

Interest on the Series C-1 Bonds (hereinafter defined) is includable in gross income for federal income tax purposes. In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series C-2 and Series C-3 Bonds (hereinafter defined, collectively with the Series C-1 Bonds, the "Bonds") is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Series C-2 and Series C-3 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$94,000,000

**MASSACHUSETTS DEVELOPMENT
FINANCE AGENCY
VARIABLE RATE DEMAND REVENUE BONDS,
OLIN COLLEGE ISSUE**

\$10,000,000 Series 2008 C-1 (Federally Taxable)**\$42,000,000 Series 2008 C-2****\$42,000,000 Series 2008 C-3**

Dated: Date of Issuance
Series C-1 CUSIP: 57583RZES*

Price: 100%
Series C-2 CUSIP: 57583RZF5*

Due: July 1, 2043
Series C-3 CUSIP: 57583RZG3*

The Bonds will be issued only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds while in the Daily Mode or the Weekly Mode will be made in book-entry form in denominations of \$100,000 and multiples of \$5,000 in excess thereof. Purchasers will not receive certificates representing their interests in the Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the bonds. See "THE BONDS - Book-Entry-Only System" herein.

Principal and redemption price of and interest on the Bonds will be paid by U.S Bank National Association, as trustee (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as more fully described herein.

Prior to the Fixed Rate Conversion Date (as defined herein), the Bonds (except in the case of Pledged Bonds or Borrower Bonds, as defined herein) will bear interest at the Variable Rate (as defined herein). The Series C-1 Bonds and the Series C-2 Bonds will initially bear interest at the Weekly Rate and the Series C-3 Bonds will initially bear interest at the Daily Rate. Interest on the Bonds will be payable on the first Business Day of each month, commencing October 1, 2008, until maturity or prior redemption or conversion to a different Mode. Interest on the Bonds will accrue from their date of delivery.

The Bonds in the Daily Mode and the Weekly Mode are subject to redemption and optional and mandatory tender for purchase prior to maturity in certain circumstances, as set forth herein. Bonds tendered for purchase will be subject to remarketing by Lehman Brothers Inc., as remarketing agent for such Bonds.

The Bonds shall be special obligations of the Massachusetts Development Finance Agency (the "Issuer") payable solely from the Revenues (as hereinafter defined) of the Issuer, consisting of payments to the Trustee for the account of the Issuer by Franklin W. Olin College of Engineering (the "Institution") in accordance with the provisions of the Agreement (as defined herein). Such payments pursuant to the Agreement are a general obligation of the Institution. Reference is made to this Official Statement for pertinent security provisions of the Bonds.

Each series of Bonds bearing interest at a Daily Rate or Weekly Rate is secured by a separate irrevocable direct pay Letter of Credit (each a "Letter of Credit" and collectively, the "Letters of Credit") issued by RBS Citizens, National Association.



(the "Bank") to be held by the Trustee. Each Letter of Credit will permit the Trustee to draw an amount sufficient to pay, as due, the principal of and up to 34 days' interest on the respective series of Bonds at the maximum rate of 10% and the Purchase Price of the respective series of Bonds tendered for purchase and not remarketed. Each Letter of Credit will expire on September 4, 2011 unless sooner terminated or extended. Each Letter of Credit may be replaced by substitute Credit Enhancement, as described herein.

The Bonds are limited obligations of the Issuer, doing business as



THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL, PURCHASE PRICE, REDEMPTION PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT AND THE LETTERS OF CREDIT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Institution by its counsel, Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, for the Issuer by its counsel, McCarter & English LLP, Boston, Massachusetts and for the Bank by its counsel, Nixon Peabody LLP, Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York, or its custodial agent, on or about September 4, 2008.

LEHMAN BROTHERS

August 25, 2008

† See "DESCRIPTION OF RATINGS" herein.

* The CUSIP number listed on the cover page to this Official Statement is being provided solely for the convenience of owners of the Bonds only, and the Issuer does not make any representation with respect to such number or undertake any responsibility for its accuracy. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds.

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

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds, other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. Certain information contained herein has been obtained from the Institution, The Depository Trust Company, the Bank and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Issuer or the Underwriter. The Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions “THE ISSUER” and “LEGAL MATTERS” (but only insofar as it relates to the Issuer). The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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OFFICIAL STATEMENT
relating to

\$94,000,000
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
VARIABLE RATE DEMAND REVENUE BONDS,
OLIN COLLEGE ISSUE
\$10,000,000 Series 2008 C-1 (Federally Taxable)
\$42,000,000 Series 2008 C-2
\$42,000,000 Series 2008 C-3

INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the issuance and sale of the \$10,000,000 Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-1, (the "Series C-1 Bonds"), \$42,000,000 Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-2 (the "Series C-2 Bonds") and \$42,000,000 Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-3 (the "Series C-3 Bonds," and collectively with the Series C-1 Bonds and the Series C-2 Bonds, the "Bonds") of the Massachusetts Development Finance Agency (the "Issuer"), a body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Issuer is authorized under Chapter 23G and, to the extent incorporated therein, Chapter 40D of the Massachusetts General Laws (said Chapters, collectively and as amended, the "Act"), and pursuant to a resolution of the Issuer adopted on March 13, 2008 (the "Resolution") to issue the Bonds. The Bonds will be issued under a Loan and Trust Agreement (the "Agreement") dated as of September 1, 2008 among the Issuer, Franklin W. Olin College of Engineering (the "Institution") and U.S. Bank National Association, as Trustee (the "Trustee"). The information contained in this Official Statement is provided for use in connection with the initial sale of the Bonds.

Plan of Refinancing

The proceeds of the Bonds will be loaned to the Institution for the purpose of currently refunding the outstanding \$40,000,000 Massachusetts Development Finance Agency Taxable Revenue Bonds, Olin College Issue, Series A-1, Select Auction Variable Rate Securitiessm (SAVRS®) (the "Series A-1 Bonds") and the outstanding \$53,200,000 Massachusetts Development Finance Agency Taxable Revenue Bonds, Olin College Issue, Series A-2, Select Auction Variable Rate Securitiessm (SAVRS®) (the "Series A-2 Bonds," and, together with the Series A-1 Bonds, the "Refunded Bonds"), paying initial fees for the Letters of Credit, and paying costs of issuance. The funds to be applied to the current refunding of the Refunded Bonds will be applied to redeem the Refunded Bonds on or about October 7, 2008 at a redemption price of 100%.

The proceeds of the Refunded Bonds were used to finance the acquisition of land, site development, construction or alteration of buildings and the acquisition or installation of furnishings and equipment in connection with approximately 380,000 square feet of academic, residential and administrative space, including a campus center/campus power plant building, an academic/administrative/library building, a classroom/laboratory building, and two residence halls, and certain related capital expenditures (the "Project").

Security for the Bonds

The Issuer, the Institution, and the Trustee shall execute the Agreement, which provides that to the extent permitted by law, it is a general obligation of the Institution and that the full faith and credit of the Institution are pledged to its performance. With respect to the Bonds, the Agreement also provides, among other things, that the Institution shall make payments to the Trustee equal to principal or sinking fund installments, as the case may be, interest on the Bonds and certain other payments required by the Agreement. The Agreement shall remain in full force and effect until such time as all of the Bonds and the interest thereon have been fully paid or until adequate

provision for such payments has been made. The Bonds are special obligations of the Issuer, equally and ratably secured by and payable from a pledge of and lien on, to the extent provided by the Agreement, the moneys received with respect to the Bonds by the Trustee for the account of the Issuer pursuant to the Agreement.

The Bonds are not secured by a mortgage lien or security interest in any real or tangible personal property of the Institution except certain of the funds established under the Agreement. See Appendix D – “SUMMARY OF THE LOAN AND TRUST AGREEMENT.” As security for the obligations of the Institution under the Reimbursement Agreement (defined below), the Institution will grant to the Bank a mortgage on certain of the Institution’s real property and tangible personal property included in the mortgaged property on a parity basis with the mortgage granted to the trustee of certain prior bonds issued by the Institution. The Institution will also covenant to the Bank that it will not grant a mortgage, security interest or lien on certain of its other property unless the Bank is given a parity lien or mortgage on such property. Under the Reimbursement Agreement, neither the Trustee nor the Bondholders will have any mortgage, lien or other security interest, the Project, the mortgaged property or any other property of the Institution.

As additional security for the Bonds bearing interest in the Daily or Weekly Mode, RBS Citizens, National Association (the “Bank”), will issue separate irrevocable direct pay Letters of Credit (the “Letters of Credit”) for each series of Bonds which will entitle the Trustee to draw an amount equal to the principal of and up to 34 days’ accrued interest on the applicable series of Bonds at the maximum rate of 10% per annum. The Letters of Credit will expire on September 4, 2011 unless extended. Upon receipt by the Trustee of notice from the Bank of the occurrence of an Event of Default under the Reimbursement Agreement dated as of September 1, 2008 between the Institution and the Bank (the “Reimbursement Agreement”) and direction to cause an acceleration of the Bonds, the principal of the Bonds that are supported by the applicable Letter of Credit and Pledged Bonds and accrued interest thereon shall automatically become immediately due and payable without any further notice or action. Each series of Bonds in the Daily or Weekly Mode will be subject to mandatory tender for purchase prior to the expiration or termination of the applicable Letter of Credit, as described in the Agreement. See Appendix F – “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” and Appendix G – “INFORMATION CONCERNING THE BANK.”

The Bonds do not constitute a general obligation of the Issuer or a debt or pledge of the faith and credit of The Commonwealth of Massachusetts or any political subdivision thereof. The principal, purchase price and redemption price of, and interest on the Bonds are payable solely from the revenues and funds pledged for their payment under the Agreement and the Letters of Credit. The Issuer has no taxing power under the Act.

THE ISSUER

The Issuer is authorized and empowered under the laws of Massachusetts, including the Act, to issue the Bonds for the purposes described herein and to enter into the Agreement and other agreements and instruments necessary to issue and secure the Bonds.

The Members of the Board of Directors and the officers of the Issuer are as follows:

Members of the Board of Directors

Appointed Members

Ranch C. Kimball, Chairperson; President of the Joslin Diabetes Center

Joseph P. Craven, III, Vice Chairperson; Principal, Aquiline Capital Management

Gerald D. Cohen, Member; President, S.F. Properties, Inc.

Katherine P. Craven, Member; Executive Director, Massachusetts School Building Authority, The Commonwealth of Massachusetts

Dix F. Davis, Member; former Vice President, Allmerica Asset Management, Inc.

Christopher E. Goode, Member; Senior Director, Corporate Government & Community Affairs and Public Policy, EMC Corporation

Brian Kavogian, Member; President, Charles River Realty Investors

Daniel O'Connell, Member; Secretary of the Executive Office of Economic Development, The Commonwealth of Massachusetts

There is currently one vacant seat on the Board of Directors.

Ex-Officio Members

Secretary, Executive Office for Administration and Finance, The Commonwealth of Massachusetts, Member Ex-Officio

Director, Department of Business and Technology, The Commonwealth of Massachusetts, Member Ex-Officio

Officers of the Issuer

Robert L. Culver, President and Chief Executive Officer

Anne E. Howard, Executive Vice President and Chief Operating Officer

John L. Champion, Treasurer and Executive Vice President of Finance & Administration and Chief Financial Officer

Richard W. Holtz, Secretary and General Counsel

Anne Marie Dowd, Executive Vice President for Legislative Affairs

Laura L. Canter, Executive Vice President for Finance Programs

Richard C.J. Henderson, Executive Vice President for Real Estate

Richard A. Montuori, Executive Vice President for Devens Operations and Defense Sector Initiatives

Janet L. Hookailo, Executive Vice President for Marketing and Communications

Steven J. Chilton, Senior Vice President, Investment Banking (Mr. Chilton has signing authority for bond transactions only)

Except for the information contained herein under the caption "THE ISSUER" and "LEGAL MATTERS" insofar as it relates to the Issuer, the Issuer has not provided any of the information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of any other disclosures made herein or any other information provided by the Institution, the Bank, the Underwriter or any other person.

THE BONDS

Pledge of Revenues Under the Agreement

Under the Agreement, the Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement: (i) all Revenues to be received from the Institution or derived from any security provided thereunder; (ii) all rights to receive such Revenues and the proceeds of such rights; (iii) all funds and investments held from time to time in the funds established under the Agreement; and (iv) all of its right, title and interest in the Agreement, including enforcement rights and remedies. The assignment and pledge does not include: (i) the rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with the Issuer; and (ii) certain rights of the Issuer to payment of indemnification, reimbursement and administrative fees.

General

The Bonds will be dated the date of delivery thereof. The Series C-1 Bonds and the Series C-2 Bonds will be issued initially in the Weekly Mode and the Series C-3 Bonds will be issued initially in the Daily Mode. At the option of the Institution and upon compliance with certain conditions provided for in the Agreement, any series of the Bonds may be (a) converted or reconverted to or from the Daily Mode, Flexible Mode, Weekly Mode or Term Rate Mode (collectively, the “Variable Rate Modes”), in which Modes the Interest Period is, respectively, one day, between one and 360 days, one week or six months or any period in excess thereof or (b) converted to the Fixed Rate Mode. See “Conversion to Other Modes” herein. In addition, at the option of the Institution and upon compliance with certain conditions provided for in the Agreement, all or a portion of the Series C-1 Bonds may be changed from the Taxable Period to the Tax-Exempt Period. See “Change of Series C-1 Bonds from Taxable Period to Tax-Exempt Period” herein. The Bonds will mature on July 1, 2043.

