of the Trustee to perfect a security interest in those elements of the Revenues that can be perfected only by taking possession of such collateral, (vii) federal bankruptcy laws affecting, among other matters, payments made within 90 days prior to any institution of bankruptcy proceedings by the University or the Commission, (viii) state or federal fraudulent conveyance laws, and (ix) the rights of holders of prior perfected security interests or of perfected purchase money security interests in equipment or other goods owned by the University and in the proceeds of the sale of such property and the rights of other parties secured by liens permitted under the Note Documents.

The various legal opinions to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights.

ABSENCE OF MATERIAL LITIGATION

To the knowledge of the appropriate officials of the Commission and the University, there is no litigation or administrative action or proceeding pending or threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Notes, the Trust Indenture, the Lease, the Base Lease dated as of February 1, 2000, as amended and supplemented by the First Supplemental Base Lease dated November 25, 2008, the Assignment of Rights or the Guaranty or contesting or questioning the validity of the Notes or the proceedings and authority under which the Notes have been authorized and are to be issued or delivered, or the pledge or application of any money or security provided for the payment of the Notes under the Trust Indenture, the Lease or the Guaranty. A no-litigation certificate to such effect with respect to the Notes will be delivered to the Dealer at the time of the original delivery of the Notes.

The University is a party to various legal proceedings seeking damages or injunctive relief which are generally incidental to its operations, and unrelated to the Notes or the security for the Notes. The University administration does not believe that the outcome of any pending litigation will materially adversely affect the consolidated financial position, operations or cash flows of the University.

ADDITIONAL INFORMATION

Appendix A of this Offering Memorandum contains certain information with respect to the University. For additional information with respect to the University's operations and financial condition, reference is made to the annual reports with respect thereto filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system. Such annual reports and all future filings and the information presented therein are hereby incorporated by reference herein.

If you require additional information or have any questions concerning the terms and conditions of this offering, please contact:

Robert Clarke Brown, Treasurer Case Western Reserve University Division of Finance 10900 Euclid Avenue Cleveland, OH 44106-7016 Telephone: (216) 368-4306 Fax: (216) 368-8690 robert.c.brown@case.edu	or	Thomas J. Sheehy Morgan Stanley & Co. LLC 1585 Broadway, 11th Floor New York, New York 10036 Telephone: (212) 761-9083 Fax: (646) 202-9091 thomas.sheehy@morganstanley.com

UNIVERSITY FINANCIAL STATEMENTS

The financial statements of the University as of June 30, 2012, and for the year then ended, included in this Offering Memorandum in Appendix B, have been audited by PricewaterhouseCoopers LLP, independent auditors, stated in their report appearing herein.

The University's financial statements for a certain prior years are available on the University Treasurer's website at http://case.edu/treasurer/documents/.

RATING

Moody's Investors Service, Inc. has assigned a rating of "P-1" to the Notes. The rating reflects only the views of the rating agency and an explanation of the significance of a rating may be obtained only from the rating agency supplying such rating.

Generally, rating agencies base their ratings on information and materials and on investigations, studies and assumptions furnished to, obtained and made by the rating agencies. There is no assurance that such ratings when assigned will continue for any given period of time or that it may not be changed or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Neither the Commission nor the Dealer has undertaken any responsibility either to bring to the attention of the holders of the Notes any proposed revision or withdrawal of the ratings or to oppose any such revision or withdrawal. Any downward change in or withdrawal of the ratings may have an adverse effect on the marketability and/or market price of the Notes.

TAX MATTERS

General

On February 16, 2000, the date of original issuance and delivery of $43,000,000 of the Notes, and on April 3, 2002, the date of original issuance and delivery of $20,000,000 of the Notes, Squire, Sanders & Dempsey L.L.P. (now known as Squire Sanders (US) LLP), Bond Counsel to the Commission, rendered opinions the text of which are attached as Appendices F-1 and F-2, respectively. Each of those opinions spoke only as of the date of original issuance and delivery of the respective issue of Notes and have not been reissued and will not be reissued in connection with the offering of the Notes. Bond Counsel expressed and expresses no opinion as to any tax consequences regarding the Notes other than as set forth in those opinions.

The opinions on tax matters were based on and assumed the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission and the University contained in the transcript of proceedings for the original issuance of the respective Notes and that are intended to evidence and assure the matters addressed in the aforementioned opinions of Bond Counsel. In addition, Bond Counsel relied on, among other things, the opinion of counsel to the University, regarding, among other matters, the then current status of the University as an organization described in Section 501(c)(3) of the Code, which opinion was subject to a number of qualifications and limitations. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any activities of the Commission or the University subsequent to the original respective Note issuance dates. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the respective issues of Notes in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may cause interest on that issue of Notes to be included in gross income retroactively to the date of the respective issuance date of the Notes. Bond Counsel has not and will not independently verify the accuracy of the Commission's and the University's certifications and representations or the continuing compliance with the Commission's and the University's covenants and has not and will not independently verify the accuracy of the opinion of the University's counsel.

Each of the opinions of Bond Counsel was based on then current legal authority and covered certain matters not directly addressed by such authority. Each represented Bond Counsel's legal judgment as to exclusion of interest on the respective issues of Notes from gross income for federal income tax purposes but was not and is not a guaranty of that conclusion. The opinions are not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel has not expressed and will not express an opinion about (i) the effect of changes in the Code and the applicable regulations under the Code after the dates of the respective opinions or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Commission or the University may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the respective date of issuance of the Notes. The University and, subject to certain limitations, the Commission have each covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the respective dates of original issuance of the Notes, Bond Counsel did not and will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

A portion of the interest on the Notes earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel has not expressed and will not express any opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ended with the original issuance of the respective issue of Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Commission, the University or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Commission as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Offering Memorandum, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel has not expressed and will not express any opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest or other income on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Notes should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

LEGAL MATTERS

In connection with the respective original issuances of Notes, Squire, Sanders & Dempsey L.L.P., as Bond Counsel to the Commission, delivered its opinions dated February 16, 2000 and April 3, 2002, respectively (forms of which are attached as Appendices F-1 and F-2, respectively). Each of those opinions speak only as of their respective dates. Since those dates, Bond Counsel has not been requested to undertake, and has not undertaken, any independent investigation of the matters addressed in those opinions or of any other matters affecting the Notes. Bond Counsel has not updated matters addressed in the original bond counsel opinions rendered on the respective dates of the original issuance of Notes.

DEALER AGREEMENT

Pursuant to the Amended and Restated Dealer Agreement, dated as of November 25, 2008 (the "Dealer Agreement"), among the Commission, the University and the Dealer, Dealer acts as exclusive dealer for the Notes.

MISCELLANEOUS

The University has furnished all information herein relating to the University. Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Offering Memorandum nor any statement which may have been made orally or in writing is to be construed as a contract with the Beneficial Owner of any Note.

All of the summaries of the provisions of the Notes, the Trust Indenture, the Lease and the Guaranty set forth herein (exclusive of financial and statistical data), and all other summaries and references to such other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and are made subject to all of the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions of such documents.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable. No representations whatsoever are made that such estimates or assumptions herein involve anything other than matters of opinion. Whether or not expressly so stated, they are intended to be opinions and not representations of fact.

The information set forth herein, or in the Appendices, should not be construed as representing all of the conditions affecting the University.

CONSENT TO DISTRIBUTION

The University has authorized distribution of this Offering Memorandum.

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APPENDIX A

CASE WESTERN RESERVE UNIVERSITY

The information contained herein as Appendix A to the Offering Circular relates to and has been supplied by Case Western Reserve University. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of Case Western Reserve University since the date hereof, or that the information contained, referred to or incorporated by reference in this Appendix A is correct as of any time subsequent to its date. The Ohio Higher Education Facility Commission makes no representation or warranty as to the accuracy or completeness of the information contained or incorporated by reference in this Appendix A

General

Case Western Reserve University ("CWRU" or the "University"), an Ohio nonprofit corporation, is the largest independent research university in Ohio, providing undergraduate, graduate and professional programs in the arts and sciences, engineering, health (including medicine, nursing and dental medicine), law, management and social work. CWRU's campus occupies 155 acres and contains more than 90 major buildings for academic, administrative, residential, athletic and recreational use. Western Reserve University, founded in 1826, and Case Institute of Technology, founded in 1880, federated in 1967 to form Case Western Reserve University.

CWRU is located in University Circle, a 550-acre concentration of more than 50 educational, medical, cultural, religious, and social service institutions at the eastern edge of Cleveland, Ohio. In addition to CWRU, which is the largest institution in University Circle, the community includes Severance Hall, home of the world-famous Cleveland Orchestra; the Cleveland Museum of Art, housing one of the nation's finest collections; the Cleveland Institute of Music; the Cleveland Institute of Art; the Western Reserve Historical Society; the Cleveland Museum of Natural History; and several medical facilities, including University Hospitals of Cleveland. The Cleveland Clinic is immediately adjacent to University Circle.

CWRU admits students without discrimination as to race, color, sex, religion, age, personal handicap and national or ethnic origin. CWRU's opening enrollment for the 2012-13 academic year was 9,259 full-time equivalent students. In addition, 107 full-time equivalent students from the Cleveland Institute of Music were enrolled at CWRU through the joint music program. Approximately 41% of the 2010-11 bachelor's degree recipients pursued graduate and professional studies at leading institutions of learning in the United States and abroad.

CWRU operates on a fiscal year (the "Fiscal Year") that begins on July 1 and ends on the following June 30; any reference to a particular Fiscal Year means the Fiscal Year that ends on June 30 in the indicated year.

Governing Structure

CWRU is governed by a Board of Trustees (the "Board") consisting of 46 members, including the President of CWRU, who is an *ex officio* member. All of the Board members except the President are elected by the Board for a term not to exceed four years and are eligible to serve four consecutive (four-year) terms. The term of service of a Trustee expires as the end of the term during which the Trustee turns 75. Trustees *emeriti* may attend and participate in Board meetings but do not have a vote.

The Board holds three regular meetings each Fiscal Year. Special meetings may be called from time to time. The presence of 15 Trustees is required for a quorum at any meeting of the Board. Most actions of the Board require the affirmative vote of a majority of the Trustees present at a meeting at which a quorum is present. The Board has ten standing committees, whose members and chairs are appointed by the Chair of the Board subject to the approval of the full Board. The standing committees of the Board include: Executive, Investment, Audit, Development and University Relations, Finance, Research and Technology Transfer, Campus Planning, Compensation, Academic Affairs and Student Life, and the Committee on Trustees.

The Executive Committee is comprised of, as *ex officio* members, the Chair of the Board, the former Chair of the Board (for the first two years after the former Chair’s term as Chair has ended), the Vice Chair(s) of the Board, the Committee Chairs of all standing committees and the President, each of whom has voting rights and is included in a quorum determination. The Executive Committee also includes at least two, but no more than five, other members. Executive Committee membership is limited to 16 members. The Executive Committee has full power to take any action that the Board is authorized to take except (1) electing Trustees; (2) electing or removing from office a President; and (3) amending the Articles of Incorporation or Regulations of the University or By-Laws of the Board.

The following table sets forth the members of the Board, indicating each member's principal business or professional affiliation, and the month and year in which each member's term expires.

TRUSTEES

Name	*Affiliation*	*Current Term Ends*
Sally Gries	Chairperson, and Chief Executive Officer Gries Financial LLC	June 2015
Charles E. Hallberg	Chief Executive Officer Renew Advantage, LLC	June 2013
Daniel P. Harrington	President HTV Industries, Inc.	June 2016
W. Nicholas Howley	Chairman, Chief Executive Officer TransDigm Group, Inc.	June 2013
David P. Hunt	Retired Chairman of the Board Newpark Resources, Inc.	June 2014
Jennie S. Hwang, Ph.D.	President/Chief Executive Officer H-Technologies Group	June 2014
Samir N. Jadallah	Owner GreyHawk Holdings, LLC	June 2015
Mary Ann Jorgenson *Vice Chair of the Board*	Senior Partner Squire Sanders (US) LLP	June 2013
Hemant Kanakia, Ph.D.	Columbia Capital	June 2013
Joseph P. Keithley	Former Chairman, President & Chief Executive Officer Keithley Investments	June 2016
Charles J. Koch	Former Chairman and Chief Executive Officer Charter One Financial	June 2015
Caroline A. Kovac, Ph.D.	Retired	June 2014
Frank N. Linsalata	Chairman and Founder Linsalata Capital Partners	June 2015
George Majoros	President and Chief Operating Officer Wasserstein & Co.	June 2013
Joseph Mandato	Managing Director DeNovo Ventures	June 2015
Thomas F. McKee	Chairman Calfee, Halter & Griswold, LLP	June 2014
Sara Moll	Founder and Director Laura's Home	June 2016
Dominic Ozanne	President/Chief Executive Officer Ozanne Construction Company	June 2015
Brian J. Ratner	President Forest City Texas, Inc.	June 2016

Name	*Affiliation*	*Current Term Ends*
Joseph B. Richey	President Invacare Technologies Division Senior Vice President Design & Electronic Engineering Invacare Corporation	June 2016
Joseph A. Sabatini *Vice Chair of the Board*	Managing Director JPMorgan Chase & Co.	June 2016
Theodore L. Schroeder	VP of Engineering Vidder	June 2015
Alan L. Schwartz, Ph.D., M.D.	The Harriet B. Spoehrer Professor & Chairman, Department of Pediatrics Washington University School of Medicine	June 2014
Lawrence M. Sears	Lecturer, Electrical Engineering & Computer Science Case Western Reserve University Founder and Former Chief Executive Officer, Hexagram Inc. (now Aclara RF Technologies)	June 2016
Barbara R. Snyder	President Case Western Reserve University	*ex officio*
Andrew Wasynczuk	Senior Lecturer of Business Administration Harvard Business School	June 2013
Scott Wolstein	Chief Executive Officer Starwood Retail Partners	June 2016
James C. Wyant Ph.D.	Professor, College of Optical Sciences University of Arizona	June 2013

Certain members of the Board may be partners, officers, employees, directors or stockholders of or may have other financial interests in, or business relationships with, financial institutions, law firms or brokerage firms that are underwriter or dealer of or may act as trustee or liquidity provider for the Bonds, or which serve as bond counsel or as counsel to the Commission, the trustee, liquidity provider or the underwriter or dealer. It is not the University's practice to disqualify any such institution or firm from acting as an underwriter or dealer, as counsel or as trustee because of the existence of such a relationship.

Administration

The business affairs of CWRU are administered and managed on a day-to-day basis by senior administrators of CWRU, including a president, a provost and executive vice president, a chief administrative officer, a chief financial officer and a general counsel. The senior administrators of the University are:

Barbara R. Snyder, *President*

B.A., The Ohio State University
J.D., University of Chicago Law School

Barbara R. Snyder became president of the University on July 1, 2007. Before becoming president of the University, Snyder was executive vice president and provost of The Ohio State University, responsible for all facets of Ohio State's academic programs. She served in that role in an interim capacity from 2003-2004, and was permanently named provost in 2004. Snyder began her academic career in higher education in the University's School of Law, where she was an associate professor from 1983 until 1988. Later at Ohio State, Snyder held the Joanne Wharton Murphy/Classes of 1965 and 1973 Professorship in the Moritz College of Law. She served as the Moritz College's associate dean of academic affairs and the director of the college's former Center for Socio-Legal Studies, now known as the Center for Interdisciplinary Law and Policy Studies. A specialist in rules of evidence, Snyder is the co-author, along with Paul C. Giannelli, Weatherhead Professor of Law at CWRU, of *Ohio Evidence* and the *Ohio Rules of Evidence Handbook*. She is a member of the American Law Institute. She sits on the boards of directors of KeyCorp and BioEnterprise, and she is a member of the State of Ohio's Third Frontier Advisory Board.

William A. Baeslack III, *Provost and Executive Vice President*

B.S., The Ohio State University
M.S., The Ohio State University
Ph.D., Rensselaer Polytechnic Institute

William A. "Bud" Baeslack III became provost, the University's chief academic officer, October 1, 2008. Baeslack came to the University from The Ohio State University, where he had been dean of the College of Engineering and Executive Dean of the Professional Colleges since 2004. Previously, he was dean of engineering at Rensselaer Polytechnic Institute. Baeslack began his academic career as an assistant professor at Ohio State in 1982. He is internationally recognized for his research on the materials science and engineering aspects of joining advanced aerospace materials, including titanium, aluminum and nickel-base alloys, intermetallics and metal-matrix composites. He is a Fellow of ASM International, The Welding Institute and the American Welding Society.

John F. Sideras, *Senior Vice President for Finance and Chief Financial Officer*

B.S., John Carroll University
M.B.A., University of Colorado

John F. Sideras was named the Interim Senior Vice President for Finance and Chief Financial Officer of the University on May 1, 2008 and Senior Vice President for Finance and Chief Financial Officer of the University in February, 2009. Prior to joining the University, Sideras was President/Chief Executive Officer (2004-2008) and Senior Vice President/Chief Financial Officer (1998-2003) of The MetroHealth System (Cleveland, Ohio). He previously held a variety of executive and finance-related positions with The Cleveland Clinic Foundation, University Hospitals of Cleveland, St. John West Shore Hospital, and St. Luke's Medical Center. Sideras maintains an active certified public accountant license in the State of Ohio.

John D. Wheeler, *Senior Vice President for Administration*

B.S., Allegheny College
J.D., Case Western Reserve University

John D. Wheeler became Senior Vice President for Administration for the University on May 1, 2008. He assumed this position after spending three years as the University's Vice President for Cleveland and Regional Affairs, where he worked to strengthen relationships with government agencies and community organizations throughout Northeast Ohio. After earning his law degree from the University in 1964, Wheeler joined the law firm of Calfee, Halter & Griswold. He became managing partner in 1992 and retired from the firm in 2003.

Elizabeth J. Keefer, *Sr. Vice President*, *General Counsel and Secretary*

B.A., Barnard College
J.D., George Washington University

Elizabeth J. Keefer became General Counsel on October 3, 2011. Immediately prior to coming to the university, she was senior vice president at TMG Strategies (now McGinn and Company). Previously, she was General Counsel at Columbia University for over a decade. Earlier in her career, Keefer was General Counsel at technology company Teledyne and a partner in the international law firm of Hughes, Hubbard & Reed. Keefer is a Commissioner for the Women's Refugee Commission, an advocacy group that works to improve the lives and defend the rights of refugee and internally displaced women and children, and sits on the Board of Directors of The

MITRE Corporation, a not-for-profit systems engineering and advanced technology organization that works exclusively in support of the U.S. government on critical technology and modernization issues.

Special Programs for Undergraduate Students

CWRU has many special programs of study for undergraduates, including:

Seminar Approach to General Education and Scholarship (SAGES): SAGES is an innovative undergraduate curriculum designed to establish the foundations for academic inquiry by emphasizing critical reading, analytical thinking, and effective written and oral communication. The program features small seminars, intensive advising, a writing portfolio, and a senior capstone experience. The SAGES curriculum has been required for all freshmen since fall 2005.

Pre-Professional Scholars Programs and the Six-Year Dental Program: These programs grant to a few outstanding freshman applicants conditional commitments of admission to the professional schools of dental medicine, law, medicine and social work at CWRU.

Early Decision for Admission to the School of Law: This program grants a conditional commitment of admission to the School of Law to outstanding students at CWRU who have completed two years of undergraduate study and taken the Law School Admission Test.

Senior Year in Professional Studies at CWRU: Students of superior ability and attainment who are candidates for a B.A. degree and are admitted during their junior year to professional studies in dental medicine, medicine, nursing or social work at CWRU are offered an opportunity to shorten their entire course of studies by one year by substituting work in the first year of professional school for their final undergraduate year.

Integrated Bachelor's/Master's Programs: Candidates for the B.A. degree may be admitted to graduate study for their senior year and pursue simultaneous completion of requirements for both the bachelor's and master's degrees. Candidates for the B.S. degree in engineering, computer science, mathematics, natural sciences, or statistics may begin study toward the master's degree while still an undergraduate, counting up to nine hours of graduate credit toward both degrees. Students who are candidates for the B.S. in accountancy may also begin graduate coursework leading to the Master of Accountancy degree while still enrolled as undergraduates.

International Exchange Programs: Qualified students may participate in Junior Year Abroad or other international exchange programs through established foreign universities or approved foreign study programs offered through accredited American universities. CWRU participates in the Global Engineering Education Exchange (GE3), an international exchange program administered by the Institute for Engineering Education. CWRU also has bilateral exchange agreements with universities in Australia, France, Germany, Singapore, Spain, Turkey, and the United Kingdom. For students seeking an international experience but unable to commit to a semester- or year-long program, the university offers short-term experiences led by CWRU faculty. These are generally between one and six weeks in duration and take place during winter break, spring break, or over the summer.

Washington Center Program: Qualified students may earn a semester's credit for satisfactory completion of work with source materials and at federal government institutions.

Co-Operative Education Program: Cooperative education offers students pursuing degrees in engineering, science, management and accounting the opportunity to alternate classroom studies with full-time employment consistent with their major fields of study.

College Scholars Program: CSP is a two-year honors program that explores the connections between interdisciplinary learning and leadership both on the CWRU campus and in the larger community. Students typically apply for the program in the spring of the first year; approximately 20 are accepted each year. Students selected as College Scholars move as a cohort through the program. Each year's class emphasizes a different set of experiences, including the design and presentation of a senior capstone project.

Teacher Licensure: CWRU offers preparation for teacher licensure in art education and music education for grades Pre-K through 12 at the undergraduate and graduate levels. CWRU also offers preparation for Adolescence/Young

Adult Teacher Licensure (grades 7-12) in biology, chemistry, English, history, mathematics and physics through a joint program with John Carroll University. Multi-age licensure is available in French, Spanish, and Latin.

Affiliations

In 2006, the University's School of Medicine ("SOM") and University Hospitals of Cleveland ("UHC") entered into an agreement to strengthen their existing affiliation and to facilitate future collaboration. This agreement defines a primary affiliation between the University and UHC. According to the agreement, UHC has primary responsibility for clinical programs, including hospital operations, faculty practice operations, and clinical practice budgets of each clinical department. SOM oversees all undergraduate medical education (*i.e.*, education of students working toward M.D. degrees) and research programs. Although both institutions remain independent of each other from operational, legal, and policy perspectives, the affiliation agreement created the Case Medical Center ("CMC"), a virtual entity comprising both institutions. It encompasses clinical, research, and teaching activities and provides the resources and environment that allow the terms of the affiliation agreement to be carried out. An Oversight Committee, whose members are drawn from trustees and administrators of SOM and UHC, governs the CMC.

CWRU is also affiliated with the Cleveland Clinic and in cooperation with the Cleveland Clinic established the Cleveland Clinic Lerner College of Medicine ("CCLCM") as a medical college associated with CWRU's School of Medicine. The Cleveland Clinic and CWRU cooperate in the operation of the CCLCM and on research, and have other affiliation agreements in which CWRU students conduct clinical experiments at the Cleveland Clinic.

Research at CWRU

CWRU is classified by the Carnegie Foundation for the Advancement of Teaching as a Research University (very high research activity). This classification is based on a formula that includes both aggregate and per-capita measures of research activity, including research and development expenditures and the number of doctorates awarded.

For Fiscal Year 2010, the most recent period for which complete information is available, CWRU ranked 29th among all institutions in the country (16th among private institutions) in federally financed expenditures for research and development.

CWRU's total research and training revenues (including indirect cost recovery) over the last five Fiscal Years are shown below. These revenues include research and training revenues of CCLCM.

Fiscal Year	Revenues
2012	$443,804,000
2011	448,749,000
2010	425,180,000
2009	428,082,000
2008	406,558,000

In Fiscal Year 2012, research accounted for approximately 50% of CWRU's operating revenues. Major sources of this support were the National Science Foundation for research in the physical sciences, social sciences and engineering, and the National Institutes of Health for support of biological and biomedical research.

While all of CWRU's schools carry out contract research supported by federal agencies, foundations and business firms, the School of Medicine and the Case School of Engineering are the two major centers of supported scientific research.

CWRU participates in a number of partnerships, with both government agencies and private firms, to promote economic development based on technology originating on the campus, including several technology centers affiliated with the State of Ohio's Thomas Edison Program and Third Frontier initiative. CWRU has made significant investments in its technology transfer infrastructure over the past decade, with creation of a central office to analyze new invention disclosures, estimate market size for inventions with commercial potential, identify potential licensees, and negotiate licenses. In addition, CWRU has started a pre-seed stage venture capital fund, Case Technology Ventures, to be used to advance promising commercial ideas.