This Official Statement describes the provisions of the Bonds only when the Bonds are in the Daily or Weekly Mode. There are significant changes in the terms of the Bonds not described in this Official Statement when the Bonds bear interest in the Fixed Rate Mode, Term Rate Mode or Flexible Mode and this Official Statement should not be relied upon if the bonds bear interest in any Mode other than the Daily or Weekly Mode. Terms used and not defined herein are as defined in Appendix C – “DEFINITIONS OF CERTAIN TERMS.”

Interest on the Bonds will accrue from the date of their delivery and will be payable in the Daily or Weekly Mode initially on October 1, 2008 and thereafter on: (i) the first Business Day of each month; (ii) (without duplication as to any Interest Payment Date listed in this paragraph) any Mode Change Date, other than a change between a Daily Mode and a Weekly Mode, and the Maturity Date; and (iii) with respect to any Pledged Bonds or Liquidity Provider Bonds, the day set forth in the Reimbursement Agreement then in effect. While the Bonds are in the Weekly Mode, a new interest rate shall take effect on each Thursday. No Bonds other than Pledged Bonds and Liquidity Provider Bonds shall bear interest at an interest rate higher than the Maximum Rate or the maximum rate permitted by law.

While the Bonds are in the Weekly Mode, the Weekly Rate in effect for each Interest Period for each series shall be determined on the Rate Determination Date for the Weekly Mode. The Weekly Rate for each series of the Bonds shall be the rate of interest determined by the Remarketing Agent, for each Interest Period to be the lowest rate which in its judgment, on the basis of then-existing market conditions, would permit the sale of the Bonds bearing interest at the Weekly Rate at par plus accrued interest, if any, on and as of the Rate Determination Date. The Rate Determination Date in the case of the Weekly Mode shall be each Wednesday or, if Wednesday is not a Business Day, then the Business Day next preceding such Wednesday or in the case of a reconversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter as described above.

While the Bonds are in the Daily Mode, the Daily Rate in effect for each Interest Period shall be determined by 10:00 a.m. on each Business Day effective for that date. The Daily Rate for each series of Bonds shall be the rate of interest determined by the Remarketing Agent, for each Interest Period to be the lowest rate which in its judgment, on the basis of then-existing market conditions, would permit the sale of such series of Bonds bearing interest at the Daily Rate at par plus accrued interest, if any, on and as of the Rate Determination Date.

If the Remarketing Agent fails to make such determination or fails to announce the interest rate as required, the rate to take effect for such Bonds on any Effective Date shall be the Alternate Rate. If the Remarketing Agent fails or is unable to determine the Interest Period and the Bonds are in the Weekly Mode, the next Interest Period shall remain the Weekly Rate Period. If the Remarketing Agent fails or is unable to determine the Interest Period and the Bonds are in the Daily Mode, the next Interest Period shall remain the Daily Rate Period.

Subject to the provisions discussed under “Book-Entry-Only System,” the Bonds of each series will be issued initially only as fully registered bonds in the Authorized Denomination for the Daily or Weekly Mode of \$100,000 or any integral multiple of \$5,000 in excess thereof. While the Bonds are in the Daily or Weekly Mode, interest shall be computed on the basis of a 365/366-day year and actual days elapsed. Notwithstanding the foregoing, while a Bond has been purchased by the Bank with funds drawn on the applicable Letter of Credit (a “Pledged Bond”), such Bond shall bear interest and be payable at the times and in the amounts required under the Reimbursement Agreement then in effect. Principal or redemption price will be payable upon surrender of the Bonds at the principal corporate trust office of the Trustee. Interest on the Bonds will be paid by wire or bank transfer within the continental United States of immediately available funds from the Trustee to the registered owner, determined as of the close of business on the applicable record date, at its address as shown on the registration books maintained by the Trustee.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series of the Bonds, in the aggregate principal amount of such series of Bonds, and will be deposited with DTC.

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing

their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Institution or the Underwriter takes responsibility for the accuracy thereof.

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

NONE OF THE ISSUER, THE INSTITUTION, THE TRUSTEE OR THE BANK WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer and the Trustee. In addition, the Issuer may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the Book-Entry-Only system is discontinued, Bond certificates will be delivered as described in the Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, the Bonds may be exchanged for an equal aggregate principal amount of the Bonds in other authorized denominations and of the same series and maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Bond may be registered on the books maintained by the Trustee for such purpose only upon assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of the Bonds, the Issuer and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the Bonds. The Trustee will not be required to transfer or exchange any Bond during the notice period preceding any redemption if such Bond (or any part thereof) is eligible to be selected or has been selected for redemption.

Redemption Provisions

Mandatory Sinking Fund Redemption.

The Series C-1 Bonds are subject to redemption without premium on July 1 of each of the years and in the amounts as follows:

<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2034	\$ 795,000	2039	\$ 1,015,000
2035	835,000	2040	1,065,000
2036	875,000	2041	1,120,000
2037	920,000	2042	1,175,000
2038	965,000	2043*	1,235,000

*Final maturity.

The Series C-2 Bonds are subject to redemption without premium on July 1 of each of the years and in the amounts as follows:

<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2034	\$ 3,580,000	2039	\$ 4,250,000
2035	3,705,000	2040	4,400,000
2036	3,835,000	2041	4,555,000
2037	3,970,000	2042	4,715,000
2038	4,110,000	2043*	4,880,000

*Final maturity.

The Series C-3 Bonds are subject to redemption without premium on July 1 of each of the years and in the amounts as follows:

<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2034	\$ 3,580,000	2039	\$ 4,250,000
2035	3,705,000	2040	4,400,000
2036	3,835,000	2041	4,555,000
2037	3,970,000	2042	4,715,000
2038	4,110,000	2043*	4,880,000

*Final maturity.

Optional Redemption. The Bonds in the Daily or Weekly Mode are subject to optional redemption at par plus accrued interest prior to the Fixed Rate Conversion Date for such Bonds from Available Moneys at the direction of the Institution in whole or in part in Authorized Denominations on any date (in such order of series and sinking fund installments as directed by the Institution).

In the event the Bonds (or any portion thereof) are selected for redemption prior to the Fixed Rate Conversion Date notice will be mailed by the Trustee no fewer than seven days prior to the redemption date to the registered owners.

The Institution may purchase Bonds and credit them against the final maturity or any sinking fund installment for such series of Bonds at the principal amount of a series or applicable redemption price, as the case may be, by delivering them to the Trustee for cancellation at least sixty (60) days before the principal payment date or sinking fund installment date.

Selection of Bonds. While in the Daily or Weekly Mode, the Bonds to be redeemed shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee in Authorized Denominations; provided, however, that so long as DTC or its nominee is the Bondowner, if less than all of the Bonds of a series shall be called for redemption, the particular Bonds or portions of Bonds of such series to be redeemed shall be selected by DTC in such manner as DTC may determine; and provided further that Pledged Bonds and Liquidity Provider Bonds shall be redeemed prior to any other Bonds, on a pro rata basis among the series of Bonds and after the redemption of such Pledged Bonds and Liquidity Provider Bonds, Borrower Bonds shall be redeemed prior to any other Bonds.

Effect of Redemption. On the redemption date, the redemption price of each Bond to be redeemed will become due and payable; and from and after such date, notice having been properly given as required by the Agreement and amounts having been available and set aside for such redemption in accordance with the provisions of the Agreement, notwithstanding that any Bonds called for redemption have not been surrendered, no further interest will accrue on any Bonds called for redemption.

Notice of Redemption and Other Notices. So long as DTC or its nominee is the Bondowner, the Issuer and the Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Trustee shall give notice of redemption to the Bondowners not less than seven (7) days prior to the date fixed for redemption. The notice of redemption will state that the redemption is conditioned upon receipt by the Trustee on or prior to the redemption date of funds (Available Moneys in the case of Bonds supported by a Letter of Credit) sufficient to pay the redemption price of such Bonds. Failure to mail notice to a particular Bondowner or any defect in the notice of such Bondowner, shall not affect the redemption of any other Bond. So long as DTC or its nominee is the Bondowner, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner so affected shall not affect the validity of the redemption.

Conversion to Other Modes

While the Bonds are in the Daily or Weekly Mode, conversions to any other Mode may take place on any Business Day, upon not less than seven days' prior written notice from the Trustee to the registered owners of the Bonds. Upon such conversion or reconversion the Bonds may be subject to mandatory tender for purchase as described below under "Mandatory Tender for Purchase." Each conversion of the Bonds from the Daily Mode or the Weekly Mode to another Mode shall be subject to the conditions set forth in the Agreement. In the event that the conditions for a proposed conversion from the Daily Mode or the Weekly Mode to a new Mode are not met, (i) such new Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Bondowners of such conversion, (ii) the Bonds for which the conversion notice was given shall remain in the Daily Mode or the Weekly Mode, as applicable, and (iii) the Bonds for which the conversion notice was given shall be subject to mandatory tender for purchase as described below if notice has been sent to the registered owners stating that the Bonds would be subject to mandatory purchase on such date. In no event shall the failure of the Bonds to be converted to another Mode be deemed to be a default or an Event of Default as long as the Purchase Price is made available if the Bonds are required to be purchased.

Optional Tender

While the Bonds are in the Daily or Weekly Mode (unless the Bonds are Borrower Bonds, Pledged Bonds or Liquidity Provider Bonds) the registered owners shall have the right to tender the Bonds for purchase in the amount of \$100,000 or integral multiples of \$5,000 in excess thereof (provided, however, that any portion of such Bond not tendered shall be in a minimum amount of \$100,000) at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, upon compliance with the conditions described below. In order to exercise the right to tender, the registered owners must deliver to the Trustee a written irrevocable notice of tender satisfactory to the Trustee. If the Bonds are in the Daily Mode, in order to exercise their right to tender, the registered owners must give notice (the "Bondowner's Election Notice") to the Trustee not later than 11:00 a.m., New York City time, on any Business Day stating that such owners irrevocably elect to tender the Bonds (or a specified portion thereof) and stating the name, address and taxpayer identification number of such owners, the number of the Bonds and the principal amount being tendered and the Bonds will be purchased on the date of such notice. If the Bonds are in the Weekly Mode, they will be purchased on the Business Day specified in such Bondowner's Election Notice, provided such date is at least seven calendar days after receipt by the Trustee of such notice. If the registered owner of a Bond has elected to require purchase as provided above, the registered owner shall be deemed, by such election, to have agreed irrevocably to sell such Bond to any purchaser determined in accordance with the provisions of the Agreement on the date fixed for purchase at a price (the "Purchase Price") equal to the principal amount of such Bond plus accrued interest thereon, if any, to the Purchase Date. The Purchase Price of the Bonds shall be paid to the registered owners by the Trustee on the Delivery Date, which shall be the Purchase Date or any subsequent Business Day on which such Bonds are delivered to the Trustee. From and after the Purchase Date, no further interest on the Bonds shall be payable to the registered owners who gave notice of tender for purchase, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price. Tender of the Bonds will not be effective and the Bonds will not be purchased if at the time fixed for purchase an acceleration of the maturity of the Bonds shall have occurred and not have been annulled in accordance with the Agreement. Notice of tender of the Bonds is irrevocable. All notices of tender of Bonds shall be made to the Trustee. All deliveries of tendered Bonds, including deliveries of Bonds subject to mandatory tender, shall be made to the Trustee. **After the date of conversion of the Bonds to a Mode other than the Daily Mode or Weekly Mode, the registered owners of the Bonds shall have no right to tender the Bonds for purchase.**

Mandatory Tender for Purchase

The Bonds in the Daily or Weekly Mode are subject to mandatory tender for purchase at a price of par plus accrued interest, if any, to the Purchase Date (i) on any Mode Change Date (except a change in Mode between the Daily Mode and the Weekly Mode, unless (a) such date also constitutes a Substitution Date or (b) the Credit Enhancement or Liquidity Facility to be in effect on such Mode Change Date requires an amendment to cover interest in the Mode to which the Bonds are being converted), (ii) on any Substitution Date, (iii) on the fifth Business Day prior to the Expiration Date (other than as a result of an Automatic Termination Event), and (iv) on the date specified by the Trustee upon receiving written notice from the Credit Provider or Liquidity Provider of the occurrence of an event of default (other than an Automatic Termination Event) under the Reimbursement

Agreement and directing a mandatory tender of the Bonds, which date shall be a Business Day at least two Business days prior to the termination of the Credit Enhancement or Liquidity Facility, as applicable. Notice of mandatory tender shall be given or caused to be given by the Trustee in writing to the registered owners of the Bonds subject to mandatory tender: (a) no less than thirty (30) days prior to the Mandatory Purchase Date in the case of a mandatory purchase on a Substitution Date; (b) no less than 7 days prior to the Mandatory Purchase Date in the case of a mandatory purchase on a Mode Change Date; and (c) no less than three (3) Business Days prior to the Mandatory Purchase Date (i) following notice from the Credit Provider or Liquidity Provider of an event of default under the Reimbursement Agreement then in effect or (ii) immediately preceding any Expiration Date. From and after the Purchase Date, no further interest on the Bonds shall be payable to the registered owners thereof, provided that there are sufficient funds available on the Effective Date to pay the Purchase Price. **After the Fixed Rate Conversion Date, the Bonds are not subject to mandatory tender for purchase.**

Change of Series C-1 Bonds from Taxable Period to Tax-Exempt Period

Prior to the Fixed Rate Conversion Date for the Series C-1 Bonds, the Institution may effect a change from the Taxable Period to the Tax-Exempt Period on the Series C-1 Bonds in whole or from time to time in part on any Interest Payment Date upon satisfaction of certain conditions set forth in the Agreement. The Trustee shall mail notice of a change to the Tax-Exempt Period no less than 15 days prior to the effective time of a change to the Tax-Exempt Period (the "Mandatory Exchange Date"). Subject to compliance with the conditions set forth in the Agreement, the Series C-1 Bonds (or portions thereof subject to a change to the Tax-Exempt Period) shall be subject to mandatory tender for exchange on the Mandatory Exchange Date for an equal principal amount of the Series C-1 Bonds the interest on which is excluded from the gross income of the owners thereof for federal income tax purposes. If less than all of the Series C-1 Bonds shall be subject to a change from the Taxable Period to the Tax-Exempt Period, the Series C-1 Bonds (or portions of Series C-1 Bonds) to be so exchanged shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee, provided that for so long as Cede & Co., as nominee of DTC, is the registered owner, the particular Series C-1 Bonds (or portions thereof) to be exchanged shall be selected by DTC, in such manner as DTC may determine, from all Bonds Outstanding. The registered owners of Series C-1 Bonds subject to a change to the Tax-Exempt Period shall be required to tender such Series C-1 Bonds to the Trustee on the Mandatory Exchange Date. If any such registered owner fails to properly deliver any such Series C-1 Bonds on any Mandatory Exchange Date, such Series C-1 Bonds shall be deemed to have been properly tendered to the Trustee for exchange and, to the extent that the change to the Tax-Exempt Period is effective on the Mandatory Exchange Date, the interest payable on such Bonds of such registered owner shall thereafter be excluded from the gross income of the owners thereof for federal income tax purposes.

Remarketing of Bonds

While the Bonds are in the Daily Mode or the Weekly Mode, the Remarketing Agent shall use its best efforts to offer for sale:

- (i) all Bonds or portions thereof as to which notice of optional tender has been given; and
- (ii) all Bonds required to be purchased on a Mandatory Purchase Date constituting any Mode Change Date (except between the Daily and Weekly Modes); and
- (iii) any Pledged Bonds or Liquidity Provider Bonds (A) that are, subject to clauses (B) and (C), purchased on a Purchase Date described in clause (i) or (ii) above, (B) with respect to which the Credit Enhancement or Liquidity Facility provides for reinstatement of the Available Amount upon payment of all amounts owed to the Credit Provider or Liquidity Provider, as applicable, with respect to such Pledged Bonds or Liquidity Provider Bonds (provided that the Trustee shall not release any remarketed Bonds to the purchasers thereof until the Trustee has received actual notice of such reinstatement from the Credit Provider or Liquidity Provider), (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if such Bonds were secured by a Credit Enhancement prior to becoming Pledged Bonds or Liquidity Provider Bonds which Credit Enhancement is no longer in effect), or (D) which are being marketed as Fixed Rate Bonds.

On each date on which a Bond is to be purchased, if the Remarketing Agent shall have given notice to the Trustee pursuant to the Agreement that it has been unable to remarket any of the Bonds, the Trustee shall draw on or

request purchase under the Credit Enhancement or the Liquidity Facility, as the case may be (or if there is no Credit Enhancement or Liquidity Facility or the Credit Enhancement or Liquidity Facility is unavailable to honor such draw or request for purchase, request funds from the Institution) in accordance with the terms thereof so as to receive thereunder by 2:15 P.M. on such date an amount equal to the Purchase Price of all such Bonds which have not been successfully remarketed.

By 3:00 P.M. on the date on which a Bond is to be purchased, and except as set forth in the Agreement, the Trustee shall purchase tendered Bonds from the tendering Owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (a) immediately available funds on deposit in the Remarketing Proceeds Account;
- (b) immediately available funds on deposit in the Liquidity Facility Purchase Account, provided that such funds may only be used to purchase Bonds as to which such Liquidity Facility or Credit Enhancement is in effect; and
- (c) Available Moneys of the Institution.

On each date on which a Bond is to be purchased, such Bond shall be delivered as follows:

- (a) Bonds sold by the Remarketing Agent and described in clause (a) above shall be delivered by the Remarketing Agent to the purchasers of such Bonds by 3:00 P.M.;
- (b) Bonds purchased by the Trustee with moneys described in clause (b) above shall be registered immediately in the name of the Liquidity Provider or its nominee (which may be the Securities Depository) or in the name of the Credit Provider or its nominee (which may be the Securities Repository), as pledged on or before 3:00 P.M.; and
- (c) Bonds purchased by the Institution with moneys described in clause (c) above shall be registered immediately in the name of the Institution or its nominee on or before 3:00 P.M. Bonds so owned by the Institution shall continue to be outstanding under the terms of the Agreement and be subject to all of the terms and conditions of the Agreement and shall be subject to remarketing by the Remarketing Agent.

Anything in the Agreement to the contrary notwithstanding, if there shall have occurred and be continuing either a Credit Enhancement Failure or a Liquidity Facility Failure, the Remarketing Agent shall not remarket any Bonds covered by the Credit Enhancement or Liquidity Facility, as applicable. All other provisions of the Agreement, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Credit Enhancement Failure or Liquidity Facility Failure.

Credit Enhancement and Liquidity Facility

On each date on which a Bond is to be purchased, the Trustee shall draw on or request purchase under the applicable Credit Enhancement or Liquidity Facility, as the case may be, in accordance with the terms thereof so as to receive thereunder by 2:15 P.M. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date, to enable the Trustee to pay the Purchase Price in connection therewith.

Alternate Credit Enhancement or Alternate Liquidity Facility

If at any time there shall have been delivered to the Trustee (i) an Alternate Credit Enhancement or an Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof (subject to customary exceptions), and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the Credit Enhancement or Liquidity Facility, as the case may be, being replaced of the provision for purchase from the Credit Provider or Liquidity Provider, as applicable, of all Pledged Bonds or Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the Reimbursement Agreement(s) on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility, then the Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date so long as the Credit Provider or Liquidity Provider has honored any necessary conforming draws on or requests for purchase under, as the case may be, the Credit Enhancement or Liquidity Facility then in effect prior to such surrender. The Trustee shall give notice of such proposed substitution by mail to the Beneficial Owners of the Bonds no less than thirty (30) days prior to the proposed Substitution Date.

ESTIMATED SOURCES AND USES OF FUNDS

The aggregate proceeds from the sale of the Bonds are expected to be applied as follows:

Sources of Funds

Principal amount of the Series C-1 Bonds	\$10,000,000
Principal amount of the Series C-2 Bonds	42,000,000
Principal amount of the Series C-3 Bonds	<u>42,000,000</u>
Total Sources of Funds	<u>\$94,000,000</u>

Uses of Funds

Refunding of the Series A-1 Bonds	\$40,000,000
Refunding of the Series A-2 Bonds	53,200,000
Payment of Costs of Issuance*	<u>800,000</u>
Total Uses of Funds	<u>\$94,000,000</u>

* Includes underwriting fee, fees on the Letters of Credit, initial Trustee and Issuer fees and other costs of issuance allocable to the Bonds.

THE LETTER OF CREDIT AND THE BANK

The Letter of Credit

The Letters of Credit are each an irrevocable obligation of the Bank to pay to the Trustee, upon drawings thereon in accordance with the terms thereof, up to (a) an amount equal to the aggregate principal amount of the applicable Bonds outstanding (i) to pay the principal of the applicable Bonds when due at maturity or upon redemption, or (ii) to pay the portion of the Purchase Price of the applicable Bonds tendered for purchase pursuant to the Agreement corresponding to the principal of the applicable Bonds to the extent remarketing proceeds are not available for such purpose, plus (b) an amount equal to 34 days' interest (at a maximum rate of 10% per annum based on a year of 365 days), (i) to pay interest on the applicable Bonds when due, or (ii) to pay the portion of the Purchase Price of the applicable Bonds tendered for purchase pursuant to the Agreement corresponding to the accrued interest, if any, on the applicable Bonds, to the extent remarketing proceeds are not available for such purpose.

The Trustee is required to draw moneys under the applicable Letter of Credit to make timely payments of the principal of, the principal portion of the redemption price of, and interest on the Bonds when due on an Interest Payment Date, at maturity or upon redemption. In addition, the Trustee is required to draw moneys under such Letter of Credit in accordance with the terms thereof to the extent necessary to make timely payments of the Purchase Price required to be made as described above under “THE BONDS.”

In each case that Bonds redeemed or deemed to have been paid pursuant to the Agreement, the amount available under the applicable Letter of Credit shall be reduced to an amount equal to the principal amount of such Bonds outstanding, plus 34 days’ interest on such principal amount computed at a maximum rate of 10% per annum.

Drawings on a Letter of Credit will reduce the amount available to be drawn under it, which amount may be reinstated as set forth in the Letter of Credit.

The initial expiration date of the Letters of Credit will be September 4, 2011. The term of the Letters of Credit may be extended for additional periods solely in the Bank’s discretion, upon request of the Institution, as set forth in the Reimbursement Agreement.

The Reimbursement Agreement

The Letters of Credit are being issued pursuant to the Reimbursement Agreement, under which the Institution will be obligated, among other things, to reimburse the Bank, with interest, for each drawing under each Letter of Credit. See Appendix F – “SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT” and “BONDOWNERS’ RISKS” herein.

The Bank

See Appendix G – “INFORMATION CONCERNING THE BANK” for certain financial information concerning the Bank.

BONDOWNERS’ RISKS

Creditworthiness of the Bank

Payment of the principal of, interest on and Purchase Price of the Bonds is supported by the Letters of Credit. Payment under the Letters of Credit depends on the creditworthiness of the Bank. There can be no assurance that the Bank will maintain its present financial condition or that an adverse change in such condition will not adversely affect its ability to honor future drawings under the Letters of Credit.

If the long-term or short-term credit rating of the Bank is downgraded, the same will result in a downgrading of the rating of the Bonds. If such were to occur, it is possible that all of the Bonds would be optionally tendered for purchase. No assurance can be given as to whether or not Bonds tendered under these circumstances could be remarketed. The Agreement does permit the Institution, under certain circumstances, to deliver substitute Credit Enhancement; however, such substitution must be in accordance with the terms and conditions set forth in the Agreement. The Bonds are subject to mandatory tender for purchase at the Purchase Price in the event of substitution of the Credit Enhancement. No assurance can be given that substitute Credit Enhancement could be provided should the Institution voluntarily wish to do so or wish to do so in connection with a downgrade of the credit rating of the Bank. See “THE BONDS – Mandatory Tender for Purchase” herein.

Default under Reimbursement Agreement; Acceleration of Bonds

In the Reimbursement Agreement, the Institution makes certain representations, warranties and covenants for the benefit of the Bank. A failure by the Institution to comply with any of these representations, warranties and covenants may result in an Event of Default under the Reimbursement Agreement. An Event of Default under the Reimbursement Agreement constitutes an Event of Default under the Agreement, and, if the Trustee receives notice of an Event of Default under the Reimbursement Agreement from the Bank and direction to cause an acceleration of the Bonds, the principal of the Bonds supported by the Letters of Credit and Pledged Bonds and accrued interest thereon shall automatically become immediately due and payable without any further notice or action. The Bonds may alternatively be subject to mandatory tender for purchase upon direction of the Bank in an Event of Default under the Reimbursement Agreement.

The terms of the Reimbursement Agreement may be modified, amended or supplemented by the Bank and the Institution from time to time without giving notice to or obtaining the consent of the Bondowners. Any amendment, modification or supplement to the Reimbursement Agreement may contain amendments or modifications to the covenants of the Institution or additional covenants of the Institution, and these amended or modified covenants may be more or less restrictive than those in effect at the date of issuance of the Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations issued by many issuers and, in its sole discretion, from time to time purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, may acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice, in which case it may be necessary for the Trustee to draw on the applicable Letter of Credit to pay tendering Bondowners.

The Remarketing Agent may also make a secondary market in the Bonds by purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at fair market value, which may be at, above, or below par. No notice period is required for such purchases. However, the Remarketing Agent is not required to make a secondary market in the Bonds. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Prices Other Than Par

Pursuant to the Agreement and the Remarketing Agreement, on each Rate Determination Date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the Bonds. That rate is required by the Agreement to be the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary to remarket the Bonds in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon through the Rate Determination Date during the then current Interest Accrual Period. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Rate Determination Date, and the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Bonds at the remarketing price. If the Remarketing Agent owns Bonds for its own account, in its sole discretion, it may sell those Bonds at fair market value, which may be at prices above or below par.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds.

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, subject to the terms of the Agreement and the Remarketing Agreement.