Accreditation and Recognition

CWRU is a member of the Association of American Universities, and is fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. In addition, several of its programs are fully accredited by nationally recognized professional accrediting associations, including:

AACSB International – The Association to Advance Collegiate Schools of Business
(business, accounting)
Accreditation Board for Engineering and Technology
(engineering, computer science)
Accreditation Council for Cooperative Education
(cooperative education programs)
American Bar Association
(law)
American Board of Genetic Counseling
(genetic counseling)
American Chemical Society
(chemistry)
American Council of Nurse-Midwives
(nurse midwifery)
American Dental Association
(dental medicine)
American Medical Association and Association of American Medical Colleges, Liaison Committee on Medical Education
(medicine)
American Psychological Association
(clinical psychology)
American Speech-Language-Hearing Association
(speech pathology)
Association of American Law Schools
(law)
Commission on Accreditation for Dietetics Education, American Dietetic Association
(didactic program in dietetics, dietetic internship)
Commission on Accreditation of Allied Health Education Programs
(anesthesiology assistant)
Council on Accreditation of Nurse Anesthesia Education Programs
(nurse anesthesia)
Council on Education for Public Health
(public health)
Council on Social Work Education
(applied social sciences)
National Association of Schools of Music
(music)
National League for Nursing
(nursing)
Ohio Department of Education, Division of Teacher Education and Licensure
(art education and music education)
Teacher Education Accreditation Council
(art education and music education)

CWRU is chartered as an educational institution under the laws of the State of Ohio and holds a Certificate of Authorization from the Ohio Board of Regents.

Faculty

CWRU, excluding the School of Medicine and Department of Physical Education, has a full-time faculty of 674, of whom 386 (57%) have tenure. Of the full-time faculty members, approximately 92% hold the Ph.D. degree or the highest degree appropriate to their teaching assignment. The full-time faculty is augmented by more than 200 visiting faculty, lecturers, and adjunct faculty. The School of Medicine has more than 2,200 full-time faculty members, and a comparable number of clinical (voluntary) faculty. Of this full-time faculty, approximately 11% have tenure, and almost all have Ph.D. or M.D. degrees, or both.

CWRU believes that it is competitive on average faculty compensation as reflected by data from the American Association of University Professors (AAUP) for its type of institution. In Fiscal Year 2012, average salaries for the ranks of professor, assistant professor, and instructor were between the 60^{th} and 80^{th} percentiles for doctoral institutions, and the average salary for the rank of associate professor was between the 40^{th} and 60^{th} percentiles.

Employees

As of June 30, 2012, CWRU had 4,340 full-time and part-time benefits-eligible employees, including faculty. There has never been a work stoppage by employees. CWRU believes that its employee relations are good. CWRU has one collective bargaining unit that represents six employees.

Pension Plans

CWRU's faculty and employees are covered by one of two pension plans.

Faculty and senior administrative staff, representing about 42% of the total pension participants, are covered by a defined contribution plan. There are two funding vehicles for this plan: individually owned annuity contracts purchased from Teachers Insurance and Annuity Association and College Retirement Equities Funds; and a "Section 403(b)(7)" plan through the Vanguard Fund. Contributions to these plans are made on a current basis according to a defined formula. Each employee is vested immediately.

Remaining staff employees are covered under a defined benefit plan administered by Milliman, Inc. with TIAA-CREF serving as plan trustee. Employees become vested in plan benefits after three years of service. For Fiscal Years 2012 and 2011 the University contributed $21,112,949 and $4,415,575, respectively, to the plan.

Additionally, participants in the defined benefit plan are eligible to participate in a voluntary supplemental retirement plan, a 403(b) cash contribution plan, where CWRU provides a 50% match on employee contributions, up to 4% of pay. The same investment vehicles available for the faculty plan are also available for this plan. The participation rate of eligible employees is 59% in the voluntary, supplemental plan. Each participating employee is vested immediately in the matching contributions.

CWRU's pension costs for both pension plans and the supplemental plan for Fiscal Year 2012 totaled $25.6 million.

Membership in Athletic Associations

CWRU is a member of National Collegiate Athletic Association (NCAA Division III) and is a founding member of the University Athletic Association (the "UAA"), a group of independent, research-oriented universities that do not offer athletic scholarships. Other members of the UAA are Brandeis University, Carnegie Mellon University, University of Chicago, Emory University, New York University, University of Rochester and Washington University in St. Louis. CWRU's teams compete in various sports such as football, basketball and swimming. No funds are generated from these competitions to the member institutions from advertising or promotion.

Enrollment

The Fall 2012 total of full-time and part-time students is 10,026 (of which approximately 56% are graduate and professional students and approximately 44% are undergraduate students), with an additional 318 students from the Cleveland Institute of Music enrolled at CWRU through the joint music program.

CWRU's students come primarily from the United States, although CWRU has students from over 90 other countries, with more than 100 students each coming from India, China, and South Korea. CWRU has students from all 50 states and the District of Columbia. In the undergraduate programs, approximately 37% of CWRU's students are from Ohio.

The fall full-time equivalent ("FTE") student enrollments by major program are shown below for the past five academic years.

FTE STUDENTS

	2012-13	2011-12	2010-11	2009-10	2008-09
Undergraduate	4,302	3,935	4,132	4,139	4,259
Graduate	1,972	1,883	1,792	1,817	1,767
Professional:					
Dental Medicine	362	357	364	359	351
Law	658	665	676	685	695
Management	595	548	597	591	548
Medicine	814	823	823	780	742
Nursing	305	317	289	256	286
Applied Social Sciences	251	287	266	256	256
Total	9,259	8,815	8,939	8,883	8,904

The following information pertains to the classes entering in Summer and Fall 2012.

Student Type	Applications Received	Admittance Granted	Admitted/ Applied	Enrolled	Enrolled/ Admitted	Test Scores
Undergraduate	14,778	8,027	54%	1,372	17%	Note 1
Graduate	4,775	1,264	26%	623	49%	Note 2
Professional:						
Management	3,159	787	25%	326	41%	Note 3
Applied Social Sciences	325	220	68%	138	63%	Note 4
Law	1,754	981	56%	244	25%	Note 5
Dental Medicine	3,429	245	7%	98	40%	Note 6
Nursing	345	162	47%	124	77%	Note 7
Medicine	6,913	548	8%	198	36%	Note 8

Notes:

1. Undergraduates: The ranges for SAT scores for the middle 50% of the Fall 2012 enrolled class were 600-720 Critical Reading, 660-760 Math, and 600-700 Writing.
2. Graduate Studies: Reporting one average for all graduate programs would not be meaningful since scores vary widely among disciplines. In addition, not all departments require the GRE.
3. Management: The median GMAT score for students entering the full-time MBA program in Fall 2012 was 640.
4. Applied Social Sciences: Applicants to the M.S.S.A. program are not required to submit test scores unless their cumulative undergraduate grade point average is below 2.7.
5. Law: The median LSAT score for the class entering the J.D. program in Fall 2012 was 160.
6. Dental Medicine: There are two parts to the Dental Admission Test (DAT): for the class entering Fall 2012, the Academic average was 19.69 and the Perceptual Ability Test (PAT) average was 19.70.
7. Nursing (D.N.P., M.S.N.): Average scores are not calculated.
8. Medicine: The average Medical College Admission Test (MCAT) score for students entering Fall 2012 was Verbal 10.6, Biological Sciences 12.2, and Physical Sciences 12.1.

The number of undergraduate applicants has increased significantly in recent years. A history of undergraduate applicants is reported below, along with a measure of their academic strength.

Academic Year	Applications Received	Admitted Applications	Freshmen Enrolled	Combined SATCR-M Scores of the Middle 50% of Enrolled Freshmen
2012-13	14,778	8,027	1,372	1280-1450
2011-12	13,547	6,944	902	1260-1410
2010-11	9,474	6,318	1,021	1270-1430
2009-10	7,998	5,598	966	1250-1410
2008-09	7,351	5,390	1.026	1230-1400

Through January 31, 2013, the University has received 18,200 undergraduate applications, a 26% increase over the applications received by January 31, 2012 for the current academic year.

CWRU annually awards degrees at the baccalaureate, master and doctoral level, as shown below for the last five academic years.

Academic Year	Baccalaureate	Master	M.D. & D.M.D. D.N.P. & J.D. & D.Mgt.	Ph.D.
2011-12	919	1,101	476	182
2010-11	1,038	944	527	203
2009-10	978	989	570	211
2008-09	958	964	550	200
2007-08	793	951	513	205

Since 2008, the number of high school graduates nationwide has decreased each year and is expected to continue to decline for several years until 2016. Competition among colleges and universities for the top students is expected to remain intense. Although CWRU believes that stable demand for its educational programs will continue, no assurance can be given that it will do so. A material decrease in CWRU's enrollment could adversely affect CWRU's consolidated financial position.

Tuition and Fees

The following sets forth the tuition (including health fees) charged by CWRU to entering students for each of the most recent five academic years (including the current year):

	2012-13	2011-12	2010-11	2009-10	2008-09
Tuition:					
Medical	$ 51,450	$ 49,570	$ 47,730	$ 45,930	$ 43,500
Dental	56,400	54,100	52,020	49,780	47,530
Management	49,725[1]	42,500	39,960	37,000	35,333
Law	44,500	42,450	40,450	38,575	36,150
Applied Social Sciences	37,120	35,690	34,320	33,000	31,300
Graduate Studies	37,120	35,690	34,320	33,000	31,000
Nursing	40,350	38,760	36,520	34,950	33,500
Undergraduate	40,120	38,760	37,300	35,900	34,450

[1] The Weatherhead School of Management no longer has a flat tuition rate for the MBA, MSM, M Acc, or DM (Doctor of Management) programs. Students in the full-time MBA program pay $1,275 per credit hour. The recommended program of study in the first year is 18 hours in fall and 21 in spring, for an academic year total of $49,725. The prior-year rate covered 12-20 hours in fall, 12-18 in spring.

CWRU's total tuition revenue, including admission fees and laboratory fees, for each of the five most recent Fiscal Years is set forth below:

Fiscal Year	Total Tuition Revenue
2012	$317,861,000
2011	309,499,000
2010	293,124,000
2009	279,765,000
2008	267,554,000

For Fiscal Year 2012, CWRU met approximately 40% of the costs of its educational and general expenses through tuition.

The following sets forth the room and board and activity fees charged by CWRU to entering undergraduate students for each of the most recent five academic years (including the current year):

	2012-13	2011-12	2010-11	2009-10	2008-09
Room & Board	$12,436	$11,938	$11,400	$10,890	$10,450
Activity Fee					
Undergraduate	320	310	298	288	276

The room and board total includes the rate for a double room. A $400 technology fee was charged to all students in 2008-09 and is included in tuition effective in 2009-10.

Student housing, food service and health service operations are self-sustaining auxiliary enterprises.

CWRU has a two-year residency requirement for undergraduates. First- and second-year students who do not live with their parents must live in a CWRU residence hall or a CWRU-recognized fraternity or sorority. Accommodations include single and double rooms as well as apartment-style housing. The rates included in the table above are for double rooms. In Fall 2012, 3,537 of the 3,703 available beds in residence halls and university-owned Greek housing were occupied, for an occupancy rate of 96%. Average occupancy of available beds has been in the 90-95% range for the last five years.

CWRU currently does not offer on-campus housing for graduate and professional students, but the campus master plan includes housing options designed specifically for graduate and professional students and their families in future years.

All undergraduate students living in CWRU residence halls (excluding apartment-style housing) are required to participate in one of the meal plans offered by CWRU. Graduate and professional students may participate in CWRU meal plans if they desire. The room and board rates in the table above include a 19-meal per week plan plus 75 “Case Cash” dollars per semester for academic year 2012-13.

All students registered for at least one credit hour are required to participate in a plan that entitles the student to use the University Health Service and to receive coverage under the Student Medical Plan. A student is charged a medical plan fee in addition to tuition and other fees unless the student shows proof of coverage by a comparable insurance plan.

The student activity fee is used to support undergraduate student organizations and activities of a social and recreational nature.

CWRU has the right to make changes in the various charges at the beginning of any semester. Although CWRU believes that it would be able to raise tuition and fees without adversely affecting its future enrollment, there can be no assurance that it will be able to do so. Future economic and other conditions may affect CWRU's ability to increase its tuition and fees.

Financial Aid

During Fiscal Year 2012, CWRU provided $118.2 million in student aid to CWRU students to help support educational costs. Approximately 32% of this support was from restricted sources, including the State, the federal government, gifts and scholarship endowment income. CWRU committed unrestricted operating funds to make up the balance.

In addition to grant assistance provided for Fiscal Year 2012, CWRU provided, arranged for or assisted students in obtaining loans of $123.2 million of which $112.6 million came from federal or state sources. Undergraduate, graduate and professional students also were provided work opportunities throughout CWRU and earned $27.1 million.

State and federal support for student financial aid comes to CWRU in three forms -- grants to students based upon need, research and training support and access to loan funds. Federal and state grant funds are limited in the most part to undergraduates. There is no assurance that the current level of this support will be maintained in future years. Research and training support for graduate and professional students continues to be strong and proposed changes by federal sources are generally known and planned for prior to the affected year.

Budgeting and Financial Management

Academic programming and planning, budgeting and financial management are conducted within a decentralized structure of nine management centers. These include the College of Arts and Sciences, the School of Engineering, CWRU's six professional schools and University General.

Financial planning begins in the fall each year with a review of institutional and school priorities. During this period, program priorities of the schools and the university are evaluated in context with financial assumptions about tuition rates, inflation, endowment yields and related issues.

The formal budgeting process for each Fiscal Year begins in the previous winter. The Budget Office, working with senior administrative officers and management center deans, makes estimates of enrollment and major income and expense categories. Recommended tuition and room and board rates are developed, reviewed with the Faculty Senate Budget Committee and then recommended for approval by the Board's Finance Committee and then by the Executive Committee in February. Other CWRU guidelines are developed centrally, including salary increases, fringe benefit rates and spendable endowment income. These guidelines are transmitted to the deans and administrative officers who prepare detailed budgets for their areas of responsibility. These are collected, reviewed and consolidated into a University budget by the Budget Office, reviewed by the senior administrative officers and the Faculty Senate Budget Committee, revised where necessary, and submitted for approval to the Board's Finance Committee and the Board at its June meeting.

General fiscal control is exercised on a daily basis through the Controller. At the end of each quarter, each dean and each responsible administrative officer prepares a budget forecast. These forecasts are reviewed by the Budget Office and reviewed with administrative officers. Corrective action is taken with each dean or responsible administrator as may be appropriate to ensure that CWRU operates within budget limits and/or available income. CWRU administrators report quarterly to the Board on the status of performance against budget.

Unrestricted, Temporarily Restricted and Permanently Restricted Net Assets

In accordance with the net asset reporting requirements of Accounting Standards Codification ("ASC"), unrestricted, temporarily restricted and permanently restricted net assets totaled \$146.7 million, \$794.0 million and \$883.9 million, respectively at June 30, 2012.

Gifts, Grants and Bequests

Soon after President Snyder's 2007 arrival, the University began a major fundraising campaign, with a goal of \$1 billion. After an initial "quiet phase", the campaign was publicly announced in late 2011. At December 31, 2012, the University had attained over 75% of the campaign's goal.

During Fiscal Year 2012, CWRU received \$62.2 million in new gifts and pledge commitments including numerous scholarships, fellowships, professorships and private support for research in all of the university's schools and college. Gifts and pledges were received to support numerous specific programs, including The Inamori Ethics Prize, The Fowler Center for Sustainable Enterprise, The Great Lakes Energy Institute, The Mandel Center, The Cleveland Public Schools Dental Sealant Program, and The Mt. Sinai Scholars Program. Fundraising for current capital priorities included gifts to the Veale University Center, Maltz Performing Arts Center, Thinkbox, Wyant Fieldhouse and Uptown.

In addition, during Fiscal Year 2012, CWRU was awarded \$345.4 million in research, training and career grants from various funding sources, principally the National Institutes of Health (\$216.1 million). Awards from industry totaled \$14.2 million, non-profit organizations contributed \$56.0 million, other federal agencies made grants of \$46.0 million, and state/other non-federal government sources totaled \$13.1 million. Figures include awards to the CCLCM.

Investment Assets

The total market value of CWRU's Combined Investment assets as of June 30, 2012 was $1,602.1 million. “Combined Investments” include the University’s endowment assets and certain other specified assets. This includes Pooled Investments of $1,254.8 million, funds held in trust by others of $285.8 million and other investments of $61.5 million. Of the total Combined Investments, $1,223.9 were endowment assets.

The following table summarizes the market value of CWRU's Combined Investment and Pooled Investment assets (as of June 30) for the Fiscal Years 2008 through 2012 and the total return on Pooled Investment assets, including dividends, interest and realized and unrealized gains, for each of those Fiscal Years. The Pooled Investments are the endowment funds actively managed by CWRU's Investment Office. The Combined Investments includes the Pooled Investments as well as other funds either managed by trustees unrelated to CWRU or invested by CWRU pursuant to agreements with donors or otherwise that specify the investments of those funds.

Fiscal Year	Market Value of Combined Investments	Market Value of Pooled Investments	Total Annual Return on Pooled Investments
2012	$1,602,100,000	$1,254,800,000	(1.58%)
2011	1,697,100,000	1,357,800,000	18.82
2010	1,481,500,000	1,146,600,000	7.19
2009	1,484,000,000	1,141,100,000	(19.01)
2008	1,908,000,000	1,419,600,000	0.59

Spending Policy Relating to Endowment and Other Assets

Distributions from the University’s Combined Investments are governed by spending policies. Different categories of assets are governed by different policies. These categories generally are endowment funds, funds held in trust by others, other endowment assets and certain other funds of the University. Distributions from endowment funds constituting the Pooled Investments, which represent approximately 78% of the Combined Investments and are managed by the University, are governed by a hybrid spending formula that contains a constant growth component (defined as last year’s spending inflated by the Higher Education Price Index and weighted at 50%) and a market value-based component (defined as 5% of the three-year average market value and also weighted at 50%). Distributions from funds held in trust by others (which represent approximately 17.8% of the Combined Investments) are in most cases capped at 5% of annual market value, and the amounts distributed are not determined by the University but by the custodians. Other endowment investments (which represent approximately 2% of the Combined Investments) are governed by a variety of market-value-based spending policies established primarily by the donors. The remainder of Combined Investments consist of funds designated by the University and distributions are governed by policies established from time to time by the University. Further, due to various donor restrictions on how endowments may be spent, all endowment distributions are not necessarily used in the year that they are distributed. Such unused distributions are carried in designated operating funds until such time that the restrictions are met.

The table below presents distributions and amounts used from the Combined Investments as a percentage of the beginning market value (BMV) of Combined Investments for each of the Fiscal Years indicated. Such amounts include the distribution or spending of monies from the various categories of funds included in Combined Investments.

Fiscal Year	Combined Investment Distributions (millions)	Combined Investment Distributions % of BMV	Combined Investment Amounts Used (millions)	Combined Investment Amounts Used % of BMV
2012	$77.4	4.56%	$74.9	4.41%
2011	77.7	5.24	72.4	4.89
2010	82.7	5.57	77.2	5.20
2009	84.6	4.43	75.8	3.97
2008	80.4	4.17	71.6	3.72

Beginning in Fiscal Year 2010, the Board annually has authorized an additional distribution from the Pooled Investments as a campaign support fee for the current development campaign. For Fiscal Year 2013 the Board has authorized a distribution of $7.2 million. The amounts withdrawn pursuant to such Board authorizations for prior years are:

Fiscal Year	Distribution
2012	$7,900,000
2011	7,900,000
2010	7,869,000

The Board and the administration intend to review the amount of the campaign fee annually for the duration of the campaign, with the expectation that it will gradually decline. It is expected that the reduced dollars provided by the Pooled Investments will be replaced by funds provided from the operating budget.

Outstanding Indebtedness

The University has previously incurred debt, including bonds issued by the Ohio Higher Education Facility Commission (the "Commission"), for the purposes of financing various facilities and for refunding bonds or other evidences of indebtedness issued for those purposes. The University has never failed to pay punctually in full all amounts due for principal and interest on any indebtedness.

The outstanding principal amount of bonds, including commercial paper, issued by the Commission for the University totals $520,633,000 at January 31, 2013 and consists of the following:

	Year Issued	**Original Amount Issued**	**Principal Amount Outstanding**	**Final Maturity**
Series 1988 Bonds	1988	$ 5,557,000	$ 6,163,000	2013
Series 1990 Bonds	1990	21,530,000	11,650,000	2020
Series 1994 Bonds	1994	20,000,000	20,000,000	2018
Series 1997 Bonds	1997	69,988,000	3,555,000	2014
Series 2001 Bonds	2001	19,600,000	11,730,000	2022
Series 2002 A Bonds	2002	64,875,000	64,875,000	2031
Series 2004 A Bonds	2004	107,950,000	52,125,000	2034
Series 2006 Bonds	2006	82,490,000	81,200,000	2044
Series 2008 A Bonds	2008	60,000,000	60,000,000	2044
Series 2008 B Bonds	2008	67,500,000	67,500,000	2044
Series 2008 C Bonds	2008	50,490,000	50,490,000	2033
Series 2012A Bonds	2012	28,345,000	28,345,000	2023
Commercial Paper	2000	43,000,000	43,000,000	2030
Commercial Paper	2002	20,000,000	20,000,000	2030

The University also has other outstanding debt, including U.S. Government Housing Bonds, Housing and Urban Development Mortgage Notes, and Other Notes Payable, outstanding at January 31, 2013 in aggregate principal amount of $18,961,000.

The University also has two separate lines of credit in the aggregate amount of $60,000,000 provided by two commercial banks. No amounts are currently outstanding under the lines of credit.

Interest Rate Hedges

The University is a party to several interest rate swap transaction. Those swaps are listed in Note 12 to the financial statements of the University as of June 30, 2012, and for the year then ended, appended to this Offering Memorandum as Appendix B. The aggregate termination value of those swap transactions as of February 8, 2013 is ($32,334,142).

APPENDIX B

CASE WESTERN RESERVE UNIVERSITY FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(WITH INDEPENDENT AUDITORS REPORT THEREON)

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FINANCIAL REPORT

2012

CASE WESTERN RESERVE UNIVERSITY

EST. 1826

DISCUSSION OF FINANCIAL RESULTS

Case Western Reserve University continued to build on the solid financial resource base during fiscal year 2012 ("FY12"). The University's net operating activities were positive, working capital initiatives successful, and philanthropic efforts reached new and historic levels.

The FY12 financial plan again centered on enhancing core operating performance, increasing working capital resources, and growing momentum throughout a comprehensive capital campaign. The results were a $36 million or 4% operating margin, a $28 million increase in working capital, and a new record for annual attainment of $138 million. Capital expenditures continue to reflect targeted investments, supplemented by philanthropy. There are no current plans for additional debt.

Below are additional comments related to the University's operations and financial results.

FY12 FINANCIAL HIGHLIGHTS

Solid core operating performance

The University's stewardship of resources produced net operating income of $36 million, a 4% operating margin. A proactive financial management plan reflected a balanced budget in FY12 with a planned $2 million surplus. Actual results of a $6.4 million surplus reflect revenue diversity in a wide array of academic programs attracting high quality students to a leading research university. Both net operating activity and operating surpluses have been positive in all of the last five years, as well as outperforming annual budgets. Management is committed to continuing sustainable operating improvements.

Increased working capital resources

The University implemented several strategic initiatives to enhance working capital. Working capital from operating, financing, and investing activities all increased in FY12, improving liquidity by $28 million over FY11. This increase was during a period of two extraordinary cash outlays to fund pension obligations and increased interest rate swap collateral requirements totaling over $40 million.

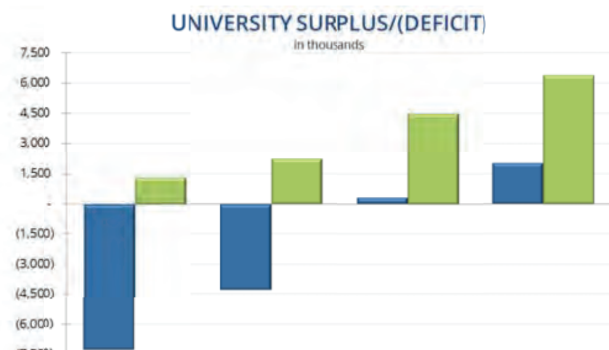
Record-breaking capital campaign

The University benefitted from the generous support of its donors. During FY12, the University announced a capital campaign with a $1 billion goal. The attainment achieved in FY12 totaled $138 million, an historic level and represents a 10% increase over the previous record-setting year of FY11. The University received gifts from over 17,000 donors, totaling $92 million as reported on a cash basis. Realized gifts and pledges of $62 million are reported in the financial statements on an accrual basis.