Enforceability

The remedies granted to the Trustee or the owners of the Bonds upon an event of default under the Agreement may be dependent upon judicial actions which are often subject to discretion and delay. Under existing law, the remedies specified in the Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the provisions of the Agreement by limitations imposed by state and federal laws, rulings and decisions affecting equitable remedies regardless of whether enforceability is sought in a proceeding at law or in equity and by bankruptcy, reorganization, insolvency, receivership or other similar laws affecting the rights of creditors generally.

No Redemption Upon Loss of Tax Exemption of Bonds

As described under “TAX MATTERS” herein, non-compliance with certain requirements of the Internal Revenue Code of 1986, as amended (“IRC”), could cause interest on the Series C-2 Bonds or Series C-3 Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Bonds are not required to be redeemed and are not subject to acceleration, and the interest rates on the Bonds will not be changed, in the event interest thereon is determined to be includable in gross income for federal income tax purposes. No provision has been made to compensate Bondowners for federal income taxes, interest and/or penalties which may be assessed in connection with any such tax liability or such determination or for any other loss or any diminution of gain which may occur.

TAX MATTERS

INTEREST ON THE SERIES C-1 BONDS IS INCLUDED IN THE GROSS INCOME OF THE OWNERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Institution (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series C-2 Bonds and Series C-3 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Series C-2 Bonds and Series C-3 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series C-2 Bonds and Series C-3 Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series C-2 Bonds and Series C-3 Bonds. Failure to comply with these requirements may result in interest on the Series C-2 Bonds and Series C-3 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series C-2 Bonds and Series C-3 Bonds. The Issuer and the Institution have covenanted to comply with such requirements to ensure that interest on the Series C-2 Bonds and Series C-3 Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and that the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondowners should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than

Massachusetts. Complete copies of the proposed forms of opinion of Bond Counsel are set forth in Appendix E hereto.

Prospective Bondowners should be aware that certain requirements and procedures contained or referred to in the Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondowners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Series C-2 Bonds and Series C-3 Bonds is excluded from gross income for federal income tax purposes and interest on the Bonds is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondowners should consult with their own tax advisors with respect to such consequences.

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that the Bonds are legal investments in which all public officers and public bodies of the Commonwealth, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations, all banks, banking associations, trust companies, savings banks and savings associations, including cooperative banks, building and loan associations, investment companies and other fiduciaries may properly and legally invest funds in their control or belonging to them. The Act also provides that the Bonds are securities which may properly and legally be deposited with and received by all public officers and bodies of the Commonwealth or any agency or political subdivision thereof and all municipalities and public corporations for any purposes for which the deposit of bonds or other obligations of the Commonwealth is now or may hereafter be authorized by law.

COMMONWEALTH NOT LIABLE ON THE BONDS

The Bonds are not a general obligation of the Issuer and shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof, or a pledge of the faith and credit of the Issuer or the Commonwealth or any such political subdivision, but shall be payable solely from and to the extent of the payments made by the Institution pursuant to the Agreement and any other funds held under the Agreement for such purpose, including the proceeds of any draw under the applicable Letter of Credit. Neither the faith and credit of the Issuer or the Commonwealth nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Act does not in any way create a so-called moral obligation of The Commonwealth of Massachusetts or of any political subdivision thereof to pay debt service in the event of default by the Institution. The Issuer has no taxing power under the Act.

UNDERWRITING

The Bonds are being purchased for reoffering by Lehman Brothers Inc. ("the "Underwriter") pursuant to a bond purchase contract (the "Purchase Contract") to be entered into among the Institution, the Issuer and the Underwriter prior to the issuance of the Bonds. The Underwriter will agree to purchase the Series C-1 Bonds at an aggregate discount of \$25,000, the Series C-2 Bonds at an aggregate discount of \$105,000 and the Series C-3 Bonds at an aggregate discount of \$105,000. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the public offering price stated on the cover page hereof. The purchase contract provides that the Underwriter will purchase all of the Bonds if any Bonds are purchased and contains the agreement

of the Institution, in accordance with the terms of the purchase contract, to indemnify the Underwriter and the Issuer and certain other parties against losses, claims, damages, and liabilities arising out of any incorrect statements or information, including the omission of material facts, contained in this Official Statement pertaining to the Institution and other specified matters. The public offering price set forth on the cover page of this Official Statement may be changed after the initial offering by the Underwriter.

REMARKETING AGENT

The initial Remarketing Agent for the Bonds shall be Lehman. The Remarketing Agent will set the interest rates on the Bonds and perform the other duties and remarket the Bonds as provided for in the Agreement, subject to the provisions of any remarketing agreement. The Remarketing Agent may, for its own account or as broker or agent for others, deal in Bonds and may do anything any other Bondowner may do to the same extent as if the Remarketing Agent was not serving as such. The Remarketing Agreement provides that the Institution will indemnify the Remarketing Agent against certain liabilities, including certain liabilities under applicable securities laws. See “BONDOWNERS’ RISKS.”

DESCRIPTION OF RATINGS

Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”) have assigned long-term ratings of “Aaa” and “AAA,” respectively, and short-term ratings of “VMIG 1” and “A-1+,” respectively, to the Bonds. The long-term ratings are based on the ratings of the Bank and the Institution and the “correlation level” between the two. The short-term ratings are based solely on the Letters of Credit provided by the Bank and will be changed whenever the Bank’s short-term ratings are changed. Such ratings reflect only the views of the respective rating agencies. Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they might not be revised downward or withdrawn entirely by the rating agencies, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of the ratings might have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Issuer are subject to the approval of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, whose opinion approving the validity of the Bonds, federal tax-exempt status of the Bonds and Massachusetts tax-exempt status of the Bonds will be delivered with the Bonds. A copy of the proposed forms of opinion are attached hereto as Appendix E. Certain legal matters will be passed on for the Institution by its counsel, Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, for the Issuer by its counsel, McCarter & English LLP, Boston, Massachusetts and for the Bank, by its counsel, Nixon Peabody LLP, Boston, Massachusetts.

There is no litigation pending against the Issuer or, to the knowledge of the officers of the Issuer, threatened against the Issuer seeking to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the existence or the powers of the Issuer relating to the issuance of the Bonds. See Appendix A with respect to the absence of material litigation affecting the Institution.

MISCELLANEOUS

The references to the Act and the Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act and the Agreement for full and complete statements of such provisions. The agreements of the Issuer with the Bondowners are fully set forth in the Agreement, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the Bondowners. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. A copy of the Agreement is on file at the principal office of the Issuer.

Information relating to DTC and the book-entry system described under the headings “THE BONDS – Book-Entry-Only System” is based on information provided by DTC and is believed to be reliable, but the Issuer does not make any representations or warranties whatsoever with respect to such information.

Appendix A contains a letter from the Institution to the Issuer which contains certain information relating to the Institution. With respect to the letter from the Institution, while the information contained therein is believed to be reliable, the Issuer and the Underwriter, except as set forth in the inside cover page hereof, do not make any representations or warranties whatsoever with respect to such information. Appendix B to this Official Statement sets forth the audited financial statements of the Institution and the report of its independent public accountants, Tofias, P.C. The Issuer and the Underwriter have relied on the information contained in Appendix A.

Appendix C – “DEFINITIONS OF CERTAIN TERMS” and Appendix D – “SUMMARY OF THE LOAN AND TRUST AGREEMENT” have been prepared by Edwards Angell Palmer & Dodge LLP, Bond Counsel. The proposed forms of opinion of Bond Counsel are set forth in Appendix E. Appendix F has been prepared by Nixon Peabody LLP, counsel to the Bank and Appendix G has been prepared by the Bank. All Appendices are incorporated as an integral part of this Official Statement.

The information contained under the heading "THE LETTERS OF CREDIT AND THE BANK" and in APPENDIX G has been furnished by RBS Citizens, National Association, for use in this Official Statement. Such information is not guaranteed as to accuracy or completeness by the Issuer, the Institution or the Underwriter and is not to be construed as a representation by the Issuer, the Institution or the Underwriter as to the accuracy or completeness of such information or the absence of material adverse changes in such information. Neither the Issuer, the Institution, the Underwriter nor their respective counsel nor Bond Counsel has independently reviewed or verified this information or the financial condition of RBS Citizens, National Association.

The Institution has reviewed the portions of this Official Statement describing the Institution, “INTRODUCTION – Plan of Refinancing,” “ESTIMATED SOURCES AND USES OF FUNDS” and “BONDOWNERS’ RISKS,” and has furnished Appendix A and Appendix B to this Official Statement. At the closing, the Institution will certify that such portions of this Official Statement are true and correct and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Issuer has consented to the use of this Official Statement. The Issuer is responsible only for the statements contained under the caption “THE ISSUER” and the information pertaining to the Issuer under the caption “LEGAL MATTERS,” and the Issuer makes no representation as to the accuracy, completeness or sufficiency of any other information contained herein. Except as otherwise stated herein, neither of the Issuer nor the Underwriter makes any representations or warranties whatsoever with respect to the information contained herein.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING

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Franklin W. Olin College of Engineering

August 25, 2008

We are pleased to present the following information with respect to the Franklin W. Olin College of Engineering (“Olin College” or the “College”) for inclusion in the Official Statement relating to the Massachusetts Development Finance Agency Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-1 (Federally Taxable), Series 2008 C-2 and Series 2008 C-3 (collectively, the “Bonds”). As used hereinafter, and unless otherwise indicated by the narrative, all academic and financial data for any year refer to the fiscal year ended June 30.

BACKGROUND AND HISTORY

The Franklin W. Olin College of Engineering is a private, non-profit, non-sectarian, co-educational undergraduate engineering institution. The College is located in Needham, Massachusetts, approximately 14 miles west of Boston, on approximately 75 acres of land adjacent to Babson College. The College is in close proximity to Route 128, the inner loop around the city of Boston that is home to many technology companies. The College officially opened in fall 2002 with an inaugural freshman class of 75 students. Over the last five years, the College has become increasingly selective with 1,054 applications received for its 79-member class of 2011.

The College was organized in 1997 by The F.W. Olin Foundation (the “Foundation”). The Foundation was a New York not-for-profit corporation established in 1938 by Franklin W. Olin, an engineer, entrepreneur and philanthropist, to support a broad range of philanthropic activities. Until 1997, the Foundation had a long-standing program of grants to colleges and universities for the construction of academic buildings. In March 1997, after long-range strategic planning that began in 1993 to consider other possible grant opportunities and to address other issues, including the Foundation’s desire to continue to commit substantially all of the Foundation’s assets in support of higher education in perpetuity, the Foundation suspended its building grant program, and determined that it would establish a new engineering college. In reaching this decision, the Foundation considered Franklin W. Olin’s own clearly expressed interest in the Foundation supporting the establishment of a new college, as well as the National Science Foundation’s call for “broad structural and cultural, rather than incremental” reforms in engineering education. The Foundation’s reasons are laid out in the Grant Agreement pursuant to which the funding for the College was provided:

With respect to the Foundation’s reasons for establishing the College, let it be said that the Foundation does not seek to establish a generic undergraduate engineering college - one that will simply offer programs similar to many others around the country. Olin College is intended to be different - not for the mere sake of being different - but to be an important and constant contributor to the advancement of engineering education in America and throughout the world and, through its graduates, to do good for humankind.

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In total, the Foundation provided approximately \$459.67 million to the College, with certain restrictions on the College in terms of the use of that money. See “Investments and Gifts.” The final transfer from the Foundation occurred in November 2007. In addition, the College agreed to adhere to certain founding precepts in perpetuity. See “Founding Precepts.”

The following characteristics distinguish Olin College from most other engineering schools:

- 100% merit tuition scholarships granted to all students;
- multi-disciplinary approach which integrates traditionally segmented fields of engineering;
- a strong exposure to business and entrepreneurial practices;
- no formal academic departments in order to facilitate multi-disciplinary approaches;
- no traditional tenure for faculty;
- greater level of involvement in funded research;
- student/faculty ratio of 10 to 1 or lower;
- commitment to innovation, learning by discovery, project-based learning, and continuous improvement; and
- a close collaborative relationship with Babson College, a school which specializes in management education and is internationally recognized for its focus on entrepreneurial leadership in a changing global environment.

GOVERNANCE AND ADMINISTRATION

Board of Trustees

The general governance of the business, property and affairs of the College is vested in a Board of Trustees. The Board is a self-perpetuating body of whom only the President of Olin College serves *ex officio*. Under the by-laws, the Board of Trustees shall consist of not fewer than four Trustees. Trustees are elected for staggered terms of three years and may serve up to two terms consecutively. Two of the founding Trustees have been designated F. W. Olin Foundation Members and shall hold office indefinitely until such Foundation Member dies or resigns.