STATEMENT OF OPERATIONS

The University manages its daily operations using a *Statement of Operations* which is prepared on a modified cash basis and presented by natural account class; it is unaudited. The *Statement of Operations* measures and reports the management center-based activities of the organization. It excludes non-operating transactions, depreciation expense, differs in its treatment of capital, and excludes most restricted funds transactions (e.g. restricted gift revenue).

The University produced an operating surplus of $6.4 million in FY12, compared to a budget of $2.0 million and a $4.5 million surplus in FY11.



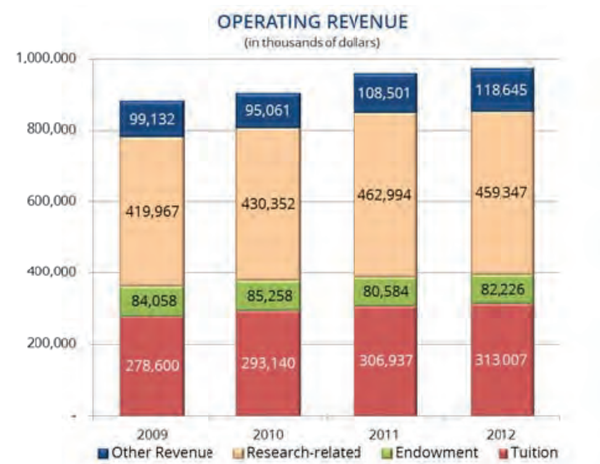
	2009	2010	2011	2012
Budget	(7,226)	(4,278)	332	2,000
Actual	1,336	2,226	4,499	6,375

The FY12 operating results were achieved without use of a Board-designated contingency fund of $8.2 million which is retained for use in subsequent years.

The operating surplus has increased in absolute dollars in each of the last five years. In addition, the surplus has exceeded plan in each year as well.

MANAGEMENT CENTER OPERATING REVENUES

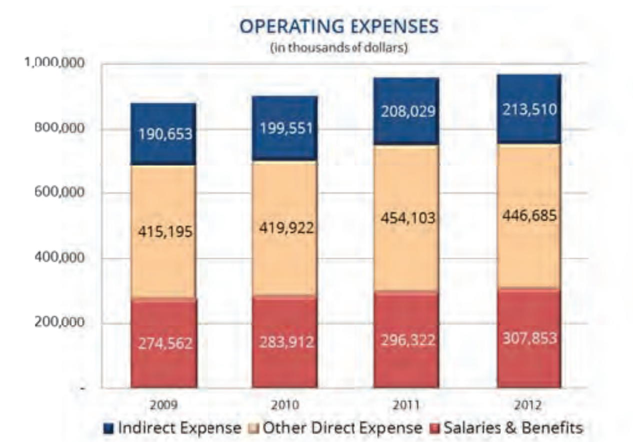
Operating revenues are classified in four categories: tuition, endowment, research-related, and other. The University reported $973 million in revenue, a $14 million or 1% increase from FY11.



All categories with the exception of research-related increased over FY11. Research-related declined slightly due to the end of federal stimulus funding made available through the American Recovery and Reinvestment Act of 2009.

MANAGEMENT CENTER OPERATING EXPENSES

Operating expenses were $968 million, a $10 million or 1% increase from FY11. Functional expenses are classified as salaries and benefits, other direct, and indirect expenses.



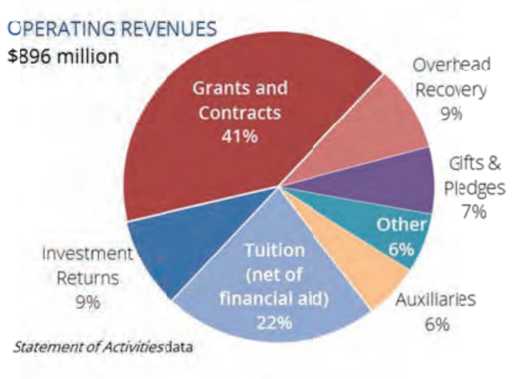
Salaries and benefits and indirect expenses increased due to inflationary increases, largely salary-related. Other direct expenses of $447 million declined $7 million or 2% due to the related decline in research activity mentioned previously, and due to operating efficiencies.

CONSOLIDATED STATEMENT OF ACTIVITIES

The *Statement of Activities* includes consolidated results from operating and non-operating activities of the University to produce change in net assets. In FY12, operating activity contributed $36 million to net assets.

OPERATING REVENUES

Total operating revenues were $896 million, a $24 million or 3% drop from FY11. The components of the University's revenues are shown below; additional detail of operating revenue follows.



Tuition Income

Gross tuition income of $318 million, including fees and undergraduate, graduate, summer, and professional tuition, increased $8 million or 3% over FY11. Gross tuition income is offset in part by financial aid awarded; the financial aid offset for FY12 was $118 million, resulting in net tuition of $200 million or 22% of operating revenues.

The net tuition income of $200 million increased $12 million or 6% over FY11, with increased revenues realized in graduate and summer programs.

Investment Returns

Investment Returns included $61 million in returns distributed from the long-term investment pool, $10 million in returns on operating investments, and $13 million in distributions from funds held by others (FHBO) for endowment spending. Investment returns in operations, which represent 9% of operating revenue, totaled $84 million, a decrease of $21 million or 20% from FY11.

The majority of the decline was from returns on operating investments, which were down $23 million from FY11. This decrease was offset in part by a 6% or $1 million increase in returns from FHBO and $1 million increase in long-term investment returns distributed for operations.

Grants and contracts

Grant and contract revenue includes both awards for Case Western Reserve University and also its affiliates, most notably the Cleveland Clinic Lerner College of Medicine ("CCLCM").

Grants and contracts received for research and training purposes of $364 million, including $98 million in CCLCM awards, decreased $5 million or less than 2% from FY11. The total represents 41% of University operating revenue. The decrease corresponds with research operating expenses.

Overhead cost recovery

The facilities and administrative cost recovery applicable to federally sponsored projects and all other sponsored activity was $80 million in FY12 with no change from FY11. Overhead recovery constituted 9% of operating revenue.

Gifts & Pledges

Gifts & Pledges income of $62 million was down $16 million or 20% from historic FY11 levels due to a number of one-time gifts being realized in FY11. As compared to FY10, however, Gifts & Pledges income, 7% of operating revenues, was up $7 million.

Other Revenue

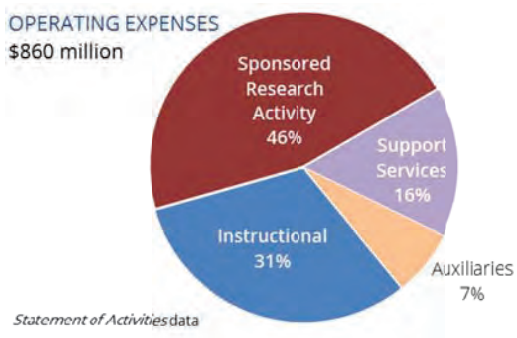
Other revenue of $55 million, an increase of nearly $5 million or 9% over FY11, constituted 6% of revenue. Other revenue was provided by the State of Ohio appropriation, Organized activities, and Other sources.

Auxiliaries

Auxiliary services income of $51 million, which was 6% of operating revenues, increased $2 million or 3% over FY11. Auxiliary income is categorized as either "Student," which is largely Housing, Food, and Health Services, totaling $40 million, or "Other," including Rental Properties and Parking, totaling $11 million for FY12.

OPERATING EXPENSES

Total expenses of $860 million increased $6 million or less than1% over FY11. The components of the University's expenses are shown; additional detail of operating expenses follows.



Instructional costs of $270 million, which comprise 31% of operating expenses, increased by $9 million or 3% over FY11. Included in direct instructional costs are faculty and staff salaries and benefits, including a merit increase pool for faculty and staff of 2% over FY11.

Sponsored Research Activity of $395 million, representing 46% of operating expenses, increased by $372 thousand, less than 1% over FY11. Sponsored Research Activity includes sponsored research and training, other sponsored projects, and CCLCM research and training expenses.

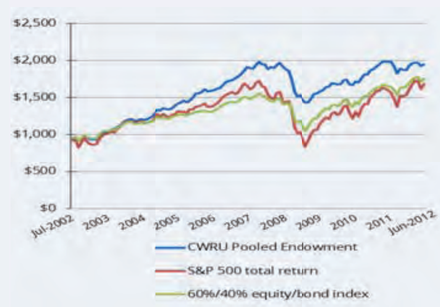
Support Services costs of $135 million, or 16% of operating expenses, including Library, Student Services, and University Services, increased $883 thousand or less than 1% over FY11.

Auxiliaries expenses of $59 million, which constitute 7% of operating expenses, decreased by $3 million or 6% from FY11. The reduction in expenses, when coupled with the 3% increase in revenue, resulted in a net position of $5 million better than FY11 for Auxiliaries.

THE UNIVERSITY'S ENDOWMENT

Case Western Reserve University manages its endowment of generous donor contributions through employing active risk management strategies designed to protect and grow portfolio value in today's world of volatile markets. Like the University itself, the investment horizon is in essence perpetual, while investment, liquidity, and spending distribution policies are grounded in daily operational needs. These dual goals call for a balance of aggressiveness and caution, diligence and diversification. The pooled endowment ('the pool") asset allocation uses the risk management tool of diversification, each category distinguished by expected response to change in economic growth, inflation, and interest rates.

The overriding goal is to build a portfolio that does well on both an absolute and a relative basis in a variety of economic and inflationary environments – an approach known as outcome-driven investing. The success of this strategy can be seen in the value-added monthly performance of $1,000 in the CWRU endowment pool as compared to the S&P 500 and a 60% S&P500/40% Barclays Aggregate bond index for a 10-year period ending June 30, 2012.



In addition to the pool, the University benefits from other endowed assets, mostly trusts and deferred gifts. These funds held by others are externally invested and managed. As of June 30, these other assets helped bring the University's total investments' market value to $1.60 billion.

NON-OPERATING ACTIVITIES

Non-operating activity decreased net assets $185 million due to slightly negative investment returns and significant pension plan costs.

Long-term Investment Activities

Long-term investment activities realized $10 million in investment gains and $18 million in interest and dividends on $1.5 billion in investment assets. These gains were more than offset by expenses of $10 million and a year-end mark to market adjustment of $34 million.

Other Non-Operating Activities

Other non-operating activities, including pension plan changes, changes in liabilities due under life-income agreements, and loss on disposal of plant assets, resulted in a $63 million loss in net assets. Most significant in this other non-operating activity was a $56 million pension plan liability incurred from an historic 1.5% decline in the pension plan discount rate.

CHANGE IN NET ASSETS

The combined net operating activity of $36 million and net non-operating activity of -$185 million resulted in total net assets of $1.825 billion, a decrease of $149 million or 8%.

CHANGE IN NET ASSETS

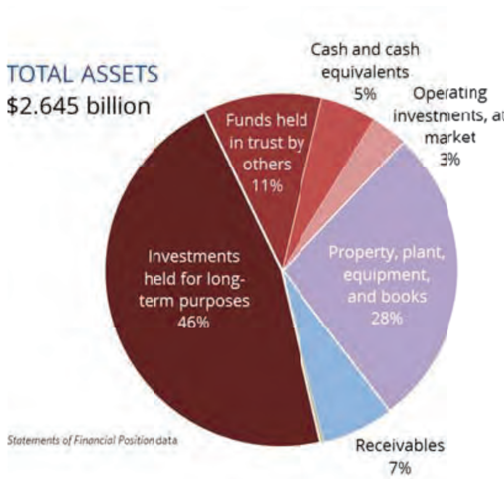
(in millions)		2012		2011
Beginning net assets	$	1,973,541	$	1,725,158
Increase/(decrease) in net assets		(148,892)		248,383
Ending net assets	$	1,824,649	$	1,973,541

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The University's *Statements of Financial Position* reflect total assets of $2.645 billion, primarily a sizable cash and investment balance of $1.736 billion, the cash portion of which increased liquidity over FY11.

ASSETS

Total cash and investments of $1.736 billion, including cash and cash equivalents, operating investments, long-term investments, and funds held by others, combined are 66% of University assets. Property, plant, equipment and books represent an additional $731 million or 28% of assets. Total assets declined 3% or $95 million over FY11 due to an investment mark-to-market adjustment at June 30, 2012.



Cash and Cash Equivalents

The University actively manages its working capital to maintain targeted levels of working capital in highly liquid assets to meet daily operating requirements. Working capital in excess of the liquidity target is retained in operating investments producing a higher investment return.

The University's cash position at June 30 was $134 million, an increase of $28 million or 26% over FY11. Cash equivalents include all highly liquid investments with original purchase maturity of 90 days or less and appropriated endowment income which may be spent on demand.

Operating Investments, at market

The University's operations were supported by $87 million of operationa investments in addition to cash and cash equivalents. These investments generally have a maturity of greater than 90 days but may be liquidated on demand.

Operating investments were up 12% or $9 million over FY11 totals.

Receivables

Receivables include net accounts and loans receivable as well as net pledges receivable. In total, the University has $172 million in receivables, 6% of assets. Receivables were down $12 million or 7% from FY11.

Investments held for long-term purposes

Long-term investments of $1.23 billion decreased $92 million or 7% from FY11. Because the majority of the University's long-term investments are endowments or similar funds, the Board of Trustees' annually-designated endowment spending allocation had an impact of approximately $70 million on long-term investments in FY12. This endowment spending was only partially offset by investment earnings of approximately $13 million, and was coupled with a mark-to-market adjustment for unrealized gains of $34 million.

Funds Held By Others

Funds held in trust by others of $286 million decreased 4% or $12 million from FY11.

Property, Plant, Equipment, and Books

Property, plant, equipment, and library books, net of depreciation, constitute 28% of the University's assets, totaling $731 million for FY12. Net plant assets decreased $15 million or 2% from FY11.

LIABILITIES

Total liabilities increased over FY11 to $821 million, a $54 million or 7% increase from FY11 totals.

Retirement Plans

The University provides both defined benefit and defined contribution pension plans for its faculty and staff. The pension plan discount rate for the defined benefit plan decreased from 6.0% to 4.5% in FY12. This decrease caused the University's accrued pension liability position to increase by $41 million over FY11, to a total accrued pension liability of $63 million in FY12.

Debt

Scheduled debt service payments made during FY12 decreased the liability on notes and bonds payable by $10 million to $560 million.

While there is no current plan for new debt, the University's Board of Trustees authorized in 2008 an increase in its commercial paper program to $90 million, of which $27 million has not yet been drawn. It is anticipated this balance will be used for bridge financing for strategic capital projects, specifically the new Tinkham Veale University Center.

NET ASSETS

Total net assets of the University declined in FY12 by $149 million or 8% from FY11 to $1.825 billion.

Unrestricted Net Assets

Unrestricted net assets of $147 million decreased $69 million from FY11. Net operating activity increased $11 million, while net non-operating activity decreased $80 million, for a net change of $69 million. Valuation adjustments for both pension liability and investments account for the decrease.

Temporarily Restricted Net Assets

Temporarily restricted net assets decreased $89 million to $794 million. The University received $37 million of new temporarily restricted gifts and pledges in FY12, which were offset by a year-end market valuation adjustment of $31 million and $61 million in assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets increased $9 million to $884 million during FY12. The majority of the increase was due to the receipt of $23 million in new gifts and pledges, which were partially offset by $10 million in long-term investment activity losses and a change in liabilities due under life-income agreements of $4 million.

PROSPECTIVE DISCUSSION

The University expects to continue to build on its solid financial base as reflected in its budgeted surplus of $5 million for fiscal year 2013. Strategic capital projects are supported through restricted gifts and a new $1 billion dollar campaign through 2016 is well underway. The incoming undergraduate class, the Class of 2016, is the largest and most academically accomplished in the University's history. Finally, senior leadership is committed to continuous operating performance improvements, thereby strengthening the University's financial position through a disciplined and well-executed strategic plan.

John F. Sideras, CPA
Senior Vice President and Chief Financial Officer

SELECTED FINANCIAL AND OTHER DATA *unaudited*

Fiscal Years Ended June 30

	2012	2011	2010	2009
		(in thousands of dollars)		
STATEMENT OF OPERATIONS HIGHLIGHTS				
Tuition	$ **313,007**	$ 306,937	$ 293,140	$ 278,600
Endowment Revenue	**82,226**	80,584	85,258	84,058
Research-Related Revenue	**459,347**	462,994	362,495	419,967
Other Revenue	**118,645**	108,501	162,918	99,132
Total Revenue	$ **973,225**	$ **959,016**	$ **903,811**	$ **881,757**
Salaries and Benefits	**307,853**	296,322	311,689	274,562
Other Direct Expense	**446,685**	454,103	392,145	415,195
Indirect Expenses	**213,510**	208,029	199,551	190,653
Total Expense	$ **968,048**	$ **958,454**	$ **903,385**	$ **880,410**
Operating Margin	$ **5,177**	$ **562**	$ **426**	$ **1,347**
Retained Surplus Use/(Contribution)	**1,198**	3,937	1,800	(11)
Surplus	$ **6,375**	$ **4,499**	$ **2,226**	$ **1,336**
CONSOLIDATED STATEMENT OF ACTIVITIES HIGHLIGHTS				
Tuition and Fees (net of student aid)	$ **199,709**	$ 188,078	$ 174,927	$ 167,034
Investment, FHBO, and operational returns	**84,165**	105,188	89,002	93,928
Grants and Contracts	**364,197**	369,007	349,475	360,395
Facilities and Administrative cost recovery	**79,607**	79,742	75,705	67,687
Gifts and Pledges	**62,165**	77,878	54,627	52,492
Other Revenue	**55,205**	50,424	43,784	52,786
Auxiliary Services	**51,006**	49,449	45,517	46,278
Total Operating Revenues	$ **896,054**	$ **919,788**	$ **833,037**	$ **840,600**
Instructional Expenses	**269,966**	261,461	253,578	241,929
Sponsored Research Activity	**395,327**	394,955	375,141	378,006
Support Services	**135,463**	134,580	130,355	123,402
Auxiliary Services	**58,975**	62,414	58,781	59,090
Total Operating Expenses	$ **859,731**	$ **853,410**	$ **817,855**	$ **802,427**
Net Operating Activity	$ **36,323**	$ **66,378**	$ **15,182**	$ **38,173**
Long-term Investment Activities	**(60,933)**	233,577	76,368	(368,987)
Other non-operating activity	**(124,282)**	(51,572)	(76,241)	(133,213)
Net Non-Operating activity	$ **(185,215)**	$ **182,005**	$ **127**	$ **(502,200)**
Change in Net Assets	$ **(148,892)**	$ **248,383**	$ **15,309**	$ **(464,027)**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS				
Cash and cash equivalents	$ **133,905**	$ 105,900	$ 102,998	$ 97,959
Operating investments, at market	**87,304**	77,914	64,205	
Receivables	**171,807**	183,870	148,607	158,630
Investments (held for long-term purposes)*	**1,229,017**	1,321,428	1,161,596	1,207,168
Funds held in trust by others	**285,756**	297,768	255,729	220,656
Property, plant, equipment, and books, net of depreciation	**730,637**	745,260	770,248	795,088
Prepaid expenses and other assets	**6,979**	8,424	9,258	16,314
Total Assets	$ **2,645,405**	$ **2,740,564**	$ **2,512,641**	$ **2,495,815**
Total Liabilities	$ **820,756**	$ **767,023**	$ **787,483**	$ **785,966**
Total Net Assets	$ **1,824,649**	$ **1,973,541**	$ **1,725,158**	$ **1,709,849**
OTHER FINANCIAL INFORMATION				
Total Investments (including FHBO) at year end	$ **1,602,077**	$ 1,697,110	$ 1,481,530	$ 1,409,000
Investments payout in support of operations	**74,159**	72,536	79,106	93,928
As a % of total expenses	**8%**	8%	9%	11%
Total gifts and pledges (attainment)	$ **138,362**	$ 126,211	$ 115,529	$ 108,707
Total gifts - cash basis	**91,763**	86,189	80,855	80,073

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

To the Board of Trustees
Case Western Reserve University:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of Case Western Reserve University (the "University") as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's June 30, 2011 financial statements, and in our report dated October 15, 2011, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

September 29, 2012

PricewaterhouseCoopers LLP, 200 Public Square, 18th Floor, Cleveland, OH 44114-2301
T: (216) 875 3000, F: (216) 566 7846, www.pwc.com/us

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In thousands of dollars	For the year ended June 30 2012	2011
ASSETS		
Cash and cash equivalents	$ **133,905**	$ 105,900
Operating investments, at market	**87,304**	77,914
Accounts and loans receivable, net	**102,681**	121,680
Pledges receivable, net	**69,126**	62,190
Prepaid expenses and other assets	**6,979**	8,424
Investments, held for long-term purposes	**1,229,017**	1,321,428
Funds held in trust by others	**285,756**	297,768
Property, plant, equipment and books, net	**730,637**	745,260
TOTAL ASSETS	**$ 2,645,405**	**$ 2,740,564**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ **66,376**	$ 57,834
Deferred income and other liabilities	**61,120**	49,416
Annuities payable	**41,454**	40,623
Refundable advances	**5,449**	6,503
Accrued pension liability	**63,291**	22,582
Notes and bonds payable	**559,978**	570,179
Refundable federal student loans	**23,088**	19,886
TOTAL LIABILITIES	**$ 820,756**	**$ 767,023**
NET ASSETS		
Unrestricted	$ **146,716**	$ 215,901
Temporarily restricted	**793,989**	883,118
Permanently restricted	**883,944**	874,522
TOTAL NET ASSETS	**$ 1,824,649**	**$ 1,973,541**
TOTAL LIABILITIES AND NET ASSETS	**$ 2,645,405**	**$ 2,740,564**

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

CONSOLIDATED STATEMENT OF ACTIVITIES

with summarized financial information for the year ended June 30, 2011

In thousands of dollars	Unrestricted	Temporarily Restricted	Permanently Restricted	For the year ended June 30 2012	2011
OPERATING REVENUES					
Student tuition and fees	$ 317,861			**$ 317,861**	$ 309,499
Less: Student aid	(118,152)			**(118,152)**	(121,421)
	199,709			**199,709**	188,078
Investment returns distributed for operations	60,366	$ 304	$ 163	**60,833**	59,934
FHBO returns distributed	13,326			**13,326**	12,602
Investment returns on operating investments	10,006			**10,006**	32,652
Grants and contracts	265,888			**265,888**	268,909
CCLCM grants and contracts	98,309			**98,309**	100,098
Gifts & pledges	2,539	36,959	22,667	**62,165**	77,878
State of Ohio appropriation	2,744			**2,744**	3,262
Facilities and administrative cost recovery	79,607			**79,607**	79,742
Organized activities	11,927			**11,927**	11,395
Other sources	39,895		639	**40,534**	35,789
Auxiliary services - students	39,858			**39,858**	38,742
Auxiliary services - other	11,148			**11,148**	10,707
Net assets released from restrictions	35,103	(36,745)	1,642	**-**	-
TOTAL OPERATING REVENUES	**$ 870,425**	**$ 518**	**$ 25,111**	**$ 896,054**	**$ 919,788**
OPERATING EXPENSES					
Instructional	269,966			**269,966**	261,461
Sponsored research and training	269,865			**269,865**	267,767
Other sponsored projects	27,153			**27,153**	27,090
CCLCM research and training	98,309			**98,309**	100,098
Libraries	22,279			**22,279**	22,122
Student services	22,780			**22,780**	21,886
University services	90,404			**90,404**	90,572
Auxiliary services - students	47,446			**47,446**	50,482
Auxiliary services - other	11,529			**11,529**	11,932
TOTAL OPERATING EXPENSES	**$ 859,731**	**$ -**	**$ -**	**$ 859,731**	**$ 853,410**
NET OPERATING ACTIVITY	**$ 10,694**	**$ 518**	**$ 25,111**	**$ 36,323**	**$ 66,378**
NON-OPERATING ACTIVITIES					
Long-term investment activities					
Investment (loss) income	$ (20,004)	$ 2,720	$ 1,744	**$ (15,540)**	$ 71,590
Net (depreciation) appreciation	(2,148)	(31,233)	(12,012)	**(45,393)**	161,987
Total long-term investment activities	(22,152)	(28,513)	(10,268)	**(60,933)**	233,577
Long-term investment income and gains distributed for operations	(60,366)	(304)	(163)	**(60,833)**	(59,934)
Change in liabilities due under life-income agreements			(4,472)	**(4,472)**	(2,315)
Loss on disposal of plant assets	(1,680)			**(1,680)**	(6)
Pension plan changes other than periodic benefit costs	(55,655)			**(55,655)**	10,390
Other non-operating activity	(1,642)			**(1,642)**	293
Net assets released from restrictions	61,616	(60,830)	(786)	**-**	-
NET NON-OPERATING ACTIVITY	**$ (79,879)**	**$ (89,647)**	**$ (15,689)**	**$ (185,215)**	**$ 182,005**
CHANGE IN NET ASSETS	**$ (69,185)**	**$ (89,129)**	**$ 9,422**	**$ (148,892)**	**$ 248,383**
Beginning Net Assets	215,901	883,118	874,522	**1,973,541**	1,725,158
ENDING NET ASSETS	**$ 146,716**	**$ 793,989**	**$ 883,944**	**$ 1,824,649**	**$ 1,973,541**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of dollars	For the year ended June 30 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (148,892)	$ 248,383
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	63,356	65,364
Amortization of bond issuance costs	98	128
Amortization of bond premiums	(755)	(732)
Increase in capital appreciation notes	1,044	1,452
Net unrealized depreciation (appreciation) in the fair market value of investments	34,371	(119,688)
Realized gains on investments	(6,897)	(96,276)
Increase to annuities payable resulting from actuarial adjustments	4,472	2,315
Gifts of property and equipment	(377)	(495)
Receipt of contributed securities	(3,429)	(3,731)
Loss on disposal of plant assets	1,680	6
Contributions restricted for long-term investment	(20,729)	(18,840)
Decrease (increase) in accounts and loans receivable, net	19,938	(24,769)
Increase in pledges receivable, net	(6,936)	(9,528)
Decrease in prepaid expenses and other assets	1,346	706
Decrease (increase) in funds held in trust by others	12,012	(42,039)
Increase in accounts payable and accrued expenses	8,450	584
Increase (decrease) in deferred income and other liabilities	11,705	(3,923)
Decrease in refundable advances	(1,055)	(85)
Increase (decrease) in accrued pension liability	40,709	(9,320)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	**$ 10,111**	**$ (10,488)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Student loans		
Collected	$ 6,899	$ 6,274
Issued	(7,839)	(7,240)
Proceeds from the sale of investments	2,713,818	2,962,458
Purchase of investments	(2,654,842)	(2,916,302)
Proceeds from the sale of plant assets	1,005	2,126
Purchases of property, plant, equipment and books	(50,948)	(41,912)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**$ 8,093**	**$ 5,404**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in federal advances for student loans	$ 3,202	$ 2,976
Contributions restricted for long-term investment	20,729	18,840
Proceeds from short-term debt	15,000	-
Repayment of short-term debt	(15,000)	-
Repayment of notes and bonds payable	(10,489)	(9,839)
Increase to annuities payable resulting from new gifts	1,147	1,258
Decrease to annuities payable resulting from payments	(4,788)	(5,249)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**$ 9,801**	**$ 7,986**
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 28,005	$ 2,902
Cash and cash equivalents, beginning of year	105,900	102,998
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 133,905**	**$ 105,900**
SUPPLEMENTAL DATA:		
Interest paid in cash	$ 16,968	$ 15,334
Noncash investing activities:		
Contributions of securities and other noncash assets	3,806	4,226
Change in accounts payable for fixed assets	93	101

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Case Western Reserve University (the "University") is an Ohio not-for-profit corporation that operates a private research university in Cleveland, Ohio. The consolidated financial statements of the University as of June 30, 2012, and for the year then ended, as well as summarized information for the year ended June 30, 2011, have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and all wholly-owned subsidiaries.

The University wholly owns two subsidiaries. Triangle Residential LP is a limited partnership formed in 2005 that owns and operates two apartment buildings and a parking garage located in the Ford-Euclid-Mayfield Road area. The University is the sole limited partner. The general partner is Triangle Residential LLC, also a wholly-owned subsidiary of the University, formed in 2005. The University, through Triangle Residential LP, plans to operate the properties pending finalization of plans to develop an arts, entertainment and residential complex in the area. All material transactions between the University and its subsidiaries have been eliminated.

Net Asset Categories

Standards for external financial reporting by not-for-profit organizations require that resources be classified for reporting purposes into three net asset categories according to donor-imposed restrictions:

UNRESTRICTED net assets are available for any purpose consistent with the University's mission. Unrestricted net assets and related activity include the following:

- All revenues traditionally classified as unrestricted resources of the University, including tuition and fees, unrestricted gifts, investment returns on unrestricted funds designated to function as endowment, recovery of facility and administrative costs from grants and contracts, and auxiliary services revenues.
- Revenues related to sponsored research and other sponsored program agreements which are considered exchange transactions.
- Unrestricted funds functioning similar to endowment and related investment returns.
- Gifts with donor-imposed restrictions, if the restriction is anticipated to be met within the current fiscal year of the University.
- Investments in plant assets.
- All expenses of the University.

TEMPORARILY RESTRICTED net assets include investment returns from endowments and gifts for which donor-imposed restrictions have not been met. This restriction on temporarily restricted endowment returns (income and realized and unrealized gains and losses) is released when appropriations are distributed for use and the funds have been spent. The category also includes pledges receivable and life-income gifts for which the ultimate purpose of the proceeds is not permanently restricted.

PERMANENTLY RESTRICTED net assets include gifts, trusts and pledges on which donors have imposed the restriction that the corpus is maintained in perpetuity and only the investment returns be made available for program operations. In the case of trusts, gains and losses are added to the gift amount. Gifts restricted by donors to provide loans to students are also included in permanently restricted net assets.

Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Donor required matching from University funds and donor release or clarification of restrictions is also included in this category.

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 958, "Not for Profit

Entities," in August 2008. The standard provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and expands disclosures about an organization's endowment (both donor restricted and board designated funds). The University's Board of Trustees ("the Board") has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulation 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

Contributions

Contributions, including unconditional pledges to give and irrevocable trusts held by others with the University as the beneficiary, are recognized as revenues in the period received or promised. They are classified as unrestricted, temporarily restricted, or permanently restricted net assets depending upon the donor's intent.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets when the assets are placed in service. Promises to give that are subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Gifts whose restrictions are met in the same fiscal year in which they are received are reported with unrestricted contribution revenues. Contributions of assets other than cash are reported at their estimated fair value at the date of gift. Contributions scheduled to be received after one year are discounted using a market rate (Note 3).

Grants and Contracts (Government and Private)

Revenues from government and private grants and contracts are recognized as earned in accordance with the terms of the grant or contract. Any government payment received before it has been expended is recorded as a refundable advance. Projects funded by government grants that incur expenses prior to payment receipt are recorded as revenue with a corresponding receivable.

Investment Returns on Operating Investments

Beginning in fiscal 2011, the University has invested excess operating funds and certain board designated funds with the University's investment pool. The operating funds are invested alongside other funds and receive a pro-rata portion of income, expenses, gains, and losses of the pool.

Cash and Cash Equivalents

The University considers all highly liquid investments with an original maturity of 90 days or less when purchased as cash and cash equivalents, except those amounts managed by investment managers as part of the investment pool that do not belong to operations, or unspent bond proceeds, which are classified as investments.

Operating Investments, at Market

Operating investments include all other current investments with original maturities greater than three months that are used to support operations. These investments include obligations of triple A rated banks, various United States Government agencies, and internal operating funds invested in the University's investment pool. Although the pool primarily invests in mid to long term investments, the pool maintains a sufficient investment mix that allows operating assets to be liquidated upon demand.

Investments

Investments are made within guidelines authorized by the Board. Investments are initially recorded at cost at date of acquisition or fair value at date of donation in the case of gifts. Ownership of marketable securities is recognized as of the trade date. Endowment returns are calculated net of internal and external investment management expenses.

Investments are stated at fair value as defined by ASC 820, "Fair Value Measurements and Disclosures." Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability, i.e., 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.

The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Realized gains and losses on investments are included in investment income. Average cost is generally used to determine gains or losses on securities sold. Unrealized changes in the fair value of investments are shown as net unrealized appreciation or depreciation.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis (Note 6). The three levels of inputs are as follows:

Level 1 — Quoted unadjusted prices in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and volume to produce pricing information on an ongoing basis. Market price data are generally obtained from exchange or dealer markets.

Level 2 — Pricing inputs other than Level 1 that are observable, either directly or indirectly, 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 same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Collections

The University's collections of historically significant artifacts, scientific specimens, and art objects are held for education, research, scientific inquiry, and public exhibition. Their value is not reflected in the University's consolidated financial statements.

Funds Held in Trust by Others

Funds held in trust by others are assets held and administered by outside trustees from which the University derives income or residual interest. Funds held in trust by others are reported at their fair value as of June 30, 2012 and 2011, which approximates the present value of the future income flows from these funds.

Income received from funds held in trust by others is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University. Income appropriated within the same year is classified as unrestricted. Unrealized changes in the fair value of investments are shown as net unrealized appreciation or depreciation in permanently restricted net assets.

Fixed Assets

When capital assets are sold or disposed, the carrying value of such assets and any accumulated depreciation are removed from the asset accounts. Any resulting gain or loss on disposal is recognized in the non-operating portion of the statement of activities.

Expenditures for construction in progress are capitalized as incurred and depreciated when placed into service. All identifiable direct costs including other costs incurred to ready the asset for its intended use are included in the cost of the project. The University capitalizes interest on borrowings to finance facilities, net of any investment income earned through the temporary investment of project borrowings, during construction until the project has been substantially completed.

Asset Retirement Obligations

The University accounts for asset retirement obligations in accordance with ASC 410, "Asset Retirement Environmental Obligations." The University accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

Allocation of Certain Expenses

The consolidated statement of activities presents expenses by function. Some expenses — such as depreciation, amortization, and expenses related to the operation of the physical plant — are allocated by square footage. Interest expense is allocated to the functions that derive the greatest benefit from the facilities financed.

Retirement Plans

The University accounts for its defined benefit postretirement plan in accordance with ASC 715 "Compensation - Retirement Plans." The University recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its consolidated statement of financial position in the year in which the change occurs, with an offsetting impact to unrestricted net assets.

Use of Estimates

Financial statements using accounting principles generally accepted in the United States of America rely on estimates. At June 30, management makes certain estimates and assumptions, which affect assets and liabilities, disclosures of contingent assets and liabilities, and reported revenues and expenses during the period. Actual results may differ from these estimates.

Comparative Information

The consolidated statement of activities includes prior year summarized comparative information in total, but not by net asset category. Such information does not include enough detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ending June 30, 2011, from which it was derived.

Income Taxes

The University is exempt from federal income tax to the extent provided under section 501(c)(3) of the Internal Revenue Code. The University is classified as an organization that is not a private foundation under section 509(a) of the Internal Revenue Code because it is described in sections 509(a)(l) and 170(b)(l)(A)(ii) and, as such, gifts to the University qualify for deduction as charitable contributions. The University is exempt from federal income tax, however; it is required to pay federal income tax on unrelated business income. The University did not have any material income tax liabilities for the years ended June 30, 2012 and 2011. ASC 740, "Income Taxes," prescribes a recognition threshold and measurement requirements for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, ASC 740 provides guidance on recognition, classification and disclosure requirements for uncertain tax provisions. The University has no financial reporting requirements associated with ASC 740 for the years ended June 30, 2012 and 2011.

Reclassifications

Certain amounts in the 2011 consolidated financial statements have been reclassified to conform to the 2012 presentation.

2. ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable of the University at June 30, 2012 and 2011, in thousands of dollars, were as follows:

		2012		2011
ACCOUNTS RECEIVABLE, NET				
Grants, contracts and others	**$**	**49,414**	$	69,051
Students		**1,934**		2,697
STUDENT LOANS, NET		**51,333**		49,932
ACCOUNTS AND LOANS RECEIVABLE, NET	**$**	**102,681**	**$**	**121,680**

Allowances for doubtful accounts:				
Accounts receivable	**$**	**3,496**	$	3,322
Loans receivable	**$**	**2,076**	$	1,751

Management regularly assesses the adequacy of the allowance for doubtful accounts by performing ongoing evaluations of the various components of the accounts receivable and student loan portfolios, including such factors as the differing economic risks associated with each category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, and the past history of the various borrowers and the University.

Factors also considered by management when performing its assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to, a detailed review of the aging of the various receivables and loans, and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis.

Management considers the allowance for doubtful accounts losses to be prudent and reasonable. Furthermore, the University's allowance is general in nature and is available to absorb losses from any loan category. Management believes that the allowance for doubtful accounts at June 30, 2012 is adequate to absorb credit losses inherent in the portfolio as of that date.

3. PLEDGES RECEIVABLE

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting to the present value of expected future cash flows. Unconditional promises to give at June 30, 2012 and 2011, are expected to be realized in the following periods:

		2012		2011
In one year or less	**$**	**11,173**	$	9,327
Between one year and five years		**55,015**		45,567
More than five years		**13,805**		18,521
		79,993		73,415
Less: Discount		**(6,911)**		(7,584)
Less: Allowance		**(3,956)**		(3,641)
TOTAL PLEDGES RECEIVABLE, NET	**$**	**69,126**	**$**	**62,190**

Management follows a similar approach as described in Note 2 for accounts and loans receivable in evaluating the adequacy of the allowance for doubtful accounts for pledges receivable. Management considers the allowance for doubtful accounts losses to be prudent and reasonable. Management believes that the allowance for doubtful accounts at June 30, 2012 is adequate to absorb any uncollectible pledges as of that date.

Pledges receivable at June 30, 2012 and 2011, had the following restrictions:

		2012		2011
Department programs and activities	**$**	**32,277**	$	26,011
Endowments for scholarships and department programs and activities		**18,270**		17,337
Building construction		**18,579**		18,842
TOTAL PLEDGES RECEIVABLE, NET	**$**	**69,126**	**$**	**62,190**

Pledges have been discounted at the market rate. Uncollectible pledges totaling $4,042 (2012) and $2,314 (2011) were written off against the allowance for uncollectible pledges.

The University had conditional pledge commitments totaling $48,048 (2012) and $40,891 (2011).

4. LONG TERM INVESTMENTS

The University holds long term investments for permanently restricted endowment funds, donor restricted funds, annuity assets, Board designated funds and excess operating assets that are able to be invested in longer term investments. The University invests through traditional investments as well as operating an investment pool that works similar to a mutual fund (see Note 5). The University's long term investments at June 30, 2012 and 2011, were as follows:

		2012		2011
Operating investments, at market	**$**	**87,304**	$	77,914
Investments, held for long term purposes		**1,229,017**		1,321,428
TOTAL INVESTMENTS	**$**	**1,316,321**	**$**	**1,399,342**

		2012		2011
Cash & cash equivalents	**$**	**53,799**	$	207,530
Domestic stocks		**68,117**		56,716
International securities		**36,444**		41,686
Bonds				
Government and municipal		**28,503**		13,816
Corporate		**26,947**		30,164
Mutual funds		**183,080**		186,435
Derivatives		**11,217**		1,150
Limited partnerships and other				
Venture capital		**78,331**		77,945
Private equity		**267,556**		278,205
Hedge funds		**412,188**		359,101
Other		**48,521**		44,244
Equity real estate		**101,618**		102,350
TOTAL INVESTMENTS	**$**	**1,316,321**	**$**	**1,399,342**

The investments were held for the following purposes:

		2012		2011
Endowment	**$**	**911,980**	$	964,548
Donor restricted funds		**247,219**		295,186
University investments		**97,499**		78,661
Annuities		**51,450**		52,673
Funds held for the benefit of others		**7,856**		7,971
Agency funds		**317**		303
TOTAL INVESTMENTS	**$**	**1,316,321**	**$**	**1,399,342**

5. ENDOWMENT AND SIMILAR FUNDS

Endowment Funds

The purpose of endowment funds is to generate in perpetuity operating revenue to support specific activities or for general institutional use. Endowments represent only those net assets that are under the control of the University. Gift annuities, interests in funds held in trust by others and pledges designated for the endowment but not yet received are not considered components of the endowment.

The state of Ohio has enacted legislation that incorporates the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA stipulates that unless directed otherwise in the gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure by the institution. Accordingly, the following items are recorded as permanently restricted net assets:

- The original value of initial gifts donated to the permanent endowment.
- The original value of subsequent gifts to the permanent endowment.
- For those endowment funds with donor-specified reinvestment provisions, accumulations to the permanent endowment made in accordance with the gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds that are not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated and spent in accordance with the endowment purpose by the University.

Similar Funds

The University has made the decision to co-invest and treat in a similar fashion as endowment funds, certain funds that have been purpose-restricted by donors. These funds were not given to the University with the understanding that the gift amount would be maintained in perpetuity; however, the Board has moved to treat these funds in the same fashion as an endowment fund. Accordingly, the Board, at its option, may elect to change that treatment and spend these funds in accordance with donor wishes without the constraints of the University endowment spending formula. These funds follow the same rules as above; however, no portion is permanently restricted.

		Temporarily	Permanently	Total	
	Unrestricted	Restricted	Restricted	2012	2011
Donor restricted endowment funds	$ (20,079)	$ 452,087	$ 531,255	**$ 963,263**	$ 1,016,382
Donor temporarily restricted funds	-	260,630	-	**260,630**	283,637
TOTAL ENDOWMENT AND SIMILAR FUNDS	**$ (20,079)**	**$ 712,717**	**$ 531,255**	**$ 1,223,893**	**$ 1,300,019**

Investment Pool

The Board's interpretation of its fiduciary responsibilities for endowment and similar funds is to preserve intergenerational equity to the extent possible. This principle holds that future beneficiaries should receive at least the same level of economic support that the current generation enjoys. To that end, investment goals are formulated to earn returns over the long-term that equal or exceed the board-approved distribution rates plus the impacts of inflation. The University's endowment and similar funds are invested in a broadly diversified portfolio designed to produce long-term rates of return that sustain or increase the real spending contribution from endowed and similar assets and to mitigate downturns in a single sector.

Unless otherwise directed in the gift instrument, both endowment and similar funds are pooled for efficient investment purposes.

18 | NOTES TO THE FINANCIAL STATEMENTS – in thousands of dollars

Prior to 2012, a unit market value for the pool was used to account for pooled transactions. The unit market value at June 30, 2011 was $41.68 (2011); however, beginning in fiscal year 2012, the pool is accounted for on a dollarized method of accounting similar to a money market fund where each unit is worth $1 and accounted for on a per endowment or account basis. The total investment return for the pooled investments, net of external manager fees, approximated -1.58% (2012) and 18.82% (2011).

Spending Policy

The Board has approved an endowment spending policy for pooled investments based on a hybrid formula. The objective of this two-pronged approach is to provide support for operations, preserve intergenerational equity, and insulate programming supported by endowment and similar funds from short-term fluctuations in the investment markets. The two components are:

- A constant growth component seeks to provide growth in annual spending equal to the rate of academic inflation as measured by the Higher Education Price Index.
- A market value component based on 5% of the average of the three previous calendar year-end market values.

Specific appropriation for expenditure of funds under the policy occurs each spring when the Board approves the operating budget for the following year. The fiscal 2012 pooled endowment and similar funds spending allocation approximated 4.76% of beginning market value totaling $63,769. For fiscal 2011, pooled endowment and similar funds spending allocation was $2.015 per unit totaling $63,846.

While the policy provides guidance for the level of spending permitted (allocation), the actual spending will vary from the spending allocation based on the timing of actual expenditures. Funds are transferred from the investment pool to the University's operating account after they have been spent in accordance with the endowment and similar funds requirements. The physical movement of cash and investments between the investment pool and operating accounts occurs on a periodic basis as determined by the University and its process to maintain the proper balance between liquidity and remaining invested.

For years where actual investment return exceeds actual approved spending, the difference remains in temporarily restricted net assets; years in which the actual endowment and similar funds return is less than distributions under the policy, the shortfall is covered by realized returns from prior years. The fiscal 2012, pooled endowment and similar funds distribution was funded from a combination of current year investment income and prior year accumulated realized gains. For fiscal 2011, pooled endowment and similar funds distribution was funded from current year investment income.

In addition to the general distribution described above, the Board has authorized a temporary supplemental distribution of previously reinvested income and realized appreciation to support certain development-related activities. This distribution, which is slated to phase out by 2015, totaled $7,900 in both 2012 and 2011.

Changes in endowment and similar funds net assets for fiscal year 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012	Total 2011
Endowment and similar funds net assets, beginning of year	$ (8,018)	$ 797,937	$ 510,100	**$ 1,300,019**	$ 1,154,155
Investment income	-	12,523	163	**12,686**	16,256
Realized and unrealized gains	-	(32,292)	-	**(32,292)**	182,702
TOTAL INVESTMENT RETURN	-	(19,769)	163	**(19,606)**	198,958
Contributions	-	1,215	21,655	**22,870**	23,396
Current year withdrawals	-	(8,241)	(663)	**(8,904)**	(6,532)
Current year expenditures	-	(70,486)	-	**(70,486)**	(69,958)
Reclassification of deficits in donor-designated funds	(12,061)	12,061	-	**-**	-
ENDOWMENT AND SIMILAR FUNDS NET ASSETS, END OF YEAR	**$ (20,079)**	**$ 712,717**	**$ 531,255**	**$ 1,223,893**	**$ 1,300,019**

Occasionally, the fair market value of assets associated with individual donor-restricted endowment funds may fall below the value of the original gift amounts. When deficits exist in donor-restricted funds, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were $20,079 (2012) and $8,018 (2011). These deficits resulted from unfavorable market fluctuations that occurred after the investment of recently established endowments, and authorized appropriation that was deemed prudent.

Of the amount classified as temporarily restricted endowment net assets, $452,087 (2012) and $514,300 (2011) represents the portion of perpetual endowment funds subject to time and purpose restrictions under Ohio's enacted version of UPMIFA.

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6. FAIR VALUE MEASUREMENTS

Financial instruments carried at fair market value as of June 30, 2012 and 2011 by the ASC 820 valuation hierarchy are as follows:

June 30, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS				
Cash & cash equivalents	$ 46,979	$ 6,820	$ -	**$ 53,799**
Domestic stocks	27,238	11,355	29,524	**68,117**
International securities	10	25,026	11,408	**36,444**
Bonds				
Government and municipal	-	28,503	-	**28,503**
Corporate	-	26,947	-	**26,947**
Mutual funds	174,413	8,435	232	**183,080**
Derivatives	-	11,217	-	**11,217**
Limited partnerships and other				
Venture capital	-	-	78,331	**78,331**
Private equity	-	-	267,556	**267,556**
Hedge funds	-	79,309	332,879	**412,188**
Other	146	391	47,984	**48,521**
Equity real estate	213	-	101,405	**101,618**
TOTAL INVESTMENTS	**$ 248,999**	**$ 198,003**	**$ 869,319**	**$ 1,316,321**
FUNDS HELD IN TRUST BY OTHERS	**-**	**-**	**$ 285,756**	**$ 285,756**
PENSION PLAN ASSETS (Note 9)				
Cash & cash equivalents	$ 13,448	$ -	$ -	**$ 13,448**
Mutual funds	46,237	-	-	**46,237**
Limited partnerships and Other				
Hedge funds	-	55,071	5,092	**60,163**
Other	-	-	383	**383**
Equity real estate	-	-	4,814	**4,814**
TOTAL PENSION PLAN ASSETS (Note 10)	**$ 59,686**	**$ 55,071**	**$ 10,289**	**$ 125,046**
ASSETS AT FAIR VALUE	**$ 308,685**	**$ 253,074**	**$ 1,165,364**	**$ 1,727,123**
Interest rate swaps payable	$ -	$ 34,038	$ -	**$ 34,038**
LIABILITIES AT FAIR VALUE	**$ -**	**$ 34,038**	**$ -**	**$ 34,038**

June 30, 2011	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
INVESTMENTS				
Cash & cash equivalents	$ 48,432	$ 159,098	$ -	**$ 207,530**
Domestic stocks	28,928	11,263	16,525	**56,716**
International securities	96	31,037	10,553	**41,686**
Bonds				
Government and municipal	5	13,811	-	**13,816**
Corporate	4,956	25,208	-	**30,164**
Mutual funds	156,791	29,488	156	**186,435**
Derivatives	-	1,150	-	**1,150**
Limited partnerships and other				
Venture capital	-	-	77,945	**77,945**
Private equity	-	-	278,205	**278,205**
Hedge funds	-	101,289	257,812	**359,101**
Other	146	74	44,024	**44,244**
Equity real estate	213	-	102,137	**102,350**
TOTAL INVESTMENTS	**$ 239,567**	**$ 372,418**	**$ 787,357**	**$ 1,399,342**
FUNDS HELD IN TRUST BY OTHERS	**-**	**-**	**$ 297,768**	**$ 297,768**
PENSION PLAN ASSETS (Note 9)				
Cash & cash equivalents	$ 1,759	$ -	$ -	**$ 1,759**
Mutual funds	42,619	-	-	**42,619**
Limited partnerships and Other				
Hedge funds	-	-	53,358	**53,358**
Other	-	-	2,215	**2,215**
Equity real estate	-	-	4,334	**4,334**
TOTAL PENSION PLAN ASSETS (Note 10)	**$ 44,378**	**$ -**	**$ 59,907**	**$ 104,285**
ASSETS AT FAIR VALUE	**$ 283,945**	**$ 372,418**	**$ 1,145,032**	**$ 1,801,395**
Interest rate swaps payable	$ -	$ 20,571	$ -	**$ 20,571**

Level 2 Investment Information

Investments included in Level 2 consist primarily of the University's ownership in assets through "fund of funds" investments. In these types of arrangements, the University invests in investment pools or mutual fund type arrangements through banks, dealers, brokers and other intermediaries. While the asset value of the direct investments in the pool or mutual fund is not published, the underlying investments within those funds are observable and obtained through the fund in which the University invests.