The current members of the Board of Trustees, their terms of office, and principal business or professional affiliations are as follows:

<u>Name</u>	<u>Initial Year Elected</u>	<u>Term Expires</u>	<u>Affiliations</u>
William B. Norden, Chair*	1997	Foundation Member	Partner, Thelen Reid Brown Raysman & Steiner
Carla L. Gude, Vice Chair*	2003	11/2010	Former Vice President of Technology, IBM Corporate Staff
Tamara P. Davis, Clerk	2002	11/2009	Managing Director, Levin & Company, Inc.
George R. Berbeco	2007	11/2010	President, The Devon Group, Inc.
Sunlin Chou	2008	11/2008	Former Senior Vice President and General Manager, Intel Corporation
William R. Cotter	2002	11/2009	Former President, Oak Foundation and former President, Colby College
C. Scott Gibson	2005	11/2008	CEO, Gibson Enterprises
Sherwin Greenblatt	2007	11/2010	Director, Massachusetts Institute of Technology (“MIT”) Venture Mentoring Service; Former Executive Vice President and Treasurer of MIT
Paul C. Jennings	2007	11/2010	Former Provost, California Institute of Technology
Robert N. McBurney*	2006	11/2009	Chief Scientific Officer and Senior Vice President, Research and Development, BG Medicine, Inc.
Lawrence W. Milas	1997	Foundation Member	Former Director and President, F. W. Olin Foundation
Richard K. Miller*	1999	<i>ex officio</i>	President, Olin College
John W. Prados	2002	11/2008	Vice President and University Professor Emeritus, The University of Tennessee
William F. Glavin	2002	Trustee Emeritus	Former President of Babson College and Former Vice Chairman of Xerox Corporation

* Member of Executive Committee

Administrative Officers

The administration of the College is the responsibility of the President. Assisting the President in these responsibilities are the Vice President for Financial Affairs and Treasurer, the Vice President for Academic Affairs and Dean of the Faculty, the Vice President of External Relations and Dean of Admission, the Vice President for Development, the Vice President for Operations and Chief Information Officer, and the Dean of Student Life.

APPENDIX A

The principal administrative officers of the College are as follows:

Dr. Richard K. Miller, age 58, became President of Olin College on February 1, 1999. He also holds an appointment as a Professor of Mechanical Engineering. Before joining Olin College as its founding President, Dr. Miller served as Dean of the College of Engineering at the University of Iowa from 1992 to 1999. He spent the previous 17 years on the faculty of the University of Southern California in Los Angeles and the University of California, Santa Barbara. He has published extensively in the field of applied mechanics, and has been recognized for teaching excellence. He serves on the Board of Directors of The Stanley Group, the Board of Trustees of Babson College, and on several advisory boards for non-profit organizations and universities. He received a B.S. in Aerospace Engineering from the University of California at Davis in 1971 (where he received the 2002 Distinguished Engineering Alumni Award), an S.M. in Mechanical Engineering from MIT in 1972, and a Ph.D. in Applied Mechanics from the California Institute of Technology in 1976.

Mr. Stephen P. Hannabury, age 54, became Vice President for Financial Affairs and Treasurer on April 1, 2008. Prior to that, he served as founding Vice President for Administration and Finance since August 11, 1999. At Olin, he has been responsible for the design and construction of the Olin campus, the development of all administrative and financial processes and systems, and the establishment of all operational support functions. In his role as the College's chief financial officer, he is responsible for overseeing the management of the College's endowment, the management of the College's debt portfolio, and for all other financial and financial-planning activities. Among the other areas that reported to him as Vice President for Administration and Finance were Campus Services, Human Resources, Dining Services, Public Safety, Risk Management, and other operational areas of the College. As Vice President for Financial Affairs and Treasurer, he is primarily focusing his time on investment and debt management and financial planning and budgeting. Prior to coming to Olin, Mr. Hannabury was Boston University School of Management's Assistant Dean and Chief Financial, Administrative, and Information Officer. He spent fifteen years at Boston University in a variety of positions. Prior to his appointment at Boston University, Mr. Hannabury was executive director of a non-profit organization and a staff engineer for Metcalf and Eddy, Engineers. He serves as the Treasurer of the Association of Independent Technological Universities, on the Board of Directors and as Treasurer of the Boston Consortium for Higher Education, on the Global Venture Capital Advisory Board for Commonfund Capital, Inc. and on the Commonfund Realty Investors L.L.C. Advisory Board. Mr. Hannabury holds a B.S. in Civil Engineering degree from Northeastern University and an M.B.A. from Boston University.

Dr. Michael Moody, age 55, became Dean of the Faculty on September 1, 2002 and was appointed the Vice President for Academic Affairs on July 1, 2007. Prior to coming to Olin, he spent eight years at Harvey Mudd College. Dr. Moody was the Diana and Kenneth Jonsson Professor of Mathematics and Chairman of Mathematics at Harvey Mudd College. Dr. Moody's research in biomathematics focuses on genetic models for evolving populations. His developmental work in teaching is concentrated on designing and implementing curricular models and technological tools to improve mathematics education for engineers and scientists. From 1981 to 1994, he was on the faculty at Washington State University. He received a B.A. from the University of California at San Diego and completed a doctorate in applied mathematics at the University of Chicago.

Dr. Charles Nolan, age 60, became Vice President of External Relations and Dean of Admission on June 1, 2006. Dr. Nolan was the former Vice Provost for Enrollment Management at Santa Clara University in Santa Clara, California. For four years prior to that appointment, Dr. Nolan was the founding Dean of Admission at Olin College. Dr. Nolan has over 30 years of experience in the field of admission and recruiting, serving as Director of Admission at Bentley College, Director of Undergraduate Admission at Boston College, Assistant Provost and Dean of Undergraduate Admission at Washington

University in St. Louis and Dean of Undergraduate Admission at Babson College. Dr. Nolan has an A.B. from Curry College, a M.A.T. in political science from Bridgewater State College and a Ph.D. in Higher Education Administration from Boston College.

Mr. J. Thomas Krimmel, age 58, became the Vice President for Development on March 31, 2008. He is responsible for the identification and cultivation of major donors and oversees the administration of all annual fund programs. Prior to coming to Olin, he was the Chief Development Officer at the National Foundation for Teaching Entrepreneurship in New York City. He has been the chief development officer at four different institutions over the last 26 years, including serving as Vice President of Development and Alumni Relations at Babson College from 1990 to 2005. During the 1990's he guided Babson's \$122 million fund-raising campaign. He was a member of the Executive Committee at Babson when the decision was made in the mid-1990s to collaborate with the F. W. Olin Foundation to create an independent college of engineering adjacent to the Babson campus.

Ms. Joanne Kossuth, age 47, became Vice President for Operations and Chief Information Officer on April 1, 2008. She has served as Chief Information Officer since November 1, 1999 and as Associate Vice President for Development from October 17, 2005 to March 31, 2008. As Vice President for Operations and Chief Information Officer, she oversees the areas of Campus Services, Human Resources, Dining Services, Public Safety, Information Technology and other operational areas of the College. She is also responsible for fostering non-academic relationships with neighboring institutions including Babson College, Wellesley College and Brandeis University. Her prior positions include: Director of Computer Support Services at Boston University's School of Management, Director of Information Technology at Wheelock College and Systems Manager at Fisher College. She was named one of Computerworld's Premier 100 Chief Information Officers in 2005. Ms. Kossuth received her B.A. from the College of the Holy Cross and M.S. from Lesley University. She has been involved for a number of years in EDUCAUSE, a nonprofit association whose mission is to advance higher education by promoting the intelligent use of information technology. Most recently she was selected as Chair of the 2020 committee focused on insuring the future relevance of EDUCAUSE to its members. Her publications include: "Attracting Women to Technical Professions," and "Building Relationships Means Better IT Contracts," both published in EDUCAUSE Quarterly. She is a past Chair of the Board of NERCOMP (NorthEast Regional Computing Program), an EDUCAUSE affiliate with over 220 member institutions. She also serves as a member of the Town of Needham's Technology Advisory Committee.

Dr. Roger C. Crafts, Jr., age 61, became Dean of Student Life on August 14, 2000. He is responsible for helping to establish and preserve a rich and diverse campus life that enhances student academic experiences. Among the areas reporting to him are academic advising, residence life, new student orientation, intramurals and recreation, student activities, the honor code and board, health services, psychotherapy and psychiatric services, community service, spiritual life, performing arts, registrar and student accounts. Prior to coming to Olin College, Dr. Crafts was Dean of Student Affairs at Brandeis University from 1984 to 2000. He has also held student affairs positions at the University of Rhode Island and Indiana University. He has a B.A. in biology from Earlham College and M.S.Ed. and Ed.D. degrees from Indiana University.

ACCREDITATION

The College was accredited by the New England Association of Schools and Colleges ("NEASC") on December 6, 2006. The College's three degree programs were also granted accreditation from the Accreditation Board for Engineering and Technology ("ABET"), the national accreditation body for engineering programs, in July 2007. The NEASC and ABET accreditation are retroactive to the first graduating class.

APPENDIX A

FOUNDING PRECEPTS

Pursuant to the terms of the Grant Agreement, the College agreed to adhere to certain founding precepts in perpetuity. These founding precepts are set forth below. Founding precepts 1, 3, 4, 5, 8, 9 and 10 may not be amended and precepts 2, 6 and 7 may be amended under certain circumstances defined in the Grant Agreement.

1. Name of the College

The College shall, in perpetuity, be named FRANKLIN W. OLIN COLLEGE OF ENGINEERING, or in the event it shall be determined upon the written consent of two-thirds of the total number of the members of the College's Board of Trustees that such name is no longer adequately descriptive of the College's programs and courses of study, such name may be changed, provided, however, that: (1) the College's name always shall include the name "Franklin W. Olin"; and (2) no other person's name (or corporate or business name) shall appear in the name. It is also agreed that for marketing and related purposes, the name "Olin College" (or appropriate variations such as "Olin University" and "Olin School"), may be used in written material, provided that when practical there will always appear in such materials a reference to the College's full name.

2. Engineering the Primary Academic Program

The College's primary academic program always will be undergraduate engineering. As such, the number of its full time equivalent (herein "FTE") students working towards an undergraduate engineering degree shall always constitute no less than two-thirds of the total FTE undergraduate enrollment.

3. Commitment to Academic Quality and Diversity

Students shall be recruited on the basis of their academic merit, as determined by their scholastic records and appropriate test results, and other relevant achievements. However, from among the students who qualify on this basis, the College shall endeavor to develop as diverse a student community as is possible. Diversity of many kinds is desirable. Race, gender, creed, religion, ethnicity, economic background, home location, particular skills, talents and experiences, are but a few that are important for achieving a diverse and vital student community. Quality and diversity also shall be sought with respect to the College's faculty and administrative employees. Because current pedagogy makes a low student-faculty ratio an important contributing factor for achieving academic quality, the College will maintain a low student-faculty ratio of about ten to one unless changes in pedagogy through technological developments or other improvements in education are developed which justify departing from this standard.

4. A Culture of Innovation and Constant Improvement

The National Science Foundation and other credible voices from engineering schools and industry have advocated changes in how engineers are educated. Some of the major themes of the changes advocated include interdisciplinary and integrated teaching, hands-on learning and research opportunities for students, improved communication skills, students working as members of teams (the way that engineers in industry work), exposure to other cultures or an international experience, and a better understanding of business and management practices. But for many reasons, including the very simple reason that many, but not all, faculty are resistant to change, progress has been slow and disappointing. The Foundation's decision to establish the College was based in large part on a determination that the need to reform engineering education could be accomplished more easily at a new

institution that is not burdened with people and existing programs resistant to change. However, even a new institution can, with the passage of time, become resistant to change. If this were to happen at the College, it would be a tragic loss of opportunity for engineering education, generally, and a terrible disappointment to the Foundation. The need for the College to be continually open to change and to encourage and support a culture of innovation is paramount. Risk taking with respect to new programs or the manner in which engineers are taught should be routine. The College acknowledges that a culture of innovation is a fundamental precept of the planning for Olin College. The College commits itself to the need to be open to change and to support a culture of innovation and constant improvement in every aspect of its operations and programs.

5. A Student Centered and Philanthropic Institution

The Foundation believes that the College must care about its students - not only as scholars and engineers but also as people. Students must be encouraged and given the opportunity to grow both intellectually and socially. Student life policies must assure that no student is forgotten or ignored. A commitment to support the education of students with programs in the arts, humanities and social sciences is vital to the fulfillment and potential of their lives. The College also should nurture a student's appreciation of the role of philanthropy in America. Students should be encouraged to contribute their time and wealth to support philanthropic endeavors of their choice. The College, itself, the product of philanthropy, should find ways to contribute to its community, and beyond, with services natural for it as an educational institution. Policies must be maintained that support these outcomes.

6. Full Tuition Scholarships

The College will always endeavor to operate by offering full tuition scholarships to all regular full time students enrolled in its undergraduate degree programs. The solicitation of additional endowment gifts and annual giving to support tuition and scholarship aid shall be an important goal. In order to provide full tuition scholarships to all students, the College shall adjust its undergraduate enrollment to a number that can be supported by the projected operating budget revenue. Beginning in the 2021 academic year, upon the written consent of ninety percent of the total number of the members of the College's Board of Trustees, the College may elect to reduce full tuition scholarships to an amount that will leave the portion of tuition payable by regular full time students enrolled in its undergraduate degree programs equal to an amount that is not in excess of the average cost of tuition for resident engineering students at the following institutions: the University of California – Berkeley, the Georgia Institute of Technology, the University of Illinois – Urbana, the University of Massachusetts – Amherst, the University of Michigan – Ann Arbor, and the University of Texas – Austin. The decision to reduce full tuition scholarships shall be based on substantial business needs and a determination that the endowment take and other revenue cannot support the number of students needed to sustain the College's academic programs. During such period of time as the College shall only offer partial scholarships, the College may award financial aid to students based on need. After reducing full tuition scholarships, the College's Board of Trustees may thereafter, by a simple majority vote, at a meeting of the Board called for such purpose, restore full tuition scholarships. Tuition scholarships, whether they fully or only partially cover tuition, always shall be awarded to all students who are admitted to the College regardless of need. This Precept shall not prohibit the College from charging for or providing need-based aid for non-tuition charges such as room, board and student fees.

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7. Collaboration With Babson College

The conceptual planning for Franklin W. Olin College of Engineering made collaboration with Babson College an important element. Babson's recognized excellence in management and entrepreneurship education were considered to be potential resources for the College's own innovative programs. The College shall endeavor to always work closely with Babson College to develop programs and operating and administrative procedures for their mutual benefit. Similar collaboration with other neighboring colleges, particularly Brandeis University and Wellesley College shall be actively sought.

See "RELATIONSHIPS WITH NEIGHBORING COLLEGES" for description of existing agreements with Brandeis University and Wellesley College.

8. Faculty Tenure

Knowledge of science and technology is not static but is continually evolving. The ability of the College to offer its students a faculty that is competent in the latest advances in knowledge and in newly emerging fields of science and technology is absolutely essential to the College's goal of offering academic programs with the highest possible quality. The College will, therefore, strive to strike an appropriate balance between the legitimate concerns of faculty for employment security and the College's need to achieve and maintain the quality it seeks. It will do this without offering traditional tenure.

9. The College to Remain Independent

The College shall remain a privately supported institution committed to supporting itself from private, rather than government or public resources. However, government grants from programs subject to peer review and open to other institutions on a competitive basis may be sought. Grants from so-called earmarked funds will be rejected.

10. Economic and Governmental Ideals

The College's policies and operations shall be consistent with and supportive of free enterprise and a capitalistic economy within a democratic nation.

DESCRIPTION OF ACADEMIC PROGRAMS

The Franklin W. Olin College of Engineering is an undergraduate institution dedicated to the growth of individuals who will innovate, create, and manage the technologies of the future. The College offers degrees in mechanical engineering, electrical and computer engineering, and engineering. The engineering program offers concentration in bioengineering, computing, materials science, and systems. The engineering-focused undergraduate curriculum is built around the "Olin Triangle" of rigorous science and engineering study, entrepreneurship and a strong emphasis on the Arts, Humanities and Social Sciences. Olin is committed to preparing graduates who recognize the complexity of the world, who appreciate the relationship of their work to society, and who are dedicated to creative enterprises for the good of humankind.

Olin College strives to foster in students:

- a deep appreciation and comprehension of the principles of engineering analysis and design;
- a broad knowledge of social and humanistic contexts;
- the ability to articulate a vision and see it to fruition; and
- dedication to intellectual vitality, community involvement and lifelong personal growth.

The curriculum is designed to rethink the way engineers are taught and the way colleges function. The effort was guided by the reform recommendations made over the last fifteen to twenty years by the National Science Foundation, the American Society for Engineering Education, and ABET, which call for changes in engineering education including more emphasis on teamwork, project-based learning, and entrepreneurial thinking. The goals of the curriculum development program are to identify innovative educational practices from around the world and to adapt them to the developing programs at the College.

Curriculum Fundamentals

Olin's progressive educational perspective has shaped a curriculum with several distinctive features:

- Hands-on, project-oriented course work that integrates the pedagogies and practices of design, engineering analysis, mathematics, science and entrepreneurship. From the outset, Olin engineers study design by designing, building, and testing real systems. This practical focus is ongoing, with students undertaking significant design projects over the course of their four years.
- Building connections between fundamental science, mathematics, and engineering; between different fields of engineering; between the arts, humanities and social sciences and technical disciplines; and between business, entrepreneurship, and technology. As a result, the Olin curriculum is conceived and taught in a highly interdisciplinary way.
- Purposeful decentralization of writing and speaking instruction, making the mastery of communication skills a joint faculty project.
- A focus on entrepreneurship as a process of fulfilling human needs and creating value. Students acquire entrepreneurial skills through a process of learning by doing. Outcomes are assessed and fed back through intensive coaching.
- Opportunity for significant independent study or research, in addition to the experiences of team membership and team leadership.

The Olin curriculum consists of three phases: *foundation*, which emphasizes mastering and applying technical fundamentals in substantial engineering projects; *specialization*, in which students develop and apply in-depth knowledge in their chosen fields; and *realization*, in which students bring their education to bear on problems approaching professional practice. It provides the depth, breadth, cohesion and rigor necessary to produce fully qualified engineering graduates. In all three phases of the curriculum, students are engaged in interdisciplinary engineering projects that require them to put theory into practice, to put engineering in context, and to develop teaming and management skills. As a student progresses, these projects become increasingly open-ended and authentic. Students have significant flexibility in charting their path through the curriculum, but all students are responsible for demonstrating mastery of required material through regular assessment. The programs have been designed to meet the General Criteria outlined by the ABET and ABET Program Criteria.

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Curriculum Profile

Olin's curriculum contains the following elements:

- Integrated course blocks that incorporate hands-on projects throughout the curriculum
- Major Sophomore Design and Senior Capstone Projects
- Arts, Humanities, and Social Sciences courses and co-curricular offerings in addition to technical courses
- Entrepreneurship across the curriculum
- Communication across the curriculum
- Opportunity for study away from Olin
- Passionate pursuits, independent study, and research

SCOPE Program

The Olin curriculum culminates in the Senior Consulting Program for Engineering (SCOPE), in which students engage in a significant engineering project under realistic constraints for an actual client. As part of the program, a corporate partner supplies a bona fide and challenging engineering problem to the program as well as financial support, access to corporate, technical and market expertise, hardware and test facilities. Olin College provides a student engineering team, a dedicated faculty advisor, and dedicated project space, as well as access to the Olin technology base and an Olin technical expert group. The teams work on the project over two semesters and present regular progress updates and a bound report to the client at the end of the project.

Study Away Program

One of the founding principles of the Franklin W. Olin College of Engineering was that each student should have the opportunity to have a learning experience “away” from the College. This ideal was articulated early in the creation of the College with the expressed objective of having students learn to be citizens of the world. The Olin Away Program was created to deliver on this principle, and provide students with the opportunity to broaden their perspectives and views of the world.

Students have three options for studying away. The College currently has formal relationships with ten institutions around the world to provide students with a direct exchange. Alternatively, students can attend one of 30 pre-approved programs sponsored by other institutions, attend a program sponsored by another institution that is not currently on Olin's pre-approved list, enroll directly in another institution that does not have a direct exchange agreement with Olin or a self-designed program approved by the Committee on Study Away and the Course Substitution & Transfer Board.

RELATIONSHIPS WITH NEIGHBORING COLLEGES

Olin College has entered into various agreements with neighboring Colleges. These include:

Cross Registration Agreements with Babson College, Wellesley College and Brandeis University

Under the terms of these agreements, Olin College students may take courses at the other institutions on a space available basis. In addition, students from the other institutions may take courses at Olin. There are no charges to the students or payments by the institutions for this program.

In academic year 2007-2008, Olin College introduced a Certificate in Engineering Studies program in which students from Babson College, Wellesley College and Brandeis College may earn a certificate by taking certain courses at Olin College in addition to their major course of study at their home institution.

Provision of Services Agreement

Olin College has an agreement with Babson College under which Babson provides certain services to Olin. These include campus security, student health services and employee benefit programs. In addition, Olin College relies on Babson College to supply a number of facilities such as the general library, athletic and recreational facilities, and student health center.

Olin College pays Babson College mutually agreed upon fees for these services. See footnote 8 in the financial statements of the College in Appendix B to the Official Statement.

The Boston Consortium for Higher Education

Olin College is one of 14 members of The Boston Consortium for Higher Education. Member institutions collaborate on various administrative and operational projects and activities ranging from risk management and internal audit to employee recruitment and training. There are over twenty communities of practice in which employees of member institutions may collaborate with their peers.

FACULTY AND STAFF

As of December 31, 2007, the College had 31 full-time faculty and 12 part-time faculty. All full-time faculty have doctoral degrees. The College offers faculty members five-year contracts with renewal subject to peer review. Consistent with its founding precepts, Olin College does not grant tenure to faculty members in order to promote flexibility in curriculum. In addition, the College does not have any distinct disciplinary departments and thus the faculty operates as a single unit. “See Founding Precepts.”

The student-faculty ratio for the academic year 2007-2008, based on the total full-time students and the full-time equivalent faculty, is approximately 8 to 1. Consistent with its founding precepts, the College anticipates maintaining a student-faculty ratio of no more than 10 to 1.

In addition to faculty, the College had 64 full-time staff employees and 6 part-time staff employees. None of the College’s employees are represented by labor unions or similar organizations. The College believes that its relationship with its employees is good.

In addition, Olin College outsources certain services to Babson College, Sodexo, Inc. and Aramark Corporation.

STUDENT ENROLLMENT

The College only admits full-time undergraduate students.

The admission process at the College has no “early decision” or “early action” options and the initial review process concludes by late January. Finalists or “Candidates” are then chosen and invited to one of two weekends at the College to participate in a design project, individual interviews and a team exercise in late February and early March. Admission decisions are made by the College in March.

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As of Fall, 2007, total enrollment at Olin College was 299 students. The student body includes 170 men and 129 women, of which 15% are students of color. They come from 42 states, 7 foreign nations and 12 have other international backgrounds. For the total enrollment in fall 2007, 27% were from the western part of the United States, 17% from the Middle States, 17% from the Midwest, 15% from New England, 14% from the South, 8% from the Southwest, and 2% from other countries. Of the 299 students, 69% were AP Scholars and 43% were National Merit Finalists.

The following table is based upon student enrollment at the beginning of each of the indicated academic years:

Student Statistics							Middle 50% of SAT Scores for Matriculated Students	Average GPA
Academic Year	Applications Received	Applications Accepted	Acceptance Ratio %	Enrolled	Matriculation Ratio %	Matriculated Students	Average GPA	
2003-04	596	90	15.1%	75	83.3%	1420-1530	4.4/4.0 scale	
2004-05	546	122	22.3%	71	58.2%	1450-1540	4.4/4.0 scale	
2005-06	546	134	24.5%	77	57.4%	1450-1550	4.2/4.0 scale	
2006-07	784	137	17.5%	89	65.0%	2090-2350	4.3/4.0 scale	
2007-08	1,054	121	10.5%	79	65.3%	2150-2310	4.3/4.0 scale	

* As of August 22, 2008, the College had received 968 applications for academic year 2008-2009; 131 applicants were accepted and 80 are expected to enroll.

TUITION AND FEES

Tuition, fees, and room and board have grown by an average of 4.2% over the past five years. The following table sets forth these charges for first year students for the past four academic years and the current academic year. As discussed, the basic philosophy of the College is to grant full tuition scholarships to all students. However, the College does encourage its students to apply for outside scholarships when available. Students are charged for room, board and other miscellaneous fees. In addition, first year students are required to purchase a laptop computer package. The laptop fee is \$2,500, payable in four equal semester installments.

Academic Year	Tuition and Fees	Room and Board	Total
2003-04	\$ 28,100	\$ 10,550	\$ 38,650
2004-05	29,500	10,720	40,220
2005-06	30,750	10,870	41,620
2006-07	32,250	11,600	43,850
2007-08	33,775	11,800	45,575

STUDENT FINANCIAL SUPPORT

In keeping with its founding precepts, the College endeavors to operate by offering full tuition scholarships to all regular full-time students enrolled in its undergraduate degree programs. It is anticipated that students enrolled at the College will also have available external sources of financial aid which will assist in meeting the cost of room and board at the College. In order to provide full tuition scholarships to all students, the College plans to adjust its undergraduate enrollment to a number that can be supported by the projected operating revenue budget. Under the terms of the Grant Agreement with the Foundation, beginning in the 2021 academic year, the College may elect, upon 90% support by Board of Trustees, to discontinue full tuition scholarships and instead offer a more limited financial aid package to students. The College does provide need-based aid for non-tuition charges.

The following table sets forth the financial aid budget for the last four academic years and the current academic year:

<u>Academic Year</u>	<u>Unrestricted Institutional</u>	<u>Restricted Institution</u>	<u>Federal</u>	<u>Other</u>
2003-2004	\$ 5,247,000	\$ 16,846	0	\$ 64,700
2004-2005	7,258,450	108,778	0	138,539
2005-2006	8,678,117	169,437	0	202,127
2006-2007	10,427,268	36,398	\$ 51,050	270,069
2007-2008	10,214,587	17,000	85,258	393,327

FINANCIAL OPERATIONS

Financial Planning and Budget Process

The Vice President for Financial Affairs and Treasurer works with the President to develop long range financial models, annual operating budgets and capital budgets. These models and budgets are then presented to the Board of Trustees for approval.

The financial models are used to assist in the development of long range strategies for the College. Primary inputs into the model include projected endowment returns, faculty and staff levels, student enrollment, and debt service.