Level 3 Investment Information

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Investments included in Level 3 consist primarily of the University's ownership in alternative investments (principally limited partnership interests in hedge funds, private equity, real estate, real assets and other similar funds), beneficial interests in funds held in trust by others, and portions of investments in the pension assets. Level 3 investments are more difficult to value due to the following:

- The value of certain alternative investments represents the ownership interest in the net asset value of the respective partnership.
- The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner based on appraisals or other estimates that require varying degrees of judgment.
- If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, subsequent developments concerning the companies to which the securities relate, or other estimates requiring varying degrees of judgment. The University regularly reviews, evaluates and performs significant due diligence around these investments to ensure that the values provided by the investment managers are appropriate measures of fair value. The University agrees with the valuations and assumptions used in determining the fair value of these investments.

A roll forward of the consolidated statement of financial position amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy is as follows:

	Mutual Funds & Domestic Stocks	Int'l Securities	Venture Capital	Private Equity	Hedge Funds	Equity Real Estate	Other & Funds Held by Others	Total
Beginning balance, July 1, 2011	$ 16,681	$ 10,553	$ 77,945	$ 278,205	$ 311,170	$ 106,471	$ 344,007	**$1,145,032**
Realized gains (losses) and investment income	(1,154)	-	2,300	17,902	4,291	1,792	661	**25,792**
Unrealized gains (losses)	11,383	855	387	(12,058)	110	3,188	(15,401)	**(11,536)**
Purchases	7,355	-	13,668	36,078	127,000	11,897	8,776	**204,774**
Settlements	(4,509)	-	(15,969)	(52,571)	(51,242)	(17,129)	(3,920)	**(145,340)**
Transfers out of Level 3	-	-	-	-	(53,358)	-	-	**(53,358)**
ENDING BALANCE, JUNE 30, 2012	**$ 29,756**	**$ 11,408**	**$ 78,331**	**$ 267,556**	**$ 337,971**	**$ 106,219**	**$ 334,123**	**$1,165,364**

The net realized and unrealized gains and losses in the table above are included in the University's consolidated statement of activities in one of two financial statement lines: *Investment (loss) income* or *Net (depreciation) appreciation.* In the case of pension assets, net realized and unrealized gains and losses are recognized in the financial statement line *Pension plan changes other than periodic benefit costs*.

The pricing inputs and methods described above could produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

As a practical matter, the University is permitted under U.S. generally accepted accounting principles ("US GAAP") to estimate the fair value of an investment at the measurement date using the reported net asset value ("NAV") without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The University's investments in private equity, real estate and certain hedge funds in the absolute return portfolio are fair valued based on the most current NAV.

The University performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The University has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the University's investments. Furthermore, investments which can be redeemed at NAV by the University on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3.

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic Stocks (a)	$ 39,898		quarterly, annually	45 - 90 days
International Securities (b)	35,887		monthly, quarterly	30 - 90 days
Corporate Bonds (c)	15,808		monthly	30 days
Limited partnerships and other				
Venture capital (d)	78,331	$ 20,948		
Private equity (e)	267,556	68,003	quarterly, annually	
Hedge funds (f)	352,708	-	monthly, quarterly, annually	30 - 90 days
Other (g)	47,984	33,494		
Equity real estate (h)	101,405	53,297		
TOTAL	**$ 939,577**	**$ 175,742**		

(a) Domestic stocks include equity securities domiciled in the United States. Fund liquidity is daily, monthly, quarterly, semi-annual, annual, and up to a maximum period of two years. Approximately 53% of domestic equity exposure is accessible within six months or less; with 26% accessible on a daily basis. Approximately 14% of the net asset value in this class has a lock up period of February 1, 2013.

(b) International securities include equity securities domiciled in countries outside of the United States including developed and emerging markets.

Approximately 48% of the net asset value can be accessed on a daily basis after October of 2012, 16% can be accessed on a quarterly basis, and the remaining balance over a period of 1-3 years, most of which being accessible over the next 1-2 years.

(c) Corporate bonds include funds that invest in fixed income securities in Fortune 500 companies. 1/3 of the fund may be liquidated every 30 days.

(d) Venture capital includes several private equity funds that invest primarily in technology, health care or clean technology industries. While the portfolio is U.S. centric, there are small allocations to companies in foreign markets. The funds typically provide money and resources to entrepreneurs to finance a start-up company or product, with the hope that the company experiences exceptional growth and therefore would produce a successful investment. The funds invest at different stages of a company's growth, some very early and others at a later stage where the company may already produce revenues. The valuations for these investments have been estimated using the manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

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(e) Private equity includes several private equity funds that invest across all industries. While the portfolio is U.S. centric, there has been an increasingly larger allocation to companies in foreign markets. The funds typically invest capital into more mature companies for a minority or majority of ownership and through operational and financial expertise, generate a return of capital greater than the original amount invested. The valuations for these investments have been estimated using the manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-12 years.

(f) Hedge funds includes hedge fund investments across a multitude of strategies including long/short equity, long/short commodity, global macro, multi-strategy, event-driven, credit, fund of hedge funds, and emerging markets. The vast majority of these investments are U.S. based, but some may invest internationally. Investment managers may make investment decisions based on top down macroeconomic analysis or bottom up company or theme specific analysis; managers may shift portfolios from net long to net short positioning but on balance tend to carry a net long exposure within their portfolios. The estimated fair values of the investments are received on a monthly basis from the fund administrators. Final valuations are typically received around mid-month for most funds but in some instances funds will report final valuations on a quarterly basis in accordance with the reporting period specified in the fund legal documents. Fund liquidity varies across the hedge fund category from monthly, quarterly, annually, and up to a maximum period of three years. Approximately 33% of the net asset value in this class has a lock up period ranging from three to fourteen months from June 30, 2012

(g) Other includes various direct private investments as well as private funds that do not fall within the other categories listed. Examples would include an Eastern Europe agriculture fund, some private U.S. oil and gas partnerships and various stakes in local private organizations. For the funds, the valuations have been estimated using manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying portfolio companies are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 7-10 years.

(h) Equity real estate includes private real estate funds that invest primarily in the United States. Some of these private partnerships also make investments internationally, primarily in Europe, India and Brazil. The private funds make investments in various real estate types, such as office, industrial, retail and multi-family properties. The valuations for these investments have been estimated using the manager's fair market values, which have been vetted to make sure they meet the ASC 820 guidelines. These investments can never be redeemed with the funds. As these investments age in duration, distributions will be received from these funds as the underlying properties are sold in the market. It is estimated that the underlying investments within the funds would be fully liquidated over the next 5-7 years.

Derivative Information

The use of financial derivative instruments is governed by the University's Investment Policy Statement, which is approved and overseen by the Investment Committee of the Board of Trustees. The University assumes many risks as a result of its investment decisions and investment holdings. Many risks are discussed in the Investment Policy Statement:

Manager risk – the risk that a manager underperforms similar managers, benchmarks, or appropriate indices.

Benchmark risk – the risk of harm caused by constructing, selecting, or managing to an inappropriate benchmark.

Peer risk – the risk that one's peers generate better investment performance, thereby boosting the relative size of their endowments and enhancing their competitive advantage.

Market risk – the risk that the value of an investment will decrease due to market moves.

Interest rate risk – the risk that an investment's value will change due to a change in the absolute level of interest rates, the spread between two rates, the shape of the yield curve, or any other interest rate relationship.

Concentration – the risk of being too concentrated in one particular security, manager, strategy, sector or asset class, thus being vulnerable to poor performance stemming from lack of diversification.

Absolute return risk – the ability to generate positive absolute returns, not just in favorable markets, but also in uncertain and negative phases measured over a business cycle.

Currency risk – the risk that currency fluctuations or trends reduce the value of investments in non-U.S. markets.

Commodity risk – refers to the uncertainties of future market values and the size of future income caused by fluctuation in the prices of commodities (energy, agricultural, precious and industrial metals) due to demand/supply imbalances.

Leverage – the risk that significant volatility or losses will be generated by the use of debt designed to magnify returns.

Counterparty risk – the risk that one party to a transaction does not make complete or timely payment of margin, swap cash flow, bond proceeds, or other similar payments.

Credit risk – the possibility that a bond issuer will default by failing to pay interest or repay principal in a timely manner.

Tail risk – a form of portfolio risk that arises when the possibility that an investment will move more than three standard deviations from the mean is greater than what is shown by a normal distribution.

Liquidity risk – the inability to sell or trade securities at fair market value within a short period of time; also, the risk that sufficient cash is not maintained, or cannot be accessed, to meet short-term obligations.

Inflation risk – the risk that rising prices significantly erode the effective purchasing power of the portfolio, as measured by the University's cost inflation.

Shortfall risk – the risk that investment returns will be lower than expected, causing a failure to accomplish investment or financial objectives.

The University seeks to mitigate these risks by using derivative transactions. At the macro level of the investment portfolio, derivative transactions also create cost-effective beta exposure that may replace a fund or investment manager, add alpha, support liquidity management, and reduce the impact of extreme negative market conditions. The derivative instruments used include futures, total return swaps, and over-the-counter options.

Futures: An Equity Index Future is a standardized obligation to buy or sell a market index, at a certain date in the future (settlement date), at a specified price (futures price). Equity Index Futures are typically cash-settled. Trading Medium: Exchange A single clearing house (e.g., Options Clearing Corporation, for the Chicago Board Options Exchange) is the counterparty to both parties involved in the contract. Futures trade a premium or discount to the cash index level based on the following theoretical formula: Futures Fair Value = Cash Index Value + Expected Interest Income prior to contract expiry - Expected Dividend Income prior to contract expiry – Expected Lending Income prior to contract expiration. The value of a futures contract converges to that of the underlying index at expiration. The investor posts an initial margin and a maintenance margin which represents a small portion of the overall notional value (usually 12%-18% of the notional value). Collateral between the counterparties is exchanged daily based on the mark to market performance of the futures contract. Used to gain beta exposure to an index on the long side and to hedge out beta exposure on the short side. Used primarily as a manager replacement strategy.

Total Return Swap (TRS): A TRS is a non-standardized agreement whereby one party makes periodic cash payments based on a set rate (e.g., LIBOR) while another party makes periodic cash payments based on the total return of an underlying index. The total return payer agrees to pay the total return of the underlying index to the total return receiver. The total return receiver agrees to receive future total return, and pay periodic payments to the total return payer. Trading Medium: Over-The-Counter (OTC). Total Return Swaps offer synthetic exposure to beta returns while avoiding the transaction and administrative costs of owning the actual underlying equity shares. Subject to counterparty credit risk; if collateral is posted between parties, counterparty credit risk can be mitigated. Transacted via ISDA/CSA agreement between counterparties. There is no initial or maintenance margin posting. Collateral between the counterparties is exchanged daily based on the mark to market performance of the swap. Used to gain beta exposure to an index on the long side and to hedge out beta exposure on the short side. The swap resets on a periodic basis (monthly or quarterly), at which point the LIBOR rate is reset and the gains/losses cash settled. A new notional value reflecting the settled gains/losses is established at this point. The next measurement begins with the new notional value. There may be a breakup fee if the swap is terminated earlier than its expiration date. Used primarily as a manager replacement strategy.

Options: Options or Option structures are non-standardized agreements whereby one party makes or receives one payment at the time of initial transaction to/from a counterparty and may make or receive a second payment to/from the counterparty at the expiration date of the agreement based on an individual option or a combination of individual options. Trading Medium: Over-The-Counter (OTC). Transacted via ISDA/CSA agreement between counterparties. Subject to counterparty credit risk; if collateral is posted between parties, counterparty credit risk can be mitigated. Options/Option structures allow investors to customize the risk/return profile of existing portfolios. For example: Investors who are underweight equities and have a moderately positive outlook can obtain enhanced equity exposure by capping returns with or without a leveraged payoff. More bearish investors can opt for downside protection to reduce risk. Collateral between the counterparties is exchanged daily based on the mark to market performance of the Option or Option Structure. At maturity the Option or Option structure is cash settled. Prior to maturity, Options/Option structures may trade above or below their intrinsic value due to various factors such as time, volatility, interest rates, skew, delta, gamma etc. The value eventually converges to intrinsic value at maturity. Used for beta replacement strategies, alpha strategies or hedging strategies.

The following table provides detailed information on the derivatives included in the investment portfolio as of June 30 and where they are located in the consolidated statements of financial position.

			2012		
Location	Derivative Type	Notional Amount	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	$ 107,264	$ -	$ 4,902	$ -
	Options (over-the-counter)	26,363	-	5,864	-
	Interest rate hedges	78,187	-	316	-
	Yield curve hedges	145,471	-	135	-
TOTAL DERIVATIVES, 2012			**$ -**	**$ 11,217**	**$ -**

			2011		
Location	Derivative Type	Notional Amount	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value
Investments					
	Total return swaps	$ 32,230	$ -	$ (19)	$ -
	Options (over-the-counter)	383,094	-	1,169	-
TOTAL DERIVATIVES, 2011			**$ -**	**$ 1,150**	**$ -**

The following table provides detailed information on the effect the derivatives had on the overall performance of the investment portfolio which is reflected in the consolidated statement of activities:

Location	Derivative Type	2012	2011
Investment Income			
	Options (over the counter)	**$ (27,738)**	$ 48,254
	Futures contracts	**(10,255)**	27,029
		$ (37,993)	**$ 75,283**
Unrealized gains (losses)			
	Options (over the counter)	**$ (4,613)**	$ (1,133)
	Total return swaps	**(2,866)**	230
		$ (7,479)	**$ (903)**
EFFECT OF DERIVATIVES		**$ (45,472)**	**$ 74,380**

7. PROPERTY, PLANT, EQUIPMENT, AND BOOKS

Property, plant, equipment and books are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of 40 years for buildings, 5 to 12 years for equipment, and 10 years for books. Components of property, plant, equipment and books are as follows:

	2012	2011
Land and land improvements	**$ 38,359**	$ 38,875
Building and building improvements	**1,137,051**	1,129,256
Equipment and software	**266,343**	284,847
Library books	**37,067**	35,865
Construction-in-progress	**27,818**	7,898
	1,506,638	**1,496,741**
Less: accumulated depreciation	**(776,001)**	(751,481)
TOTAL PROPERTY, PLANT, EQUIPMENT AND BOOKS, NET	**$ 730,637**	**$ 745,260**

The above assets include $492,376 leased from the Ohio Higher Education Facility Commission (OHEFC). The University may purchase each of the leased assets for a nominal amount at the end of the lease period. Therefore, these assets have been capitalized and are included in the above listing. Also included in the University's consolidated financial statements is the obligation for related bonds issued by the OHEFC.

Depreciation expense included in the Statement of Activities is $63,356 (2012) and $65,364 (2011).

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8. NOTES AND BONDS PAYABLE

Notes and bonds payable are as follows:

		Interest Rate	Maturity		2012		2011
Ohio Higher Education Facility Commission revenue notes and bonds:	Series 1988	7.85 - 7.90%	2011-2013	**$**	**12,334**	$	17,821
	Series 1990	6.50 - 7.13%	2011-2020		**11,650**		11,650
	Series 1994	6.00 - 6.25%	2014-2018		**20,000**		20,000
	Series 1997	4.90 - 6.25%	2011-2014		**5,105**		6,525
	Series 2001	Variable	2011-2022		**12,200**		12,615
	Series 2002A	Variable	2023-2031		**64,875**		64,875
	Series 2004A	3.625 - 5.00%	2016-2034		**75,670**		75,670
	Series 2006	3.75 - 5.25%	2012-2044		**82,490**		82,490
	Series 2008A	Variable	2030-2044		**60,000**		60,000
	Series 2008B	Variable	2030-2044		**67,500**		67,500
	Series 2008C	4.00 - 5.00%	2014-2033		**50,490**		50,490
U.S. Government housing bonds:	Series 1966	3.00 - 3.50%	2011-2016		**535**		665
	Series 1971	3.00%	2011-2016		**-**		535
Ohio Higher Education Facility Commission commercial paper:		.25 - .43%	2030		**63,000**		63,000
Ohio Higher Education Facility Commission capital lease:		6.75%	2011-2018		**467**		543
		4.12%	2011-2018		**5,205**		5,890
Compass Group USA, Inc.		-n/a-	2011-2019		**2,400**		2,850
HUD Loan:	Part A	4.96%	2011-2041		**12,082**		12,268
	Part B	5.33%	2011-2041		**4,163**		4,224
TOTAL LIABILITY					**550,166**		**559,611**
Unamortized Bond Premium							
Ohio Higher Education Facility Commission:	Series 2004A				**1,703**		1,860
	Series 2006				**6,487**		6,909
	Series 2008C				**1,622**		1,799
TOTAL UNAMORTIZED BOND PREMIUM				**$**	**9,812**	**$**	**10,568**
TOTAL NOTES AND BONDS PAYABLE				**$**	**559,978**	**$**	**570,179**

The fair market value of the University's notes and bonds payable is approximately $578,290 (2012) and $575,020 (2011). These values were estimated utilizing the discounted future cash outflows at rates for similar debt.

The U.S government housing bonds are collateralized by securities and pledges of net revenues from the University's student housing and dining facilities.

The Ohio Higher Education Facility Commission (OHEFC) authorized a $63,000 tax-exempt commercial paper program in February 2000 to provide construction funds for several approved capital projects and to refinance earlier projects. In November 2008, the OHEFC authorized a $27,000 expansion of that program, to a total size of $90,000, to provide funding for future projects. The University has issued no additional commercial paper pursuant to the $27,000 of new authority, and the amount outstanding under this program as of June 30 is $63,000, with maturities not exceeding 270 days from the issuance date. All commercial paper issued under the terms of the program must mature no later than February 1, 2030. The annualized interest cost and credit facility expense for this program was 0.83% (2012) and 0.97% (2011).

The University has total revolving lines of credit in the amount of $60,000 with two financial institutions of $30,000 each to finance working capital. Both lines are subject to review and renewal annually. There were no amounts outstanding at June 30, 2012.

In May 2008, the OHEFC series 2008 bonds were issued to refinance the OHEFC series 2004B bonds. The amount refinanced was $177,826. The variable portion of the debt is supported by two lines of credit with financial institutions. The unamortized balance of deferred financing fees is included in prepaid expenses and other assets. The balance was $1,242 (2012) and $1,284 (2011).

Principal payment requirements for bonds, notes, and capital lease obligations for the next five years and thereafter are as follows:

Year	Scheduled Principal Payments	Outstanding VRDO's	Total Maximum Principal Payments
2013	$ 11,351	$ 111,915	**$ 123,266**
2014	11,182	48,915	**60,097**
2015	11,755	48,915	**60,670**
2016	12,593	28,915	**41,508**
2017	13,434	28,915	**42,349**
Thereafter	489,851	(267,575)	**222,276**
TOTAL	**$ 550,166**	**$ -**	**$ 550,166**

The University has letter of credit agreements, standby bond purchase agreements and a liquidity agreement with various financial institutions to purchase the University's variable rate demand obligations ("VRDO's") and commercial paper if they cannot be remarketed. Outstanding VRDO's in the above table represent amounts payable in the event that bonds are tendered but not successfully remarketed.

Interest expense, including those amounts for interest rate swap agreements (Note 12), was $21,090 (2012) and $22,812 (2011).

Certain borrowing agreements require that the University comply with certain covenants. The University is in compliance with these provisions as of June 30, 2012.

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9. RETIREMENT PLANS

The University has both defined benefit and defined contribution pension plans for its employees. In accordance with provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the University has established a trust to hold plan assets for its defined benefit plan. The funded status of the University's defined benefit plan is as follows:

		2012		2011
Benefit obligation at June 30	**$**	**188,337**	$	126,867
Fair value of plan assets at June 30		**125,046**		104,285
FUNDED STATUS AT JUNE 30	**$**	**(63,291)**	**$**	**(22,582)**
Accumulated benefit obligation	**$**	**186,742**	$	125,983

Benefit plan costs for the defined benefit plan are as follows:

		2012		2011
Net periodic benefit cost	**$**	**6,167**	$	5,486
Employer contributions		**21,113**		4,416
Benefits paid		**3,681**		5,192

Estimated benefits expected to be paid under the defined benefit plan for the next five years are as follows:

Fiscal 2013	$	4,377
Fiscal 2014	$	5,047
Fiscal 2015	$	4,961
Fiscal 2016	$	5,706
Fiscal 2017	$	6,058

Amounts expected to be paid between 2018 and 2022 total $39,217. The University's estimated employer contribution for the defined benefit plan in fiscal 2013 will depend on the results of the July 1, 2012 actuarial valuation and is estimated to be $9,200.

Weighted-average assumptions used to determine the benefit obligation and benefit plan costs are as follows:

	2012	2011
BENEFIT OBLIGATION		
Discount rate	**4.50%**	6.00%
Rate of compensation increase	**4.25%**	4.25%
Measurement date	**6/30/12**	6/30/11
Census date	**7/1/11**	7/1/10
NET PERIODIC BENEFIT COST		
Discount rate	**6.00%**	6.25%
Expected return on plan assets	**8.50%**	8.50%
Rate of compensation increase	**4.25%**	4.25%

The expected long-term rate of return for the defined benefit plan was estimated using market benchmarks for equities and bonds applied to the plan's target asset allocation. The expected return on equities was computed utilizing a valuation framework that projected future returns based on current equity valuations rather than historical returns. Management estimated the rate by which the plan assets would outperform the market in the future based on historical experience adjusted for changes in asset allocation and expectations for overall lower future returns on equities compared to past periods.

The investment objective for the defined benefit plan is to maximize total return with tolerance for slightly above average risk, in order to meet the obligations that the University has to its plan beneficiaries. To accomplish this objective, the University has established a broadly-diversified asset allocation strategy that includes absolute return strategies (combination of fixed income and equity securities) (50%), equity investments (30%), bonds and cash (16%), and real estate (4%). The weightings of the investments relative to each other in the total portfolio fluctuate as market conditions vary; they are adjusted regularly to remain within acceptable ranges.

The weighted-average asset allocation for the defined benefit plan is as follows:

	2012	2011
Equity securities	**60.00%**	63.00%
Fixed income securities	**25.00%**	31.00%
Real estate	**4.00%**	4.00%
Other	**11.00%**	2.00%
TOTAL ASSET ALLOCATION	**100.00%**	**100.00%**

The amounts recognized in the University's consolidated statements of financial position and in unrestricted net assets related to the defined benefit plan are as follows:

	2012	2011
STATEMENT OF FINANCIAL POSITION		
NET LIABILITY	**$ (63,291)**	**$ (22,582)**
UNRESTRICTED NET ASSETS		
Prior service costs	**$ 160**	$ 398
Actuarial losses	**83,555**	27,662
AMOUNT RECOGNIZED AS REDUCTION OF UNRESTRICTED NET ASSETS	**$ 83,715**	**$ 28,060**

The estimated amortization of prior year service costs expected in fiscal 2013 totals $160.

Components of the net periodic benefit cost and other changes in plan assets that are recognized in the consolidated statement of activities are as follows:

	2012	2011
Change in actuarial losses	**$ 55,893**	$ (10,104)
Amortization of prior service cost	**(238)**	(286)
TOTAL (GAIN) LOSS RECOGNIZED, UNRESTRICTED NET ASSETS	**55,655**	(10,390)
Net periodic benefit cost	**6,167**	5,486
Employer contributions	**(21,113)**	(4,416)
TOTAL (GAIN) LOSS RECOGNIZED, STATEMENT OF ACTIVITIES	$ 40,709	$ (9,320)

Benefit plan costs for the defined contribution plan are $19,499 (2012) and $18,833 (2011).