The annual budget development process is a bottoms-up process with program and department managers submitting proposed budgets in January of each year. These requests are compiled and discussed by the President's Cabinet in order to develop a budget target for the following fiscal year. The target is discussed with the Board of Trustees' Budget, Finance and Compensation Committee at their February meeting and their input is incorporated. The final, more detailed budget is prepared with the Cabinet members involved in developing funding priorities. The Budget, Finance and Compensation Committee reviews and approves the budget and then recommends it to the full Board of Trustees for approval in May.

An annual capital budget is prepared simultaneously with the operating budget and has similar processes and approvals.

The Vice President for Financial Affairs and Treasurer reports actual revenues and expenses compared to budget, endowment performance, and debt costs to the Board of Trustees quarterly.

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Accounting Matters

The College operates on a fiscal year ending June 30. The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America on an accrual basis. The following summaries and discussions of financial matters should be read in conjunction with the financial statements of the College, related notes, and the independent auditors' report included as Appendix B to the Official Statement.

Schedule of Activities

The following table contains schedules of activities for the past five fiscal years:

	Schedules of Activities				
	For the Years Ended June 30				
	(in thousands)				
	<u>Fiscal 2007</u>	<u>Fiscal 2006</u>	<u>Fiscal 2005</u>	<u>Fiscal 2004</u>	<u>Fiscal 2003</u>
Operating Revenues					
Tuition and fees	\$ 10,055	\$ 8,963	\$ 6,544	\$ 4,480	\$ 2,250
Room and board	3,470	3,010	2,194	1,578	774
Less: Student aid	<u>(10,455)</u>	<u>(9,669)</u>	<u>(7,312)</u>	<u>(5,246)</u>	<u>(2,554)</u>
Student Revenues, net	<u>3,070</u>	<u>2,304</u>	<u>1,426</u>	<u>812</u>	<u>470</u>
Contributions (1)	310	251	203	160	239
Government grants and other contracts	2,021	2,302	1,309	1,451	1,465
Miscellaneous	1,566	884	334	185	105
Net assets released for Olin Endowment spending	20,493	24,773	21,709	19,231	6,253
Net assets released for depreciation	<u>4,744</u>	<u>4,747</u>	<u>4,590</u>	<u>2,981</u>	<u>3,782</u>
Total Operating Revenues	<u>\$ 32,204</u>	<u>\$ 35,261</u>	<u>\$ 29,571</u>	<u>\$ 24,820</u>	<u>\$ 12,314</u>
Operating Expenses					
Instruction	11,866	11,175	7,086	5,264	3,873
Research	1,117	1,122	1,125	1,022	784
Academic Support	3,187	3,307	3,434	2,804	2,712
Student services	10,923	10,612	6,812	4,740	3,991
Sponsored programs	2,300	2,382	1,469	1,561	1,444
Development and fundraising	509	371	393	256	-
Institutional support	<u>6,767</u>	<u>6,537</u>	<u>9,095</u>	<u>8,141</u>	<u>6,815</u>
Total Operating Expenses	<u>\$ 36,669</u>	<u>\$ 35,506</u>	<u>\$ 29,414</u>	<u>\$ 23,788</u>	<u>\$ 19,619</u>
Change in net assets from operating activities	<u>(4,465)</u>	<u>(245)</u>	<u>157</u>	<u>1,032</u>	<u>(7,305)</u>
Nonoperating activities					
Contributions, net (1)	\$ 82	\$ 36	\$ 34,873	\$ 31	\$ 263,631
Interest and dividend revenue	9,833	6,783	7,751	7,139	222
Net realized and unrealized gain on long term investments	64,654	28,996	11,068	15,402	2,987
Net assets released for Olin Endowment spending	(20,493)	(24,773)	(21,709)	(19,231)	(6,253)
Net assets released for depreciation	(4,744)	(4,747)	(4,590)	(2,981)	(3,782)
Change in fair market value of interest rate agreement	7,349	(1,857)	-	-	-
Change in fair value of contributions receivable from the Foundation	-	-	(1,718)	18,704	15,430
Change in net assets from nonoperating activities	<u>\$ 56,681</u>	<u>\$ 4,438</u>	<u>\$ 25,675</u>	<u>19,064</u>	<u>272,235</u>
Change in net assets	52,216	4,193	25,832	20,096	264,930
Net Assets, beginning of the year	<u>417,793</u>	<u>413,600</u>	<u>387,768</u>	<u>367,672</u>	<u>102,742</u>
Net Assets, end of year	<u>\$ 470,009</u>	<u>\$ 417,793</u>	<u>\$ 413,600</u>	<u>\$ 387,768</u>	<u>\$ 367,672</u>

(1) Substantially all contributions received by the College were from the Foundation.

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Schedules of Financial Position

The following table contains the schedules of financial position for the past five fiscal years:

Schedules of Financial Position For the Years Ended June 30 (in thousands)

	<u>Fiscal 2007</u>	<u>Fiscal 2006</u>	<u>Fiscal 2005</u>	<u>Fiscal 2004</u>	<u>Fiscal 2003</u>
Assets					
Current Assets					
Cash and equivalents	\$ 1,263	\$ 1,110	\$ 2,041	\$ 2,934	904
Accounts receivable, net	588	398	135	277	514
Prepays and other current assets	610	568	1,295	1,816	3,497
Employee loans receivable, net	617	627	620	599	200
Trusted funds held for construction, at fair value	1,208	2,122	3,849	17,148	-
Interest rate agreements	5,492	-	-	-	-
Deposits with Bond Trustee	-	-	-	-	-
Unamortized bond issuance costs	4,597	4,777	4,967	5,148	-
Contributions receivable, net	5,070	5,090	5,132	81,413	216,060
Long-term investments, at fair value	482,662	432,114	418,732	310,529	29,848
Plant and equipment, net	<u>129,658</u>	<u>134,341</u>	<u>138,132</u>	<u>129,522</u>	<u>122,351</u>
Total Assets	<u>\$ 631,765</u>	<u>\$ 581,147</u>	<u>\$ 574,903</u>	<u>\$ 549,386</u>	<u>\$ 373,374</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$3,121	\$ 2,828	\$ 3,297	\$ 3,519	\$ 5,232
Deferred revenue and deposits	701	784	170	311	470
Bonds payable, net	157,934	157,885	157,836	157,788	-
Interest rate agreements	-	<u>1,857</u>	-	-	-
Total current liabilities	<u>\$ 161,756</u>	<u>\$ 163,354</u>	<u>\$ 161,303</u>	<u>\$ 161,618</u>	<u>\$ 5,702</u>
Net assets					
Unrestricted	16,554	14,851	15,023	418	(511)
Temporarily restricted	451,531	401,079	396,750	370,995	351,859
Permanently restricted	<u>1,924</u>	<u>1,863</u>	<u>1,827</u>	<u>16,355</u>	<u>16,324</u>
Total net assets	<u>470,009</u>	<u>417,793</u>	<u>413,600</u>	<u>387,768</u>	<u>367,672</u>
Total Liabilities and Net Assets	<u>\$ 631,765</u>	<u>\$ 581,147</u>	<u>\$ 574,903</u>	<u>\$ 549,386</u>	<u>\$ 373,374</u>

Certain 2003-2006 amounts have been reclassified to conform to the 2007 presentation.

Pension Plans

Defined Contribution Plan. The College has established a contributory retirement plan (the “Plan”) for eligible personnel. The Plan is mandatory for all employees starting on the first day of the month following four months of employment. The Plan is designed in accordance with the provisions of Section 403(b) of the Internal Revenue Code (the “Code”) and the College’s expenses under the Plan were \$771,000 and \$728,000 for the fiscal years ending June 30, 2007 and 2006, respectively. The College also has a supplemental retirement plan under Section 403(b) of the Code, which is funded by voluntary employee contributions.

Deferred Compensation Plan. The College designed a plan in accordance with Section 457(b) of the Code. Under the terms of this plan, no contributions are made by the College, but it is fully funded by voluntary pre-tax contributions by highly compensated employees. The assets and liabilities of the plan are recorded in the Statements of Financial Position and totaled \$304,000 and \$219,000 at June 30, 2007 and 2006, respectively.

INVESTMENTS AND GIFTS

Investment Strategy and Endowment Funds

The Olin Endowment was established in June, 2003 when the Foundation began transferring assets to the College. On November 12, 2007, the Foundation made its final transfer to the College of \$12.885 million.

The College Investment Committee manages the endowment. In March 2006, the College joined the Commonfund Strategic Solutions program, a custom, comprehensive portfolio management service encompassing policy review, counsel, investment management, monitoring and reporting, and rebalancing. The College Investment Committee, the College administration and Commonfund Strategic Solutions work together to manage the investment program in a manner that will provide superior returns while keeping portfolio risk at a level that is appropriate for an institution that is so dependent on the endowment.

As of June 30, 2007, the fair market value of the Olin Endowment was approximately \$482.66 million. The market return for fiscal 2007 was 17.42 %. The preliminary June 30, 2008 fair market value is approximately \$469.55 million and the preliminary market return for fiscal 2008 is -0.25%.

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The College's preliminary asset allocation as of June 30, 2008 and target allocations are set forth below:

Asset Class	Percent of Total Assets	
	<u>June 30, 2008</u>	<u>Target</u>
Equity		
Large Cap Equity	13.3%	10.0%
All Cap Equity	15.5	15.0
Small Cap Equity	0.2	0.0
International Equity	9.7	10.0
Emerging Markets Equity	4.8	5.0
Hedged Equity	16.7	15.0
Private Capital	1.6	8.0
Commodities	6.7	3.0
Natural Resources	<u>0.2</u>	<u>3.0</u>
Total Equity	68.7%	69.0%
Fixed		
Core Bonds	12.5%	9.0%
Global Bonds	1.9	2.5
Opportunistic	0.8	1.5
Distressed Debt	2.8	3.0
Credit	0.4	2.0
Absolute Return	5.3	5.0
Private Real Estate	7.1	8.0
Cash	<u>0.5</u>	<u>0.0</u>
Total Fixed	<u>31.3%</u>	<u>31.0%</u>
Total	100.0%	100.0%

Restriction on Use of Olin Endowment

The Grant Agreement requires that the moneys received by the College from the Foundation as endowment be held as a separate endowment (the "Olin Endowment") and be invested to provide a reasonable return to support the College's operating budget. The College was required to add to the Olin Endowment a portion of the funds the College borrowed to pay for the original construction of the College which represented funds previously expended by the College for such construction. To the extent that a portion of the funds the College borrowed to pay for construction of Phase 1 and 2 of its campus represented funds previously expended by the College for such construction, such portion was required to be added to the Olin Endowment as a permanent part thereof. Of the \$93,200,000 borrowed by the College through the issuance of the Massachusetts Development Finance Agency Taxable Revenue Bonds, Olin College Issue, Series A-1 and Series A-2, Select Auction Variable Rate Securities and the \$65,910,000 borrowed by the College through the issuance of the Massachusetts Development Finance Agency Tax-Exempt Revenue Bonds, Olin College Issue, Series B, approximately \$124 million was added to the Olin Endowment. In addition, endowment gifts received by the College from sources other than the Foundation are required to be added to the Olin Endowment unless specifically designated by the donor to be for a different purpose or fund. The Olin Endowment is not permitted to be used for capital needs except for interest payments required with respect to debt incurred for capital expenses, expenses for maintaining capital assets, and a reasonable amount to fund regular and ordinary acquisition and replacement of capital assets, including depreciation. In addition, the Olin Endowment may be used to repay the principal amount of debt used to finance or refinance the construction of Phase 1 and Phase 2 of the College's campus, up to a maximum of \$183 million.

The Grant Agreement also provides that to the extent there are operating surpluses at the end of each fiscal year, the College's Board of Trustees may elect to transfer all or a portion of such surplus to a capital expense reserve or fund. Such reserve or fund, including the income derived therefrom, may be used for capital expenses including the repayment of debt incurred for capital expenses. To the extent such surplus is not transferred to a capital expense reserve or fund, or if so transferred but is no longer needed for such reserve, such balance is required to be added to the Olin Endowment as a permanent part thereof.

The College has agreed to use its best efforts to withdraw no more than five percent of the Olin Endowment annually in order to support its operating budget. The Grant Agreement states that in no event shall the withdrawal from the Olin Endowment exceed six percent except upon the written consent of two-thirds of the total number of members of the College's Board of Trustees.

For fiscal year 2008, the approved spending rate is 5.95% based on the endowment's eight quarter trailing average.

Gifts and Grants

The College has recently hired a Vice President for Development to identify and cultivate major donors (including private foundations, corporations and individuals) and to oversee the administration of all annual fund programs. Substantially all of the gifts and grants received to date have been from the Foundation. See "Background and History." Since the College only began graduating students in 2006, it has relatively few alumni and so at this time this typical source of support is more limited than at longer-established institutions. The College expects that gifts from alumni and other sources will continue to grow overtime.