10. COMMITMENTS AND CONTINGENCIES

In its normal operations, the University is subject to various claims and lawsuits. In management's opinion, the resolution of these contingencies will not have a significant adverse effect on the University's financial position, operations, or cash flows.

In April 2006, the Boards of University Hospitals Health System and the University approved a new affiliation agreement between the School of Medicine and University Hospitals of Cleveland ("UHC"). This agreement significantly strengthened the historical relationship between the entities through the creation of the Case Medical Center, a virtual entity that encompasses certain teaching, research and clinical activities of the School of Medicine and UHC.

In May 2002, the University entered into an agreement with the Cleveland Clinic Foundation ("CCF") to form a new medical education and research program, the Cleveland Clinic Lerner College of Medicine ("CCLCM"). Beginning in 2004, research grants from the National Institutes of Health to support work by CCF-based investigators were awarded to and administered through the University by CCLCM, which operates as an academic unit of the School of Medicine. Expenditures for research conducted under this joint agreement totaled $98,309 (2012) and $100,098 (2011).

The University is self-insured for workers compensation and employee and student medical coverage. Property is commercially insured with an aggregate deductible of $700. The University also carries general liability insurance with a deductible of $100 per occurrence. The University believes its reserves for self-insured risks and the deductible portion of insured risks are sufficient.

The expected cost to complete construction in progress is approximately $19,825.

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11. RELATED PARTY TRANSACTION

In 1998, the University entered into a thirty-year agreement with the Medical Center Company (a cooperative utility company formed by and serving institutions in the University Circle area) to purchase chilled water and other utilities for several University buildings. The amounts purchased were $21,998 (2012) and $23,108 (2011). No obligation associated with this agreement is recorded in the accompanying consolidated financial statements.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The University uses floating-to-fixed interest rate swap agreements of various durations to manage both its funding cost and the interest rate risk associated with variable rate debt. Under these swap agreements, the University pays a fixed rate and receives from its counterparty a variable rate payment, each calculated by reference to specified notional principal amounts during the agreement period. Operations are charged the variable rate interest on the corresponding bonds; the difference between the fixed and variable interest amounts under the swap agreements is recorded in non-operating revenues and expenses as investment and other income.

The University follows accounting guidance that defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements, including derivatives. The University's interest rate swaps are valued by an independent swap consultant that uses the mid-market levels, as of the close of business, to value the agreements. The valuations provided are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions and the University's credit worthiness. The University's interest rate swap arrangements have inputs that can generally be corroborated by market data and are classified as Level 2 in the fair value hierarchy.

At June 30, 2012 the University has five interest rate swap agreements. Net payments or receipts under the swap agreements are recorded as adjustments to investment and other income and the incremental expense is disclosed in the table below. Under one agreement in effect at June 30, 2012, the counterparty pays the University a variable interest rate equal to the Securities Industry and Financial Markets Association (SIFMA) index, and under four other agreements, the counterparty pays a variable interest rate equal to a percentage of the one month London Interbank Offered Rate (LIBOR).

The following table provides detailed information on the interest rate swaps at June 30, 2012, with comparative fair values for June 30, 2011. The number of swaps is reported based on notional amount. Information related to the interest rate swap agreements to which the University is a party, including the associated OHEFC borrowing, where applicable, and the liability recognized in the consolidated statements of financial position in deferred income and other liabilities are as follows:

Notional Amount	Interest Rate	Commencement	Termination Date	Basis	2012 Level 2 Fair Market Value	2011 Level 2 Fair Market Value
$ 12,200	4.34%	Aug. 12, 2004	Oct.1, 2022	LIBOR	**$ (2,646)**	$ (1,507)
15,000	4.43%	Jun. 5, 2002	Jun. 5, 2022	LIBOR	**(4,321)**	(2,945)
15,000	3.60%	Sept. 25, 2002	Sept. 25, 2022	LIBOR	**(3,254)**	(1,799)
35,000	3.81%	Aug. 4, 2004	Aug. 1, 2034	LIBOR	**(11,795)**	(5,615)
100,000	3.37%	Jan. 3, 2012	Jan. 1, 2017	SIFMA	**(12,022)**	-
100,000	3.37%	Jan. 2, 2007	Jan. 1, 2012	SIFMA	**-**	(1,850)
100,000	3.37%	Jan. 1, 2012	Jan. 1, 2017	SIFMA	**-**	(6,855)
TOTAL INTEREST RATE SWAP AGREEMENT LIABILITY					**$ (34,038)**	**$ (20,571)**

Changes in the fair value of derivative instruments are recorded in non-operating revenues and expenses as investment and other income. The provisions of the swap agreements require that on a weekly basis the University place into an escrow fund collateral sufficient to limit the counter-party's financial exposure to the University to no more than $20,000. The University had placed $17,796 (2012) and $2,472 (2011) into such a fund, which is shown in Cash and cash equivalents on the consolidated statements of financial position.

Interest expense recorded for the swap agreements in the non-operating activities for the year ended June 30 was $6,161 in 2012 and $6,038 in 2011.

13. SUBSEQUENT EVENTS

The University has performed an evaluation of subsequent events through September 29, 2012, the date on which the consolidated financial statements were issued. As of the issuance of these financial statements, the University has begun the underwriting process to issue up to $30 million of State of Ohio Higher Education Facility Revenue Refunding Bonds. The bond proceeds will be placed into escrow to refund certain portions of certain outstanding State of Ohio Higher Educational Facility Revenue Bonds Series 2004A as well as portions of obligations under a Master Lease and Sublease in the Ohio Higher Education Facility Commission capital lease. All proceeds will be used for refinancing and will not be used for additional spending or placed on the statement of financial position. This issuance is expected to be concluded in the 2nd quarter of Fiscal Year 2013.

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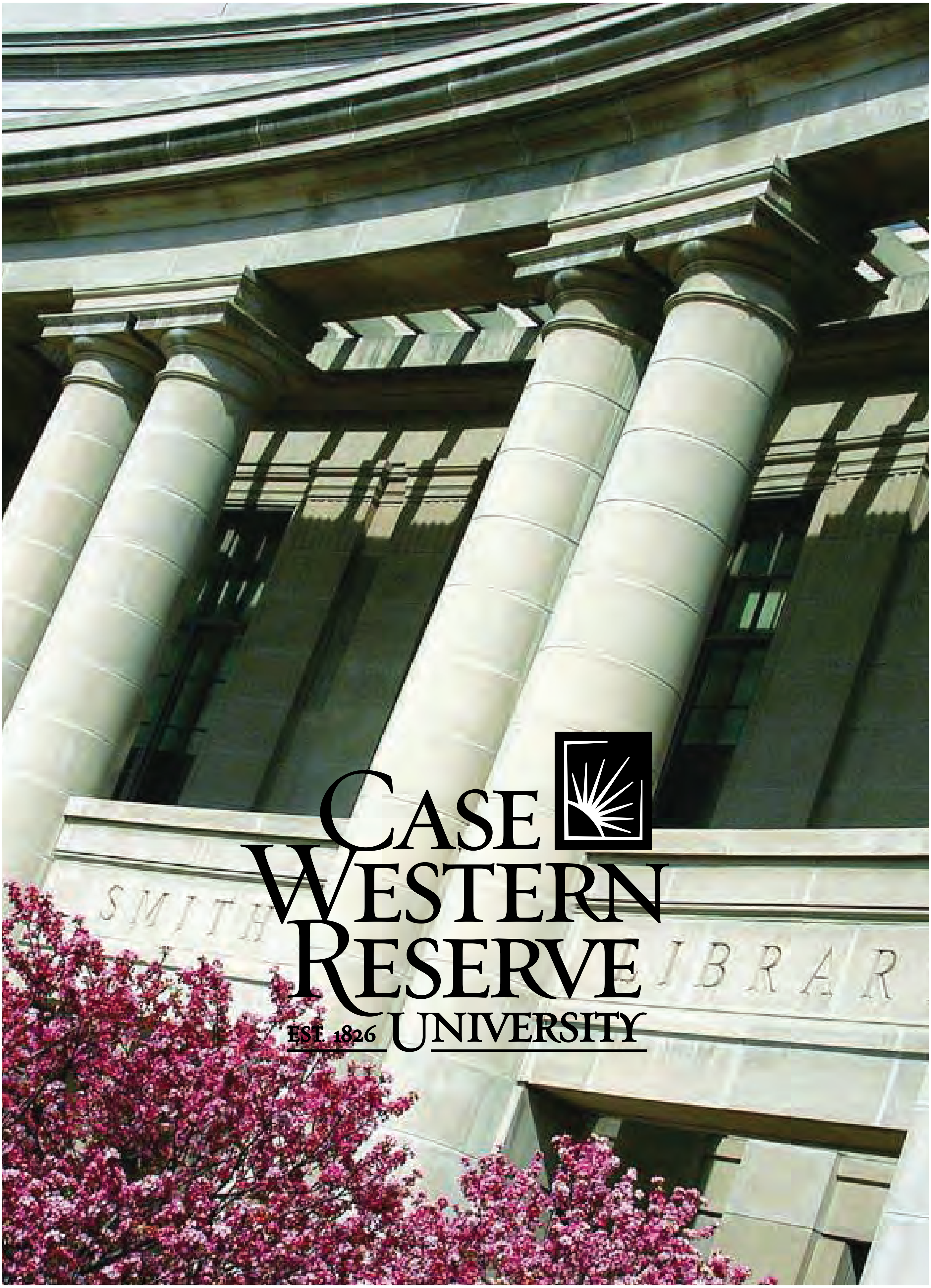
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APPENDIX C

CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND THE LEASE

The following are summaries of the Trust Indenture and the Lease. These summaries do not purport to set forth all of the provisions of such documents, to which reference is made for the complete and actual terms thereof.

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

"**Account**" means any of the accounts created under the Trust Indenture.

"**Act**" means Chapter 3377 and Sections 9.98 through 9.983 of the Revised Code.

"**Additional Payments**" means the amounts required to be paid by the University pursuant to certain provisions of the Lease.

"**Authenticating Agent**" means the Trustee and the Registrar and any other bank, trust company or Person designated as an Authenticating Agent for the Notes by or in accordance with the Trust Indenture, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

"**Bank Note**" means the promissory note issued in the maximum principal amount of the Commitment by the University in favor of the Liquidity Provider and any amendment, replacement, or modification thereto.

"**Base Lease**" means the Base Lease dated as of February 1, 2000, as amended and supplemented the First Supplemental Base Lease dated November 25, 2008 between the University, as lessor, and the Commission, as lessee.

"**Bond Counsel**" means the firm of Squire Sanders (US) LLP or any other law firm having a national reputation in the field whose opinions are generally accepted by purchasers of municipal bonds and acceptable to the Commission and the Trustee.

"**Borrowing Date**" means a date on which a Loan is made hereunder for the purpose of purchasing Notes pursuant to the Indenture.

"**book entry system**" means, with respect to the Notes, a form or system, as applicable, under which (i) the ownership of beneficial interests in Notes and Note Service Charges may be transferred only through a book entry and (ii) physical Note certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Note certificates "immobilized" in the custody of the Depository. The book entry system is maintained by and is the responsibility of the Depository and is not maintained by or the responsibility of the Commission or the Trustee. The book entry is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book entry) interests in the Notes.

"**Business Day**" means any day other than (i) a Saturday or a Sunday or (ii) a day on which the Trustee, the Dealer, the Depository or banks located in the state of New York are required or are authorized to close or are not prohibited from closing, by law (including without limitation, executive orders) and are closed.

"**Capitalized Interest Account**" means the Capitalized Interest Account established in the Improvement Fund.

"**Credit Documents**" means the Liquidity Facility and the Bank Note.

"**Commitment**" means the obligation of the Bank to make Loans in an amount not to exceed $60,000,000, plus interest of $1,479,452, as such amount may be reduced from time to time pursuant to the Liquidity Facility.

"**Completion Date**" means the date of the substantial completion of the construction, acquisition and installation of the Project evidenced in accordance with the requirements of Section 5.2 of the Lease.

"**Default**" means any circumstance that, with the passage of time or the giving of notice or both, would constitute an "Event of Default" under the applicable Note Document.

"**Defeasance Obligations**" means

(a) Direct Obligations;

(b) certificates or receipts representing direct ownership of future interest or principal payments on direct obligations of, or obligations fully guaranteed by, the United States of America or any of its agencies or instrumentalities the obligations of which are backed by the full faith and credit of the United States of America, which obligations are (i) held by a custodian in safekeeping on behalf of the holder of such receipts and (ii) are rated or assessed in the highest category for long-term debt by a Rating Service then maintaining a rating on the Notes;

(c) obligations of any state or any political subdivision of any state, other than the Commission, which are rated in the highest category for long-term debt by a Rating Service, the interest on which is excluded from gross income for federal income tax purposes and the full and timely payment of the principal of and any premium and the interest on which is fully and unconditionally payable from obligations of the character described in (a) or (b) above.

"**Depository**" means The Depository Trust Company (a limited purpose trust company), New York, New York, until any successor Depository shall have become such pursuant to the applicable provisions of the Trust Indenture and, thereafter, "Depository" shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of beneficial interests in Notes or Note Service Charges, and to effect transfer of Notes, in book entry form.

"**Direct Obligations**" means direct obligations of the United States of America (whether in certificated or book-entry form or in the form of depository receipts), and securities the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, provided that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

"**Eligible Investments**" means, to the extent permitted by law:

(a) Direct Obligations;

(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration ("FMHA")); participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs") rated, at the time of purchase, "Aaa" by Moody's and "AAA" by Standard & Poor's; debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal at the time of purchase) and senior debt obligations of the Federal National Mortgage Association ("FNMAs") rated, at the time of purchase, "Aaa" by Moody's and "AAA" by Standard & Poor's; participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed pass-through obligations of the Government National Mortgage

Association ("GNMAs"); senior debt obligations of the Student Loan Marketing Association; project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; and Resolution Funding Corporation obligations;

(c) direct obligations of any state of the United States of America or any subdivision or agency thereof whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "Aa" or better by Moody's and "AA" or better by Standard & Poor's, or any obligation the timely payment of principal and interest of which is fully and unconditionally guaranteed by any state, subdivision or agency whose long-term, unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "Aa" or better by Moody's and "AA" or better by Standard & Poor's;

(d) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "Prime-1" or better by Moody's and "A-1" or better by Standard & Poor's;

(e) unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank (including the Trustee and the Liquidity Provider and their respective affiliates) including a branch office of a foreign bank, which branch office is located in the United States, provided that legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "Prime-1" by Moody's or a "Short-Term CD" rating of "A-1" or better by Standard & Poor's;

(f) deposits of any bank or savings and loan association (including the Trustee and the Liquidity Provider and their respective affiliates) that has combined capital, surplus and undivided profits of not less than $3,000,000, provided that such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation ("FDIC");

(g) investments in money-market funds including without limitation, any mutual fund for which the Trustee or any of its affiliates provide services for a fee, whether as an investment advisor, custodian, transfer agent, registrar, sponsor, distributor, manager or otherwise) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated, at the time of purchase, "AAA", "AAm-G" or "AAm" or the equivalent by Moody's or Standard & Poor's, provided that if such money-market funds of the Trustee are not rated, such funds shall be invested only in Direct Obligations;

(h) repurchase agreements collateralized by Direct Obligations, GNMAs, FNMAs or FHLMCs (the "Collateral Securities") with any registered broker/dealer subject to the jurisdiction of the Securities Investors' Protection Corporation or any commercial bank whose deposits are insured by the FDIC (including the Trustee or any broker/dealer affiliated with the Trustee), if such bank has an uninsured, unsecured and unguaranteed obligation, at the time of purchase, rated "Prime-1" or "A3" or better by Moody's, or "A-1" or "A-" or better by Standard & Poor's, provided that:

(i) a master repurchase agreement or other specific written repurchase agreement governs the transaction; and

(ii) the Collateral Securities are held free and clear of any lien by the Trustee (as may be evidenced by an opinion of counsel acceptable to the Trustee) or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (1) a Federal Reserve Bank, or (2) a bank that is a member of the FDIC and has combined capital, surplus and undivided profits of not less than $50,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

(iii) a perfected first security interest under the Uniform Commercial Code is created in, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are followed with respect to, the Collateral Securities for the benefit of the Trustee; and

(iv) the Trustee or the Agent will value the Collateral Securities no less frequently than weekly and will liquidate the Collateral Securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; and

(v) the fair market value of the Collateral Securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

(i) investment agreements with a bank, insurance company or other provider (including the Trustee or any affiliate of the Trustee) that has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's and "A-" or better by Standard & Poor's at the time of purchase, or is a lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided that:

(i) interest is paid at least semiannually during the entire term of the agreement, consistent with bond payment dates,

(ii) money invested thereunder may be withdrawn without any penalty, premium or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date),

(iii) the agreement is not subordinated to any other obligations of such bank, insurance company or other provider, and

(iv) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such bank, insurance company or other provider;

(j) such other investments as may be permitted under State and federal law, provided that such investments shall be made only for the purpose of preventing any Notes from becoming "arbitrage bonds" under Section 148 of the Code, and provided further that prior to such investment, the Trustee or University Representative, as the case may be, shall have obtained the written opinion of bond counsel that such investment will not affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

Investments or deposits in certificates of deposit or in investment contracts shall not be made without complying with Treasury Regulations § 1.148-5(d)(6) (ii) and (iii), respectively, or with any successor provisions thereto or other similar applicable provisions. In determining whether the rating assigned by a Rating Service to an investment complies with the rating categories provided in this definition of Eligible Investments, the rating category shall be determined at the time of investment without regard to any numerical or plus or minus modifier, unless otherwise expressly provided above.

"**Executive**" means the Chair, Vice Chair, Secretary or Deputy Secretary of the Commission.

"**Fund**" means any of the funds created under the Trust Indenture.

"**Holder**" or "**Holder of a Note**" or "**Noteholder**" means the Person in whose name a Note is registered on the Register.

"**Improvement Fund**" means the Improvement Fund created under the Trust Indenture, including the Capitalized Interest Account and the Project Account therein.

"**Improvement Period**" means the period between the beginning of the acquisition, construction, and installation of the Project or the date on which the Notes are first delivered to the Dealer, whichever is earlier, and the Completion Date.

"**Independent Counsel**" means any attorney or firm of attorneys who is (i) duly admitted to practice law before the highest court of the State, (ii) not a full-time employee of the Commission, the University or the Trustee and (iii) acceptable to the Trustee.

"**Issuance Expenses Fund**" means the Issuance Expenses Fund created under the Trust Indenture.

"**Loan**" means a borrowing by the University made under the Liquidity Facility on a Borrowing Date.

"**Note Documents**" means the Base Lease, the Lease, the Guaranty, the Assignment of Rights, the Trust Indenture and the Dealer Agreement.

"**Note Fund**" means the Note Fund created under the Trust Indenture and held by the Trustee, including the Rental Payment Account and the Note Proceeds Account therein.

"**Note Proceeds Account**" means the Note Proceeds Account created under the Note Fund.

"**Note Service Charges**" means, for any period or payable at any time, the principal of and interest on the Notes for that period or due and payable at that time, whether due at maturity or upon acceleration.

"**Obligations**" means all obligations and liabilities of the University to the Liquidity Provider arising under or in relation to this or the other Credit Documents.

"**Outstanding Notes**", "**Notes outstanding**" or "**outstanding**" as applied to the Notes means, as of the applicable date, all Notes that have been authenticated and delivered, or are being delivered, by the Trustee under the Trust Indenture, except:

(a) Notes cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;

(b) Notes, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money shall have been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity date or redemption date of those Notes);

(c) Notes, or the portion thereof, that are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Trust Indenture;

(d) Notes in lieu of which others have been authenticated under Section 3.02 of the Trust Indenture; and

(e) Undelivered Notes.

"**Paying Agent**" means any bank or trust company designated as a Paying Agent for the Notes by or in accordance with the Trust Indenture.

"**Payment Date**" means, with respect to any Notes, any date on which principal and interest shall be due and payable whether at scheduled maturity or upon acceleration or otherwise.

"**Person**" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), limited liability companies, joint ventures, societies, estates, trusts, corporations, public and governmental bodies, other legal entities and natural persons.

"**Project**" means the Project Facilities and the Project Site, including, as applicable, the interests of the Commission in and to the Project, as the same may be provided in the Lease or Base Lease.

"**Project Account**" means the Project Account of the Improvement Fund.

"**Project Facilities**" means the educational facilities generally identified in Exhibit A of the Lease and in Exhibit A of the Base Lease, including any additions, improvements, modifications, substitutions and renewals thereof, and further includes other facilities and uses as are permitted by the Act and the Lease.

"**Project Site**" means the real estate described in Exhibit B of the Lease and in Exhibit B of the Base Lease, together with any additions thereto and less any removals therefrom, in the manner and to the extent provided in the Lease and the Trust Indenture.

"**Rating Service**" means Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("Standard & Poor's") or Fitch Ratings ("Fitch"), each of New York, New York, or their successors, or if any one of which shall be dissolved or no longer assigning credit ratings to long-term debt, then any other nationally recognized entity assigning credit ratings to long-term debt designated by an Executive.

"**Rebate Fund**" means the Rebate Fund created under the Trust Indenture.

"**Register**" means the books kept and maintained by the Registrar for the registration and transfer of Notes pursuant to the Trust Indenture.

"**Registrar**" means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Trust Indenture.

"**Related Documents**" means, collectively, the Credit Documents, the Note Documents and any other agreement or document relating thereto or contemplated thereby.

"**Rental Payment Account**" means the account established under the Note Fund.

"**Rental Payment Date**" means a Payment Date.

"**Rental Payments**" means the amounts required to be paid by the University to the Trustee pursuant to the Lease and the Assignment of Rights.

"**Revenues**" means (a) Rental Payments, (b) amounts held in, or for the credit of, the Special Funds, (c) all amounts payable to the Trustee with respect to Note Service Charges on the Notes by the Liquidity Provider under the Liquidity Facility, (d) all other rentals, revenue, income, charges and money received or to be received by the Commission, or the Trustee for the account of the Commission, from the lease, sale or other disposition of the Project, and (e) all income and profit from the investment of the Rental Payments and the Special Funds and such other money. The term "Revenues" does not include any money or investments in the Rebate Fund or the Issuance Expenses Fund.

"**Revised Code**" means the Revised Code of the State of Ohio.

"**Special Funds**" means, collectively, the Improvement Fund, the Note Fund and any other funds or accounts permitted by, established under or identified in the Trust Indenture, except the Rebate Fund and the Issuance Expenses Fund.

"**State**" means the State of Ohio.

"**Tax Exempt Organization**" means an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code or is a governmental unit.

"**Unassigned Rights**" means the rights of the Commission under the Leases that are not assigned to the Trustee, consisting of the rights of the Commission (i) to receive Additional Payments, (ii) to be held harmless and to be indemnified, (iii) to be reimbursed for attorney's fees and expenses, to the extent permitted by law, (iv) to give or withhold consent to amendments of the Lease, and (v) to enforce those rights.

"**University Notes**" means any Notes purchased by the University and held by the University or the Trustee, whether or not pledged to the Liquidity Provider pursuant to the Liquidity Facility.

THE TRUST INDENTURE

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

Pledge and Assignment. In order to secure the payment of the principal of, and interest and premium, if any, on the Notes issued under the Trust Indenture at their maturity and to secure the performance and observance by the Commission of all the covenants and obligations in the Trust Indenture and in the Notes, the Commission assigns to the Trustee all of the Commission's rights to, and interests in, the Revenues, the Lease (except for the Unassigned Rights) and the proceeds of the Notes and the Guaranty.

Replacement Notes. If any Depository determines not to continue to act as a Depository for the Notes for use in a book entry system or the Commission at the request of the University determines to terminate the services of any Depository (after determining that the continuation of such book entry system services by such Depository is not in the best interests of the Commission, the University or the beneficial owners of the Notes), the Commission, at the request of the University, shall attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Trust Indenture. If the Commission does not or is unable to do so, the Commission and the Trustee, after the Trustee has made provision for notification of the Commission, the Liquidity Provider, the Dealer and the owners of beneficial interests in the Notes by appropriate notice to the then Depository, shall (i) permit withdrawal of the Notes from the Depository, and shall authenticate and deliver Note certificates in fully registered form to the assignees of the Depository or its nominee and (ii) enter into a supplemental indenture pursuant to the Trust Indenture to set forth necessary terms and provisions for the Indenture relating to Notes not in a book entry system. If the event is not the result of Commission or University action or inaction, such withdrawal, preparation, signing, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Notes), of those persons requesting that authentication and delivery.

Books. The Commission shall cause books for the registration and transfer of the Notes as provided in the Trust Indenture to be kept by the Registrar. The Registrar shall maintain and keep, at the designated office of the Registrar, books for the registration and transfer of the Notes, which at all reasonable times shall be open for inspection by the Commission, the Trustee, the University, the Dealer, the Liquidity Provider, and Holders of not less than 25% in aggregate principal amount of the Notes outstanding. Upon presentation of any Note entitled to registration or transfer at the designated office of the Registrar, the Commission shall register or cause to be registered and permit to be transferred the Note in the registration books. The Registrar shall make all necessary provisions to permit the exchange or transfer of Notes at the designated office of the Registrar.

Transfer and Exchange. The Notes shall be transferred and exchanged as provided in the Trust Indenture.

Nonpresentment of Notes. In the event that any Note shall not be presented for payment when the principal thereof becomes due at stated maturity, or check or draft for interest is uncashed, if money sufficient to pay the principal then due of that Note or of such check or draft has been made available to the Trustee for the benefit of its Holder, all liability of the State or the Commission to that Holder for such payment of the principal then due on the Notes or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold that money, without liability for interest thereon, in a separate account in the Note Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to that money for any claim of whatever nature on its part under the Trust Indenture or on, or with respect to, the principal then due of that Note or of such check or draft.

Pursuant to the Trust Indenture, the Commission authorizes and directs the Trustee to, and the Trustee shall, transfer to the University any money free of any trust or lien that shall be so held by the Trustee and that remains unclaimed by the Holder of a Note not presented for payment or check or draft not cashed for a period of two years after the due date thereof. Thereafter, the Holder of that Note shall look only to the University for payment and then only to the amounts so received by the University without any interest thereon, and the Trustee shall not have any responsibility with respect to that money.

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

Improvement Fund and Issuance Expenses Fund. Note proceeds will be deposited into the Improvement Fund and the Issuance Expenses Fund maintained by the Trustee as provided in the Trust Indenture. The money in the Issuance Expenses Fund will be disbursed by the Trustee upon requisition from the University in accordance with the Lease to reimburse or pay the University, or any person designated by the University, for payment of, the fees, charges and expenses incurred in connection with the issuance of the Notes including but not limited to the fees and charges of the Commission. The money in the Improvement Fund will be disbursed by the Trustee upon requisition from the University in accordance with the Lease to reimburse or pay the University, or any person designated by the University, for any of the following:

(a) Costs incurred directly or indirectly for or in connection with the acquisition and leasing of the Project, survey fees, recording fees and costs related to any of the work deemed desirable in order to perfect or protect the interests of the Commission, the Trustee and the University in the Project;

(b) Costs incurred directly or indirectly for or in connection with the acquisition, construction, remodeling, improvement, equipping or furnishing of the Project, including but not limited to those costs incurred for preliminary planning and studies, architectural, accounting, consulting, financial, legal, engineering, supervisory and other services, site preparation, utilities, labor, materials and acquisition and installation of personal property;

(c) Premiums attributable to any bond insurance or to any surety bonds, fees and expenses relating to any Liquidity Facility or liquidity facility and insurance to be taken out and maintained during the Improvement Period (as defined in the Lease) with respect to the Project;

(d) Taxes, assessments and other charges in respect of the Project that may become payable during the Improvement Period;

(e) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project;

(f) Any other incidental and necessary costs, expenses, fees and charges relating to the acquisition, construction, installation, leasing, improvement or equipping of the Project;

(g) Any other costs incurred in connection with the Project or the Notes or as otherwise permitted to be paid from the proceeds of the Notes under the Act or the Code; and

(h) Payments made to the Rebate Fund.

None of the proceeds of the Notes in the Improvement Fund may be used to pay issuance costs of the Notes within the meaning of Section 147(g) of the Code.

The money and Eligible Investments held in and to the credit of the Improvement Fund will, pending application thereof as above set forth, be subject to a lien and charge in favor of the Trustee under the Trust Indenture. The money and Eligible Investments held in and to the credit of the Issuance Expenses Fund will not constitute part of the Revenues assigned to the Trustee as security for the payment of Note Service Charges.

Either (i) six months after the issuance of the Notes or (ii) when all fees, charges and expenses relating to the Notes have been paid or provision for their payment have been made, whichever shall occur first, the Trustee will transfer any balance remaining in the Issuance Expenses Fund, as directed by the University, to the Note Fund or to the Improvement Fund.

Note Fund. The Note Fund and the money and Eligible Investments therein shall be used solely and exclusively for the payment of the Note Service Charges, all as provided in the Trust Indenture and the Lease.

Lien. The Commission shall not create any lien upon the Revenues of the Commission from the Lease, other than the liens created by the Trust Indenture or the Note Documents.

Payment of Principal and Interest. Principal of and interest on the Notes will be payable on each Payment Date in immediately available funds wired by the Trustee to the registered owner.

Redemption. The Notes will not be subject to redemption prior to maturity.

No Pecuniary Liability. Each and every covenant made in the Trust Indenture is predicated upon the condition that the Commission will not have any pecuniary liability for the payment of the principal of and premium, if any, or interest on the Notes, or performance of any pledge, mortgage, obligation or agreement created by or arising out of the Trust Indenture or the issuance of the Notes. Neither the Notes nor the interest on the Notes nor any obligation or agreement of the Commission under the Trust Indenture or the other Note Documents will be construed to constitute an indebtedness of the Commission within the meaning of any constitutional or statutory provision.

No Personal Liability. No covenant, stipulation, obligation or agreement of the Commission in the Trust Indenture will be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, employee or agent of the Commission in his or her official capacity, and neither the members of the Commission nor any official executing the Notes, the Trust Indenture, the Lease or any amendment or supplement to the Trust Indenture or the Lease will be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance of the Notes or by the signing thereof.

Performance of Covenants of the Commission; Representations. The Commission will perform any and all covenants, undertakings, stipulations and provisions contained in the Trust Indenture, in any and every Note executed, authenticated and delivered under the Trust Indenture, and in all proceedings pertaining to the Notes.

No Disposition of Trust Estate. Except as permitted by the Trust Indenture or the other Note Documents, the Commission will not sell or otherwise dispose of all or any part of its interest in the Project or assign or grant a security interest in the Revenues or create or suffer to create any debt, lien or charge thereon.

Removal of Trustee. The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Commission, the Registrar, the Dealer, any Paying Agents and Authenticating Agents and the University, and signed by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Notes then outstanding. The Trustee also may be removed at any time for any willful misconduct or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Commission, the Liquidity Provider or the Holders of not less than 25% in aggregate principal amount of then

Outstanding Notes. In either instance, the University may solicit the Holders or the Commission to make such an application, and at the request of the University, the Trustee shall permit the University to inspect the Register for this purpose. So long as no Event of Default shall have occurred and be continuing under the Trust Indenture or under the Lease, the Trustee shall also be removed at the request of the University, which request shall be in writing and delivered concurrently to the Trustee, the Commission, the Registrar, the Dealer, any Paying Agents and Authenticating Agents. Such request shall be an effective instrument of removal. The removal of a Trustee shall not take effect until the appointment of a successor Trustee.

Events of Default.

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

(a) The Commission fails to pay any installment of interest on any Note when the same becomes due and payable;

(b) The Commission fails to pay the principal on any Note when the same becomes due and payable;

(c) The Commission or the University fails to perform or observe any covenant or agreement or obligation under the Trust Indenture or the Lease that results in the interest on the Notes no longer being excluded from gross income for federal income tax purposes;

(d) A failure by the Commission to observe or perform any other covenant, agreement or provision, contained in the Notes or in the Trust Indenture which is to be observed or performed by the Commission, which failure continues for a period of 60 days after written notice, specifying the failure and requesting that it be remedied, has been given to the Commission and the University which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Notes then outstanding;

(e) An Event of Default under the Lease subject to applicable waivers and cure periods as provided therein;

(f) The University fails to perform or observe any covenant, agreement or obligation on the part of the University contained in the Guaranty, giving effect to any notices and grace periods therein; and

(g) A failure by the Liquidity Provider to fund any amount requested to be borrowed under the Liquidity Facility or any substitute Liquidity Facility in accordance with the terms and conditions of the Trust Indenture.

Acceleration of Maturity. Upon the occurrence of an Event of Default under the Trust Indenture, as defined in (a), (b), (c), (d) or (g) above, the Trustee shall, upon the written request of the Holders of not less than 25% in aggregate principal amount of Notes outstanding, by written notice to the Commission, declare the principal and any premium on all of the Notes then outstanding (if not then due and payable) and the interest accrued thereon to be immediately due and payable.

Actual Notice of Events of Default. The Trustee will provide written notice of the occurrence of any Event of Default to the University, the Commission, the Liquidity Provider, the Registrar, the Paying Agent, any Authenticating Agent and the Dealer within five Business Days and all Holders of Notes within 30 days after obtaining notice under the Trust Indenture of such Event of Default.

Rescission or Annulment of Acceleration. If, at any time after such principal and interest shall have been so declared due and payable and prior to the entry of a judgment in a court of law or equity for enforcement hereunder or the appointment, and the confirmation thereof, of a receiver after an opportunity for hearing by the Commission and the University, all amounts payable hereunder except the principal of, and interest accrued after the next preceding Payment Date on, the Notes that have not reached their stated maturity dates and that are due and payable solely by reason of said declaration shall have been duly paid or provided for by deposit with the Trustee or Paying Agents and all existing Defaults shall have been made good, then and in every such case such payment or provisions for payment shall, ipso facto, constitute a waiver of such Default and Event of Default and its consequences and an automatic rescission shall extend to or affect any subsequent Event of Default or impair any rights consequent thereon.

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

Noteholders' Right to Direct Proceedings. Anything to the contrary in the Trust Indenture notwithstanding, the Holders of at least a majority in aggregate principal amount of Outstanding Notes shall have the right at any time to direct, by an instrument or document or instruments or documents in writing signed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Indenture; provided that (i) any direction shall not be other than in accordance with the provisions of law and of the Trust Indenture, (ii) the Trustee shall be indemnified as provided in the Trust Indenture and (iii) the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

Limitation on Noteholders' Right to Institute Proceedings. No Noteholder has any right to institute any suit, action or proceeding for the enforcement of the Trust Indenture, for the execution of any trust under the Trust Indenture or for any other remedy hereunder unless (i) the Trustee has been given written notice in accordance with the terms of the Trust Indenture of the Event of Default or is deemed to have notice of such Event of Default under the Trust Indenture, (ii) the Holders of not less than 25% of the aggregate principal amount of the Outstanding Notes have made written request to the Trustee, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the rights, remedies and powers granted by the Trust Indenture or to institute such action, suit or proceeding in its name, and (iii) there has been offered to the Trustee reasonable security and indemnity against such action, and (iv) the Trustee has refused or failed to exercise the remedies, rights, and powers granted in the Trust Indenture or to institute such suit, action or proceeding in its own name. Such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the institution of any suit, action, or proceeding described above.

No one or more Noteholders has any right in any manner whatsoever to affect, disturb or prejudice the security or benefit of the Trust Indenture by its or their action or to enforce any remedy, power or right thereunder except in the manner therein described. All proceedings at law or in equity shall be maintained in the manner provided in the Trust Indenture and for the benefit of all Holders of the Outstanding Notes.

No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee or to the Noteholders under the Trust Indenture is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given to the Trustee, the Liquidity Provider or to the Holders or now or in the future existing.

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

Limitations on Modifications of the Trust Indenture and the Lease. Neither the Trust Indenture nor the Lease shall be modified, supplemented or amended in any respect subsequent to the first issuance of the Notes except as provided in and in accordance with and subject to the provisions of the Trust Indenture.

Supplemental Trust Indenture Without Noteholder Consent. The Commission and the Trustee may, from time to time and at any time, without the consent of or notice to the Noteholders, but with notice to the Liquidity Provider, if any, enter into a Supplemental Trust Indenture that shall not, in the determination of the

Commission and the Trustee, be inconsistent with the terms and provisions of the Indenture (other than the terms or provisions being supplemented) for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Noteholders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;

(c) to assign additional revenues under the Trust Indenture;

(d) to accept additional security and instruments and documents of further assurance with respect to the Project;

(e) to add to the covenants, agreements and obligations of the Commission under the Trust Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power of authority reserved to or conferred upon the Commission in the Trust Indenture;

(f) to evidence any succession to the Commission and the assumption by its successor of the covenants, agreements and obligations of the Commission under the Trust Indenture, the Base Lease, the Lease and the Notes;

(g) to permit the Trustee or the Commission to comply with any obligations imposed upon it by law including the Code, so long as such change would not be to the prejudice of the Trustee or the Holders;

(h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar, the Dealer and any Paying Agents or Authenticating Agents;

(i) to achieve compliance of the Trust Indenture with any applicable federal securities or tax law, provided that in the opinion of Independent Counsel such supplemental trust agreement does not adversely affect the validity or security of the Notes;

(j) to obtain or maintain a rating on the Notes from a Rating Service or to obtain or maintain a liquid facility on the Notes;

(k) to adopt procedures for the disclosure of information to Noteholders and others with respect to the Notes and the Commission in accordance with applicable federal securities laws or with any guidelines for such purpose promulgated by any appropriate national organization;

(l) to permit any other amendment that, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Holders;

(m) to facilitate (i) the transfer of Notes from one Depository to another, and the succession of Depositories, or (ii) the withdrawal of Notes issued to a Depository for use in a book entry system and the issuance of replacement Notes in fully registered form to others than a Depository;

(n) to provide for a substitute Liquidity Facility or the termination of a Liquidity Facility upon its expiration date;

(o) to provide for the issuance of additional Notes to be secured on a parity with the Notes then issued or issuable under this Indenture; and

(p) if a Liquidity Facility is then in effect, or shall be in effect upon the effective date of such amendments, to make any amendments required to secure a rating on the Notes from a Rating Service equal to the rating of the unsecured indebtedness of the Liquidity Provider or the parent company of such Liquidity Provider, which amendments, in the judgment of the Trustee, are not to the prejudice of the Holders.

Supplemental Trust Indenture with Noteholder Consent. Subject to the consent of the University or Dealer if required, Noteholders of not less than a majority in aggregate principal amount of the Notes then Outstanding have the right from time to time to consent to the execution and delivery by the Commission and the Trustee of any supplemental trust agreement adding any provisions to, changing in any manner or eliminating any of the provisions of the Trust Indenture or any supplemental trust indenture or restricting in any manner the rights of the Holders, provided, however, that, (A) without the consent of the Holder of each Note so affected, (i) an extension of the maturity of the principal of or the interest on any Note or (ii) a reduction in the principal amount of any Note or the rate of interest or premium thereon, or (B) without the consent of the Holders of all Notes then outstanding, (i) the creation of a privilege or priority of any Note or Notes over any other Note or Notes or (ii) a reduction in the aggregate principal amount of the Notes required for consent to a supplemental trust agreement or an amendment to the Lease.

Notice. If at any time the Commission requests the Trustee to enter into any supplemental trust agreement for any of the purposes described above, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required, receipt of the University's or Dealer's consent to the proposed signing and delivery of the supplemental trust agreement, the Trustee shall cause notice of the proposed supplemental trust agreement to be given by mail to all Holders of Outstanding Notes.

No Right to Object. If Noteholders of not less than the percentage of Notes required by the Trust Indenture consent to and approve the execution and delivery of the supplemental trust agreement as provided in the Trust Indenture, no Noteholder will have any right to object to the execution and delivery of such supplemental trust agreement, or to object to any of the terms and provisions contained in it or to its operation, or in any manner to question the propriety of its execution and delivery, or to enjoin or restrain the Commission or the Trustee from executing and delivering the same or from taking any action pursuant to its provisions.

Consent of the University and Dealer to Supplemental Indenture. Any supplemental trust agreement signed and delivered under the Trust Indenture that affects the rights of the University, the Liquidity Provider, or the Dealer will not become effective without the prior written consent of the University, the Liquidity Provider or the Dealer, as the case may be.

Discharge of Trust Indenture. If (i) the Commission shall pay all of the Outstanding Notes, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Notes, all Note Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other amounts payable under the Trust Indenture or under the Lease and all amounts under any Liquidity Facility have been paid in full in accordance with its terms and the Liquidity Facility has been cancelled, then the Trust Indenture shall terminate and the covenants, agreements and obligations of the Commission thereunder shall be released, discharged and satisfied.

The Trustee shall release the Trust Indenture (except for certain provisions surviving in the event the Notes are deemed paid and discharged as described below) and shall sign and deliver to the Commission any instruments or documents in writing as shall be required to evidence that release and discharge or as reasonably may be requested by the Commission and shall return the Liquidity Facility, if any, to the Liquidity Provider, and the Trustee and any other Paying Agents shall assign and deliver to the Commission any property subject at the time to the lien of the Trust Indenture that then may be in their possession, except amounts in the Note Fund required (i) to be paid to the University or Liquidity Provider in the case of nonpresentment of Notes under the Trust Indenture or (ii) to be held by the Trustee and the Paying Agents following a draw on a liquidity facility, or otherwise for the payment of Note Service Charges.

Defeasance. All or any part of the Notes shall be deemed to have been paid and discharged within the meaning of the Trust Indenture if:

(a) the Trustee as paying agent and any Paying Agents have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee has received, in trust for and irrevocably committed thereto, Defeasance Obligations that are certified by an independent firm experienced in the preparation of verification reports and acceptable to Bond Counsel to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subsection (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Trust Indenture), for the payment of all Note Service Charges on those Notes, at the next succeeding Payment Date, or if a Default in payment has occurred on any maturity date or Payment Date, then for the payment of all Note Service Charges thereon to the date of the tender of payment.

Any money held by the Trustee as described above may be invested by the Trustee upon written direction by a representative of the University or the Commission only in Defeasance Obligations having maturity dates, or having redemption dates that, at the option of the holder of those obligations, shall be not later than the date or dates on which money will be required for the purposes described above.

Within 15 days after any Notes are deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which those Notes are deemed paid and discharged. Such notice shall state the numbers of the Notes deemed paid and discharged or state that all Notes are deemed paid and discharged, set forth a description of the Defeasance Obligations and specify the date or dates on which any of the Notes are to be called for redemption.

Acceptance of Trusts. The Trustee accepts and agrees to execute the trusts created under the Trust Indenture, but only upon the terms set forth therein, to all of which the Commission, the Trustee and the Holders agree. The obligations and duties of the Trustee will be determined solely by reference to the Trust Indenture and, except as expressly set forth in the Trust Indenture, no implied duties will be imposed on the Trustee. The Trustee may execute or assign any of the trusts or powers contained in the Trust Indenture by or through attorneys, agents, receivers or employees and shall be entitled to the advice of counsel concerning all matters of trusts and its duties under the Trust Indenture.

THE LEASE

The following is a summary of certain provisions of the Lease. Such summary does not purport to be complete or definitive and reference is made to the Lease for a full and complete statement of the terms and provisions and for the definitions of capitalized terms used in this summary and not otherwise defined in this Offering Memorandum.

Use of the Project

During the term of the Lease, the University has sole and exclusive charge of the operation of the Project unless there is a Default and the University has been excluded from possession of the Project under the terms of the Lease. See "THE LEASE - Events of Default" hereinafter.

Rental Payments

The University is obligated under the Lease to pay Rental Payments and to pay other expenses and disbursements of the Trustee and the Commission, defined in the Lease as "Additional Payments".

Rental Payments are payable to the Trustee for the account of the Commission on or before each Rental Payment Date during the term of the Lease in an amount of money equal to the sum of the amount that, when added to the balance then in the Note Fund and available therefor, will be sufficient to pay the Note Service Charges due on the Notes on the applicable Payment Date.

In any event, the amount of the Rental Payments made under the Lease must be sufficient to pay the total amount of the Note Service Charges as and when due. The Lease serves the purpose of securing the debt service on the Notes, while satisfying the requirements of the Act pursuant to which the Notes are issued. If at any time when a payment of Note Service Charges is due, the balance in the Note Fund is insufficient to make that payment, the University will forthwith pay to the Trustee for deposit into the Note Fund any such deficiency. Any amount, however, held at any time by the Trustee in the Note Fund will, unless otherwise provided in the Lease, be credited against the Rental Payments next required to be paid by the University, to the extent such amount is in excess of the amounts required (i) for payment of Notes theretofore matured, (ii) for payment of past due interest in all cases where such Notes have not been presented for payment and (iii) to be deposited in Note Fund for use for other than payment of the interest, or principal of, the Notes at maturity on the next succeeding Payment Date.

Absolute Obligation to Pay Rental Payments

The obligation of the University to make Rental Payments and Additional Payments pursuant to the Lease is an absolute and unconditional general contractual obligation of the University and will survive any termination of the Lease until such time as all of the Notes and interest and any premium thereon, and any Additional Payments, have been paid in full or provision therefor is made. The University has agreed to pay such obligations from its general funds or any other money legally available to it in the manner and at the time provided in the Lease. The University will make Rental Payments and Additional Payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever, including but not limited to, any defense, set-off, recoupment or counterclaim that the University may have or assert against the State, the Commission, the Trustee, the Dealer, the Liquidity Provider or any other Person, any change in the tax or other laws or administrative rulings of or administrative actions by or under authority of the United States of America or of the State, or any damage to, destruction of or exercise of eminent domain with regard to the Project.

Maintenance of Tuition, Fees and Charges

So long as any Notes are outstanding, the University covenants and agrees to operate all its educational facilities, including the Project, on a revenue-producing basis. The University also covenants during such period to fix, revise as often as necessary, charge and collect such reasonable tuition fees, student fees, rates, other fees, rentals and charges for the use and occupancy of its educational facilities, including the Project or any part thereof, and for any other facilities operated by the University, in amounts so that the University shall receive gross cash receipts in each fiscal year that, together with other money legally available to it, are sufficient (as determined in accordance with generally accepted accounting principles then in effect and applicable to non-profit educational institutions) to pay the following costs (without priority of any one clause over another): (i) currently all of the University's expenses during such fiscal year for its operation, including those expenses incurred in carrying out its educational purposes, and for the operation, maintenance and repair of all its educational facilities, including the Project, and any other facilities operated by the University, (ii) all Rental Payments and Additional Payments under the Lease due in such fiscal year, (iii) all other obligations imposed by the Note Documents upon the University payable during such fiscal year, and (iv) all indebtedness and other obligations of the University due in such fiscal year as the same become due and payable.

Maintenance and Insurance

The University has agreed that during the term of the Lease it will keep the Project in good repair and good operating condition at its own cost. In the event that the University defaults under the Lease and the Lease is terminated, the University will surrender the Project to the Commission in as "good condition" as the Project was in at the time the University had full possession of the Project. "Good condition" permits loss to the Project by fire or other casualty covered by insurance, ordinary wear and tear, obsolescence, removals and replacements as provided for in the Lease and acts of God.

The University has agreed to maintain, during the term of the Lease, insurance coverage with respect to its educational facilities, including the Project, and other properties of the University and the operation and maintenance thereof of such type and in such amounts and against such risks as is normal for educational facilities of similar type and size. Such insurance shall generally include (i) property insurance in an amount which shall be at least equal to the then replacement value of the Project, (ii) comprehensive general liability insurance, (iii) workers' compensation and employer's liability coverage and (iv) fidelity bonds on all officers and employees of the University who have access to or custody of any revenues or the University funds. The University also has agreed, as long as Notes are outstanding, (i) that the foregoing insurance policies will prohibit cancellation or substantial modification without at least 45 days' prior written notice to the University, the Commission and the Trustee, (ii) to cause the Trustee to be named as an additional party insured under the property insurance policies, and (iii) to cause the Commission and the Trustee to be named as an additional party insured under the comprehensive general liability insurance policies.

Annual Statement

The University agrees to have an annual audit of its financial statements made by an independent certified public accountant and to provide that audit report to the Commission, the Trustee, the Liquidity Provider and the Dealer within 120 days after the end of each fiscal year.

Merger, Consolidation or Transfer of Assets

During the term of the Lease, the University is to maintain its existence as an educational institution not for profit and will not dissolve, sell, transfer or otherwise dispose of all or a substantial part of its assets or consolidate with or merge into another Person or permit one or more Persons to consolidate with or merge into it, unless the following conditions are met: (a) the corporation or entity surviving such merger, consolidation or sale of assets (the "Surviving Institution") (i) is a State university or college or holds a certificate of authorization from the Ohio Board of Regents pursuant to Section 1713.02 of the Ohio Revised Code, (ii) is Tax Exempt Organization, (iii) has an aggregate net fund balance in its current unrestricted funds, quasi-endowment funds and plant funds equal to at least 90% of that balance of the University prior to such merger, consolidation or sale of assets, (iv) expressly assumes in writing all of the covenants, obligations and agreements of the University under the Note Documents and the Liquidity Facility, (v) shall not have assumed, incurred, guaranteed or otherwise become liable for any obligations or liabilities not permitted by the Lease, (b) no Event of Default under the Lease shall have occurred and be continuing and no event shall have occurred and be continuing that with the lapse of time or giving of notice or both would constitute such an Event of Default, (c) either (i) no litigation is pending against the Surviving Institution in which the amount claimed that is not fully covered by insurance exceeds $500,000 in any one suit or in the aggregate of all suits or (ii) the Surviving Institution shall provide to the Trustee an opinion of Independent Counsel that, in the judgment of such Independent Counsel, the aggregate liability of the Surviving Institution in all pending litigation against it does not exceed the amount available under any and all liability policies carried (or reserves allocated) by the Surviving Institution to insure payment of amounts owing under judgments awarded in, or settlements of, such litigation, and (d) such merger, consolidation or transfer of assets will not adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

The University will be deemed to have disposed of a substantial part of its assets if during any fiscal year it disposes of 25% or more of its assets, whether or not shown as assets on the balance sheets of the University. However, the sale or exchange of securities or real estate held for investment purposes in order to obtain other securities or real estate to be held for investment purposes will not be deemed to be a disposal of assets.

Indemnification of the Commission

The University has agreed to hold the Commission harmless against all costs, penalties, fines, damages, liabilities, losses, expenses (including without limitation, to the extent permitted by law, reasonable attorneys' fees) and claims arising from (i) any loss of or damage to property, or any injury to or death of any person, that may be occasioned by any cause pertaining to the acquisition, construction or equipping of the Project or its use, nonuse or condition, (ii) any breach or default by the University under the Note Documents, the acquisition, construction, reconstruction, improvement or equipping of the Project, or any act or a failure to act by the University, its agents, contractors, servants, employees or licensees, (iii) the Commission's authorization, issuance, sale, redemption or servicing of the Notes and provision of any information or certification in connection with the Notes, the Project or the University to assure the exclusion of the interest on the Notes remains tax exempt and not an item of tax preference, (iv) any failure of the University to comply with any requirements of the Note Documents or the Code pertaining to the exclusion of interest on the Notes from gross income for federal income tax purposes, (v) ownership of any interest in the Project or any part thereof; (vi) the performance of any labor or services or the furnishing of any materials or other property in respect of the Project or any part thereof; (vii) any action, claim or proceeding brought in connection with any of the foregoing; and (viii) to the extent of the aggregate amount paid in settlement of any action, claim or proceeding commenced or threatened based upon any of the foregoing, if the settlement is effected with the written consent of the University (which consent shall not be withheld unreasonably).

The University's Options to Terminate Lease and to Purchase the Project

The University has the option to terminate the Lease at any time after the Trust Indenture has been released pursuant to its provisions and all payments due under the Lease have been made or provided for.

The University also has the option to terminate the Lease if any of the following extraordinary events occur:

(a) All or a substantial part of the Project is damaged or destroyed to such extent that (i) the Project cannot be reasonably restored within a period of six months to its condition at the time immediately preceding the damage or destruction or (ii) the University is thereby prevented from carrying on its normal operation of the Project for a period of six months;

(b) Title to, or the temporary use of, all or a substantial part of the Project is taken under the exercise of the power of eminent domain by any government authority, or Person acting under governmental authority, to such extent that (i) the Project cannot be reasonably restored within a period of six months to a condition comparable to its condition prior to such taking or (ii) the University is thereby prevented from carrying on its normal operation of the Project for a period of six months;

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States or of legislative or administrative action (whether State or federal) or by final decree, judgment or order of any court or administrative body (whether State or federal) entered after the contest thereof by the Commission or the University in good faith, the Lease becomes void or unenforceable or impossible of performance, or if unreasonable burdens or excessive liabilities, including the imposition of certain taxes, are imposed upon the Commission or the University with respect to the Project or its operation; or

(d) The University loses its status as a federally tax-exempt organization but only if such loss results in the interest on the Notes no longer being excluded from gross income for federal income tax purposes.

For purposes of this section, the term "substantial part" when used with reference to the Project means any part of the Project, the total cost of which (as determined by the University) equals or exceeds the lesser of (i) 25% of the aggregate principal amount of the Notes originally issued or (ii) the aggregate principal amount of the Notes then outstanding.

In order to exercise the option described in this section, the University must give written notice to the Commission (and, if applicable, the Trustee) within 90 days following the event authorizing the exercise thereof, and is required to make arrangements satisfactory to the Trustee for the redemption of all Outstanding Notes and pay as the redemption price for the Notes the following:

(a) to the Trustee, an amount of money that, together with other funds held in any fund created by the Trust Indenture other than funds created for the issuance expenses and rebate matters, will be sufficient, pursuant to the provisions of the Trust Indenture, to pay the principal of and any premium and interest accrued on the Notes to the redemption date, and to discharge all then Outstanding Notes; and

(b) to the Trustee or to the Persons to whom Additional Payments are or will become due, an amount of money equal to the Additional Payments accrued and to accrue until actual final payment and redemption of the Notes.

The Lease provides that upon its expiration, the University shall purchase the Commission's entire interest in the Project for a nominal sum.

Assignment and Subleasing

The Lease may be assigned in whole or in part, and the Project may be subleased in whole or in part, by the University without the necessity of obtaining the consent of the Commission, or the Trustee, provided that each of the following conditions are met: (i) no such assignment (other than assignments pursuant to the consolidation, merger, sale or other transfer as described in "THE LEASE - University to Maintain its Existence"), sublease or grant will relieve the University from primary liability for any of its obligations under the Lease and the University will continue to remain primarily liable for the payment of Rental Payments and Additional Payments and other obligations provided in the Lease, (ii) any such assignment, grant or sublease will retain for the University such rights as will permit it to perform its obligations under the Lease, (iii) the assignee or sublessee from the University assumes the obligations of the University to the extent of the interest assigned or subleased, (iv) within 30 days, the University furnishes copies of such assignment, sublease or grant of use to the Commission, the Liquidity Provider and the Trustee, and (v) any such assignment, grant or sublease will not materially impair fulfillment of the purposes of the Act in providing educational facilities or adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes or cause the interest on the Notes to become an item of tax preference for purposes of the alternative minimum tax.

Events of Default

The following are defined as Events of Default under the Lease:

(a) The University fails to pay any Rental Payment on or prior to the date on which that Rental Payment is due and payable.

(b) The University fails to administer, maintain or operate the Project as educational facilities in accordance with the Act.

(c) The University fails to observe and perform any other covenant, agreement or obligation contained in the Lease, if such failure continues for a period of 60 days after written notice of the failure is given to the University by the Commission or the Trustee requesting that it be remedied. The Commission and the Trustee may agree in writing to an extension of that 60-day period prior to its expiration, provided that if the University proceeds to take curative action that, if begun and prosecuted with due diligence, cannot be completed reasonably within the 60-day period, that period shall be increased without a written extension to any extent that shall be necessary to enable the University to complete the curative action diligently.

(d) Certain events of dissolution, liquidation, insolvency, bankruptcy, reorganization or other similar events with respect to the University occur.

(e) The University fails to make any payment due under a lease or lease agreement entered into between the University and the Commission in connection with any issue of State of Ohio Higher Educational Facility Notes issued to fund a project at the University, provided that such failure constitutes an event of default under such lease or lease agreement. The University is a party to a number of leases with the Commission in connection with outstanding bonds.

The events described in paragraph (c) above do not constitute Events of Default if caused by Force Majeure, defined as acts of God; strikes, lockouts or other employment related disturbances; acts or orders of any kind of any governmental authority; acts of public enemies; terrorist activities or attacks; insurrections; civil disturbances; riots; arrests; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or any cause, circumstance or event not reasonably within the control of the University.

The declaration of an Event of Default under the Lease and the exercise of remedies upon any such declaration are subject to any applicable limitations of federal bankruptcy law affecting or precluding such declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Remedies on Default

If any Event of Default described above happens and is continuing, any one or more of the following remedies may be taken, although the Trustee is not required to take any remedy that in its opinion will or might cause it to expend time or money unless it has been furnished a satisfactory indemnity bond at no cost to it:

(a) In accordance with the Trust Indenture, the Trustee shall, if acceleration is declared pursuant to the Trust Indenture, and the Trustee may, if acceleration is not declared pursuant to the Trust Indenture, declare all Rental Payments, Additional Payments and other amounts payable under the Lease to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee, (i) may enter and take possession of the Project without terminating the Lease, (ii) may complete the Project if not then completed and sublease the Project or any part thereof for the account of the University, holding the University liable for completion costs, if any, not reimbursed to the Commission from the proceeds of the Notes or otherwise, (iii) collect rentals and enforce all other remedies of the University under any lease of, or assignments or grants of rights to use or occupy, the Project, or any part thereof, but without being deemed to have affirmed the lease, assignments or grants, (iv) enter into new leases, assignments and grants on any terms that the Commission or the Trustee may deem suitable for the Project, or any part thereof, which leases, assignments and grants may provide that they shall not be terminated or affected if the University cures the Event of Default, (v) remove the University, all other Persons and all property from the Project, or any part thereof, (vi) hold, operate and manage the Project, or any part thereof, (vii) receive all earnings, income, rents, issues, profits, proceeds or other sums accruing with respect thereto and (viii) obtain an environmental assessment of all or any part of the real property constituting the Project.

(c) The Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the University.

(d) The Trustee may exercise any and all and any combination of rights, remedies and powers available to it under the Trust Indenture and the Lease, at law, in equity or by statute or otherwise and may appoint a receiver for the Project.

Amendments of the Lease

The Trust Indenture provides that the Lease may be amended with the consent of the Commission and the Trustee but without the consent of or notice to the Holders as may be required (i) by the provisions of the Note Documents, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Lease, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Trust Indenture without the consent of the Holders, or (iv) in connection with any other change therein that, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Holders. The Commission and the Trustee shall not consent to any amendment to the Lease that would change the amount of Rental Payments, or time as of which they are required to be paid, without giving notice of the proposed amendment required by the Trust Indenture and having received the consent of all of the Holders of the Notes then outstanding. The Commission and the Trustee shall not consent to any other amendments to the Lease without giving notice of the proposed amendment required by the Trust Indenture without the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes then outstanding.

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APPENDIX D

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association ("the Bank") is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of September 30th, 2012, JPMorgan Chase Bank, National Association, had total assets of $1,850.2 billion, total net loans of $592.0 billion, total deposits of $1,186.7 billion, and total stockholder's equity of $142.6 billion. These figures are extracted from the Bank's unaudited Consolidated Reports of Condition and Income (the "Call Report") as of September 30th, 2012, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2011, of JPMorgan Chase & Co., the 2011 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Offering Circular is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

The information contained in this Appendix relates to and has been obtained from the Bank. The delivery of the Offering Circular shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

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APPENDIX E

BOOK ENTRY ONLY SYSTEM

Book-Entry System. The Notes, as issued from time to time, will be dated the date of authentication and issuance thereof, will be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof, and will be book-entry obligations evidenced by a master note (the "Master Note") registered in the name of the nominee of DTC, which serves as the securities depository for the Notes pursuant to the Trust Indenture. One fully-registered Note certificate has been issued for the Notes and has been deposited with the Trustee. Upon any increase in the aggregate principal amount of the Notes, that Note certificate will be replaced with a new certificate evidencing that increased aggregate principal amount. Principal and interest payments on the Notes will be made to DTC. In the event that (1) DTC resigns as securities depository for the Notes, after giving reasonable notice thereof to the Commission or the Trustee, or (2) with the consent of the Commission, the Registrar and the University, DTC is determined to be no longer able to discharge its duties or no longer qualified to perform book-entry services, or (3) the University in its sole discretion (but with the consent of the Commission) determines that the continuation of the book-entry system of evidence and transfer of ownership of the Notes is not in the best interest of the Beneficial Owners (hereinafter defined) of the Notes, the University may discontinue the book-entry system with DTC. If the Commission and the University fail to identify another qualified securities depository to replace DTC, the Commission will execute and the Trustee will authenticate and deliver replacement Notes in the form of fully registered certificates. If no qualified securities depository is the registered owner of the Notes, the Paying Agent will pay interest to the Beneficial Owners by check mailed to the person registered at the close of business on the Record Date as owner of the Notes. Principal of and premium, if any, on the Notes are payable upon presentation at the principal corporate trust office of the Paying Agent. Upon the issuance of replacement bonds, the Trustee and the Registrar may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to the issuance of such replacement bond.

Payment of principal of and interest on the Notes will be made directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Notes are not in a book-entry-only system, payment of principal of and interest on the Notes will be made as described in the Trust Indenture and summarized in Appendix C — "CERTAIN DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND THE LEASE."

In the event that (1) DTC resigns as securities depository for the Notes, after giving reasonable notice thereof to the Commission or the Trustee, or (2) the Commission, at the request of the University, determines that the continuation of the book-entry system of evidence and transfer of ownership of the Notes is not in the best interest of the Beneficial Owners (hereinafter defined) of the Notes, the University or the Commission, then the Commission may, at the request of the University, discontinue the book-entry system with DTC. If the Commission and the University fail to identify another qualified securities depository to replace DTC, the Commission will execute and the Trustee will authenticate and deliver replacement Notes in the form of fully registered certificates. If no qualified securities depository is the registered owner of the Notes, the Paying Agent will pay interest to the Beneficial Owners by check mailed to the person registered at the close of business on the Regular Record Date as owner of the Notes. Principal of and premium, if any, on the Notes are payable upon presentation at the principal corporate trust office of the Paying Agent. Upon the issuance of replacement Notes, the Trustee and the Registrar may require the payment by the Noteholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to the issuance of such replacement Note.

Book-Entry System. The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Notes, payments of principal, premium, if any, and interest on the Notes to DTC, its nominee, Participants, defined below, or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC, New York, NY, will act as securities depository for the Notes. The Notes will be issued as full-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 for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Notes 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 Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Notes. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee as registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes 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 any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Commission, or the University, 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 Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Commission, at the request of the University, may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither the Commission, the University nor the Dealer takes any responsibility for the accuracy thereof.

Neither the Commission, the University, the Registrar, the Paying Agent nor the Trustee will have responsibility or obligations to the Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, (2) the payment by DTC to any Participant, or by any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner, in respect of the principal of, premium, if any, or interest on the Notes, (3) the delivery or timeliness of delivery by DTC to any Participant, or by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner, that is required or permitted under the terms of the Trust Indenture, (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Notes, or (5) any consent given or other action taken by DTC as the registered bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references in this Offering Memorandum to the Owners of the Notes shall mean Cede & Co. and shall not mean the Beneficial Owners and the Trustee will treat Cede & Co. as the only Holder of Notes for all purposes under the Trust Indenture.

The Commission may enter into amendments to the agreement with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Notes without the consent of Beneficial Owners or Holders.

Transfer and Exchange. While in book-entry form, transfers of beneficial ownership of Notes will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and DTC Participants. If the book-entry system is discontinued, Notes may be transferred or exchanged upon surrender of the

Note and by delivery to the Registrar or, in the case of an exchange, the Registrar or Authenticating Agent, of a satisfactory written instrument of transfer executed by the Holder of the Notes or his duly authorized attorney and the payment of a charge sufficient to reimburse the Commission, Registrar and Authenticating Agent for any tax, fee or other governmental charge that may be imposed in relation thereto and the charges of the Registrar. Additionally, the Commission shall permit the transfer of Notes under such reasonable regulations as it or the Registrar may prescribe.

APPENDIX F-1

TEXT OF FEBRUARY 16, 2000 OPINION OF BOND COUNSEL

To: Morgan Stanley & Co. Incorporated
New York, New York

NatCity Investments, Inc.
Cleveland, Ohio

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by the Ohio Higher Educational Facility Commission (the "Commission") of its Higher Educational Facility Revenue Notes (Case Western Reserve University Commercial Paper Program), initially issued on the date hereof and issued in the amount of $43,000,000 (together with any renewals of the principal amount thereof, the "2000-1 Notes"), of the State of Ohio (the "State"). The 2000-1 Notes are a portion of the Commercial Paper Notes issued or to be issued pursuant to Resolution No. 2000-1 adopted by the Commission on January 26, 2000 (the "Resolution") and a Trust Indenture, dated as of February 1, 2000 between the Commission and Bankers Trust Company (the "Trustee") in a maximum principal amount not to exceed $63,000,000 (the 2000-1 Notes together with any other commercial paper notes to be issued under the Indenture in excess of the principal amount of the 2000-1 Notes, the "Notes"). The Notes are authorized to be issued for the purpose of providing funds to pay "project costs" of "educational facilities", as those terms are defined in Section 3377.01 of the Revised Code, including costs relating to acquiring and renovating parking garages, acquiring real property for use as an alumni center, residence facilities, green space, parking and other uses, constructing the Peter Lewis Campus for Weatherhead School of Management, renovating, improving and equipping the medical school building and renovating, improving and equipping various other campus buildings and facilities including security systems, window replacements, lighting, electrical equipment, heating, cooling and air handling systems, utilities, roof replacements and other improvements, and for such other uses as are permitted by the Act and the Lease (collectively, the "Project"), and to pay certain issuance costs related to the Notes. The Notes are issued and secured by the Indenture. The Project has been leased by Case Western Reserve University (the "University"), as lessor, to the Commission, as lessee, under the Base Lease ("Base Lease") and has been leased back to the University under the Lease (the "Lease") between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease (the "Assignment"), the Commission has assigned to the Trustee for the benefit of the holders of the Notes substantially all of its rights under the Lease, including the Rental Payments to be made by the University. The documents in the Transcript examined include signed counterparts of the Base Lease, Lease, the Indenture and the Assignment , each dated as of February 1, 2000 and the Dealer Agreement, dated as of February 16, 2000, between the Commission, the University and Morgan Stanley & Co. Incorporated (the "Dealer"). The Indenture, together with the Resolution, sets forth the procedures to be taken by the Commission for issuance of Notes, including by the University to the Trustee of a Request, as defined in the Indenture, in connection with that issuance, and, in the case of the issuance of Notes constituting an Increase Amount (as defined in the Indenture), the delivery to the Trustee of certain certificates and an opinion of bond counsel to the effects described therein. We have also examined a copy of a signed and authenticated Note.

Based on this examination, we are of the opinion that under existing law:

1. The Notes, the Base Lease, the Lease, the Assignment, the Indenture and the Dealer Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity.

2. The Notes constitute special obligations of the State, and the principal of and interest on the Notes (collectively, "debt service") are payable solely from the revenues and other money pledged and assigned by the Indenture and the Assignment to secure that payment, including the payments required to be made by the University under the Lease. The Notes and the payment of debt service are not secured by an obligation or pledge of any money raised by taxation, and the Notes do not represent or constitute a debt, or pledge of the faith and credit, of the State or the Commission.

3. The interest on the 2000-1 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The interest on the 2000-1 Notes, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the net income base of the Ohio corporate franchise tax, and municipal and school district income taxes in Ohio. We express no opinion as to other tax consequences regarding the 2000-1 Notes.

In giving the foregoing opinion with respect to the treatment of interest on the 2000-1 Notes and the status of the 2000-1 Notes under the tax laws, we have assumed and relied upon compliance with the covenants of the University and the Commission, and the accuracy, which we have not independently verified, of the representations and certifications of the University and the Commission contained in the Transcript. The accuracy of those representations and certifications, and compliance by the University and the Commission with those covenants, may be necessary for the interest on the 2000-1 Notes to be and remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance could cause interest on the 2000-1 Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance.

Under the Code, portions of the interest on the 2000-1 Notes earned by certain corporations (as defined for federal income tax purposes) may be subject to a corporate alternative minimum tax under the Code, and interest on the 2000-1 Notes may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

We have also relied upon the opinion of Joel Makee, counsel for the University, contained in the Transcript, as to all matters concerning the University, including the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the University of the Base Lease, the Lease and the Dealer Agreement, matters of title to the Project and the status of the University as a 501(c)(3) organization within the meaning of the Code. We have further assumed the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture and the Dealer of the Dealer Agreement. In rendering this opinion, we have also relied upon opinions, verifications and representations of fact, contained in the Transcript, which we have not independently verified.

We express no opinion concerning the Credit Agreement, dated as of February 1, 2000 between the University and Bank One, NA delivered in connection with the Notes.

Respectfully submitted,

APPENDIX F-2

TEXT OF APRIL 3, 2002 OPINION OF BOND COUNSEL

To: Morgan Stanley & Co. Incorporated
New York, New York

NatCity Investments, Inc.
Cleveland, Ohio

We have examined the transcript of proceedings (the "Transcript") relating to the issuance on the date hereof by the Ohio Higher Educational Facility Commission (the "Commission") of its Higher Educational Facility Revenue Notes (Case Western Reserve University Commercial Paper Program), in the amount of $20,000,000, of the State of Ohio (the "State"). The Notes are issued for the purpose of providing funds to pay "project costs" of "educational facilities", as those terms are defined in Section 3377.01 of the Revised Code, including costs relating to acquiring and renovating parking garages, acquiring real property for use as an alumni center, residence facilities, green space, parking and other uses, constructing the Peter Lewis Campus for Weatherhead School of Management, renovating, improving and equipping the medical school building and renovating, improving and equipping various other campus buildings and facilities including security systems, window replacements, lighting, electrical equipment, heating, cooling and air handling systems, utilities, roof replacements and other improvements, and for such other uses as are permitted by the Act and the Lease (collectively, the "Project"), and to pay certain issuance costs related to the Notes. The Notes are issued and secured by a Trust Indenture (the "Indenture") between the Commission and Bankers Trust Company, as trustee (the "Trustee"). The Project has been leased by Case Western Reserve University (the "University"), as lessor, to the Commission, as lessee, under the Base Lease ("Base Lease") and has been leased back to the University under the Lease (the "Lease") between the Commission, as lessor, and the University, as lessee. Pursuant to the Assignment of Rights under Lease (the "Assignment"), the Commission has assigned to the Trustee for the benefit of the holders of the Notes substantially all of its rights under the Lease, including the Rental Payments to be made by the University. The documents in the Transcript examined include signed counterparts of the Base Lease, the Lease, the Indenture and the Assignment , each dated as of February 1, 2000.

Based on this examination, we are of the opinion that under existing law:

1. The Notes, the Base Lease, the Lease, the Assignment and the Indenture are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and except to the extent that the enforceability thereof may be limited by the application of general principles of equity.

2. The Notes constitute special obligations of the State, and the principal of and interest on the Notes (collectively, "debt service") are payable solely from the revenues and other money pledged and assigned by the Indenture and the Assignment to secure that payment, including the payments required to be made by the University under the Lease. The Notes and the payment of debt service are not secured by an obligation or pledge of any money raised by taxation, and the Notes do not represent or constitute a debt, or pledge of the faith and credit, of the State or the Commission.

3. The interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The interest on the Notes, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the net income base of the Ohio corporate franchise tax, and municipal and school district income taxes in Ohio. We express no opinion as to other tax consequences regarding the Notes.

In giving the foregoing opinion with respect to the treatment of interest on the Notes and the status of the Notes under the tax laws, we have assumed and relied upon compliance with the covenants of the University and the

Commission, and the accuracy, which we have not independently verified, of the representations and certifications of the University and the Commission contained in the Transcript. The accuracy of those representations and certifications, and compliance by the University and the Commission with those covenants, may be necessary for the interest on the Notes to be and remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance could cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance.

Under the Code, portions of the interest on the Notes earned by certain corporations (as defined for federal income tax purposes) may be subject to a corporate alternative minimum tax under the Code, and interest on the Notes may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

We have also relied upon the opinion of Joel Makee, counsel for the University, contained in the Transcript, as to all matters concerning the University, including the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the University of the Base Lease, the Lease and the Dealer Agreement, matters of title to the Project and the status of the University as a 501(c)(3) organization within the meaning of the Code. We have further assumed the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture. In rendering this opinion, we have also relied upon opinions, verifications and representations of fact, contained in the Transcript, which we have not independently verified.

We express no opinion concerning the Credit Agreement, dated as of February 1, 2000 between the University and Bank One, NA delivered in connection with the Notes.

Respectfully submitted,

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