OUTSTANDING INDEBTEDNESS

The College's outstanding indebtedness totaled \$157.9 million as of June 30, 2007. See Note 9 to the financial statements of the College included as Appendix B hereafter. In August 2003, Massachusetts Development Finance Agency issued three separate series of taxable and tax-exempt bonds totaling \$159.11 million of indebtedness, the proceeds of which were loaned to the College as follows:

Taxable Revenue Bonds, Olin College Issue, Select Auction Variable Rate Securities, Series A-1 and Series A-2, maturing 2033	\$93.20 million
Tax-Exempt Revenue Bonds, Olin College Issue, Series B, fixed rate of 5.25%, maturing 2033	\$65.91 million

These bonds are secured by approximately 42.6 acres of the College's land, along with associated buildings, facilities and improvements.

In June 2006, the College entered into a basis swap to mitigate the interest rate risk associated with the Series A-1 and Series A-2 variable rate debt. The College pays the product of the weekly SIFMA Index times 1.45 on the notional amounts of \$40 million (the initial principal amount of the Series A-1 Bonds) and \$53.19 million (the initial principal amount of the Series A-2 Bonds) subject to reduction in accordance with the sinking fund installments on the Series A-1 Bonds and Series A-2 Bonds and receives the sum of the 3-month USD-LIBOR plus 0.53% and 0.55% on the same notional amounts, respectively. In December 2006, the College entered into a variable to fixed interest rate swap in relation to Series A-1. The College pays a fixed rate of 5.1227% and receives the 3-month USD-LIBOR rate on

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the notional amount of \$40 million subject to reduction in accordance with sinking fund installments on Series A-1 Bonds.

The proceeds of the Bonds are expected to be used to currently refund the Series A-1 and Series A-2 Bonds. The Series B Bonds will remain outstanding.

The College currently has a \$1 million line of credit with RBS Citizens, National Association. There are currently no borrowings outstanding on the line of credit. The College has no other debt or capitalized leases.

FACILITIES

The College is located in Needham, Massachusetts on approximately 75 acres of land. There are eleven campus buildings totaling 408,000 square feet. Five of the buildings have been constructed since 2002, including an academic center (90,650 square feet), a campus center/central plant (74,631 square feet), Milas Hall, an academic, library and administrative building (75,950 square feet), West Residence Hall (56,050 square feet), and East Residence Hall (82,150 square feet). Each of these buildings opened in 2002 except for the East Residence Hall which opened in 2005. All of the buildings on campus contain state-of-the-art academic and computing technology including 100% wireless network access and voice over internet (VoIP) telecommunications.

INSURANCE

The College currently carries the following major insurance policies:

<u>Policy</u>	<u>Limit</u>	
Property	\$107,791,262	
General Liability Package Policy	1,000,000	each occurrence
	2,000,000	aggregate
Business Auto	1,000,000	
Umbrella Liability	50,000,000	
Excess Liability	25,000,000	
Workers' Compensation	500,000	Statutory Limits
Educators Legal Liability	5,000,000	
Foreign Liability	1,000,000	each occurrence
	2,000,000	aggregate
Fiduciary	1,000,000	
Crime	1,000,000	
Fine Arts	250,000	
Catastrophic Injury/Club Sports	5,000,000	
Pollution	1,000,000	
ID Fraud	5,000	

LITIGATION

The College is not aware of any litigation pending or threatened wherein any unfavorable decision would adversely affect the ability of the College to enter into the Agreement (as defined in the forefront of the Official Statement) and to carry out its obligations thereunder or would have a materially adverse impact on the financial condition of the College.

* * *

This letter and the information contained herein are submitted for inclusion in the Official Statement relating to the Bonds. The use of this letter in connection with the initial sale of the Bonds and the execution and delivery thereof by its President and Vice President for Financial Affairs and Treasurer have been duly authorized by the College.

FRANKLIN W. OLIN COLLEGE
OF ENGINEERING

By: /s/ Richard K. Miller
President

By: /s/ Stephen P. Hannabury
Vice President for
Financial Affairs and Treasurer

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Financial Statements

Franklin W. Olin College of Engineering, Inc.

June 30, 2007 and 2006



FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Financial Statements

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Independent Auditors' Report

The Board of Trustees
Franklin W. Olin College of Engineering, Inc.
Needham, Massachusetts

We have audited the accompanying statements of financial position of Franklin W. Olin College of Engineering, Inc. (the College) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Tofias PC". The signature is written in a cursive, flowing style.

October 22, 2007
Cambridge, Massachusetts

Independent Member of BKR International

350 Massachusetts Ave., Cambridge, Massachusetts 02139 Fax: 617.761.0601 Tel: 617.761.0600 www.Tofias.com
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FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Financial Position

(in thousands)

June 30,

Assets	2007	2006
Current assets:		
Cash and cash equivalents	\$ 1,263	\$ 1,110
Accounts receivable, net	588	398
Prepaid expenses and other current assets	610	568
Employee loans receivable, net	617	627
Trusteed funds held for construction, at fair value	1,208	2,122
Interest rate agreements	5,492	-
Unamortized bond issuance costs	4,597	4,777
Contributions receivable, net	5,070	5,090
Long-term investments, at fair value	482,662	432,114
Plant and equipment, net	129,658	134,341
Total assets	\$ 631,765	\$ 581,147
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,121	\$ 2,828
Deferred revenue and deposits	701	784
Bonds payable, net	157,934	157,885
Interest rate agreements	-	1,857
Total liabilities	161,756	163,354
Net assets:		
Unrestricted	16,554	14,851
Temporarily restricted	451,531	401,079
Permanently restricted	1,924	1,863
Total net assets	470,009	417,793
Total liabilities and net assets	\$ 631,765	\$ 581,147

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Activities

(in thousands)

Years Ended June 30,

	2007			2006 *	
	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Permanently restricted</i>	<i>Total</i>	<i>Total</i>
Operating revenues					
Tuition and fees	\$ 10,055	\$ -	\$ -	\$ 10,055	\$ 8,963
Room and board	3,470	-	-	3,470	3,010
Less: Student aid	(10,455)	-	-	(10,455)	(9,669)
Student revenues, net	3,070	-	-	3,070	2,304
Contributions	217	93	-	310	251
Government grants and other contracts	2,021	-	-	2,021	2,302
Miscellaneous	1,175	391	-	1,566	884
Net assets released for Olin Endowment spending	20,493	-	-	20,493	24,773
Net assets released for other purpose restrictions	405	(412)	7	-	-
Net assets released for depreciation	4,744	-	-	4,744	4,747
Total operating revenues	32,125	72	7	32,204	35,261
Operating expenses					
Instruction	11,866	-	-	11,866	11,175
Research	1,117	-	-	1,117	1,122
Academic support	3,187	-	-	3,187	3,307
Student services	10,923	-	-	10,923	10,612
Sponsored programs	2,300	-	-	2,300	2,382
Development and fundraising	509	-	-	509	371
Institutional support	6,767	-	-	6,767	6,537
Total operating expenses	36,669	-	-	36,669	35,506
Change in net assets from operating activities	(4,544)	72	7	(4,465)	(245)
Nonoperating activities					
Contributions, net	-	28	54	82	36
Interest and dividend income	755	9,078	-	9,833	6,783
Net realized and unrealized gain on long-term investments	-	64,654	-	64,654	28,996
Net assets released for Olin Endowment spending	-	(20,493)	-	(20,493)	(24,773)
Net assets released for depreciation	-	(4,744)	-	(4,744)	(4,747)
Change in fair value of interest rate agreement	7,349	-	-	7,349	(1,857)
Reversal of prior year accrued loss for interest rate agreement	(1,857)	1,857	-	-	-
Change in net assets from nonoperating activities	6,247	50,380	54	56,681	4,438
Change in net assets	1,703	50,452	61	52,216	4,193
Net assets, beginning of year	14,851	401,079	1,863	417,793	413,600
Net assets, end of year	\$ 16,554	\$ 451,531	\$ 1,924	\$ 470,009	\$ 417,793

* See page 4 for the complete presentation of the Statement of Activities for the year ended June 30, 2006.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Activities

(in thousands)

Years Ended June 30, 2006

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Permanently restricted</i>	<i>Total</i>
Operating revenues				
Tuition and fees	\$ 8,963	\$ -	\$ -	\$ 8,963
Room and board	3,010	-	-	3,010
Less: Student aid	(9,669)	-	-	(9,669)
Student revenues, net	<u>2,304</u>	<u>-</u>	<u>-</u>	<u>2,304</u>
Contributions	130	121	-	251
Government grants and other contracts	2,302	-	-	2,302
Miscellaneous	650	234	-	884
Net assets released for Olin Endowment spending	24,773	-	-	24,773
Net assets released for other purpose restrictions	304	(304)	-	-
Net assets released for depreciation	<u>4,747</u>	<u>-</u>	<u>-</u>	<u>4,747</u>
Total operating revenues	<u>35,210</u>	<u>51</u>	<u>-</u>	<u>35,261</u>
Operating expenses				
Instruction	11,175	-	-	11,175
Research	1,122	-	-	1,122
Academic support	3,307	-	-	3,307
Student services	10,612	-	-	10,612
Sponsored programs	2,382	-	-	2,382
Development and fundraising	371	-	-	371
Institutional support	<u>6,537</u>	<u>-</u>	<u>-</u>	<u>6,537</u>
Total operating expenses	<u>35,506</u>	<u>-</u>	<u>-</u>	<u>35,506</u>
Change in net assets from operating activities	<u>(296)</u>	<u>51</u>	<u>-</u>	<u>(245)</u>
Nonoperating activities				
Contributions	-	-	36	36
Interest and dividend income	124	6,659	-	6,783
Net realized and unrealized gain on long-term investments	-	28,996	-	28,996
Net assets released for Olin Endowment spending	-	(24,773)	-	(24,773)
Net assets released for depreciation	-	(4,747)	-	(4,747)
Change in fair value of interest rate agreement	(1,857)	-	-	(1,857)
Net assets released for change in fair value of interest rate agreement	<u>1,857</u>	<u>(1,857)</u>	<u>-</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>124</u>	<u>4,278</u>	<u>36</u>	<u>4,438</u>
Change in net assets	<u>(172)</u>	<u>4,329</u>	<u>36</u>	<u>4,193</u>
Net assets, beginning of year	<u>15,023</u>	<u>396,750</u>	<u>1,827</u>	<u>413,600</u>
Net assets, end of year	<u><u>\$ 14,851</u></u>	<u><u>\$ 401,079</u></u>	<u><u>\$ 1,863</u></u>	<u><u>\$ 417,793</u></u>

See accompanying notes to the financial statements.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Statements of Cash Flows

(in thousands)

Years Ended June 30,

2007

2006

Cash flows from operating activities

Change in net assets	\$ 52,216	\$ 4,193
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,896	5,480
Net realized and unrealized gain on long-term investments	(64,668)	(28,996)
Contributions designated for long-term investment	(54)	(36)
Change in value of interest rate agreement	(7,349)	1,857
Change in operating assets and liabilities		
Accounts receivable, prepaid expenses and other assets	(232)	559
Accounts payable and accrued expenses, deferred revenues	210	50
Contributions receivable	20	42

Net cash used in operating activities

(13,961) **(16,851)**

Cash flows from investing activities

Purchases of investments	(98,527)	(837,414)
Sales and maturities of investments	112,647	853,028
Acquisition and construction of property and equipment	(1,069)	(1,455)
Proceeds from sale of property and equipment	85	5
Use of trusteed funds held for construction	914	1,727
Change in employee loans receivable	10	(7)

Net cash provided by investing activities

14,060 **15,884**

Cash flows from financing activities

Contributions designated for long-term investment	54	36
---------------------------------------------------	----	----

Net cash provided by financing activities

54 **36**

Net increase (decrease) in cash and cash equivalents

153 **(931)**

Cash and cash equivalents, beginning of year

1,110 **2,041**

Cash and cash equivalents, end of year

\$ 1,263 **\$ 1,110**

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 7,593	\$ 7,449
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FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 1 - Nature of Operations

Franklin W. Olin College of Engineering, Inc. (the College), was founded in 1997 by the F. W. Olin Foundation, Inc. (the Foundation), and graduated its first class in May 2006. The College is an independent nonsectarian college offering undergraduate engineering degrees. There are approximately 300 students drawn from across the United States. The campus is located in Needham, Massachusetts. The College is a tax-exempt organization as described in Section 501(c) (3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The College became accredited by the New England Association of Schools and Colleges on December 6, 2006. This has allowed the College to participate in the Title IV student financial aid programs of the Higher Education Act of 1965 and also to grant I-20 documentation so that foreign nationals may apply for a visa to study at the College.

The College's funding was primarily sourced from the F.W. Olin Foundation under the terms of the Grant Agreement (the Agreement) which created the Olin Endowment and stipulates a number of financial and other requirements associated with the operations of the College. The Agreement further provides for the use of the Olin Endowment in certain circumstances, such as for the payment of certain debt service should unrestricted net assets be insufficient for that purpose, and for certain capital outlays. The College is obligated to maintain the Olin Endowment in perpetuity, except for the circumstances previously described. For the purposes of financial statement presentation, the endowment sourced from the Foundation is considered temporarily restricted net assets as defined in Note 2 given the potential for distribution to support debt service and capital outlays that the college may need in the future.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets that the College may use at its discretion.

Temporarily restricted net assets - Net assets that result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the College pursuant to those stipulations.

Permanently restricted net assets - Net assets from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the College.

Classifications

Investment return for operating activities subject to donor stipulations are reported as increases in temporarily restricted net assets. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as releases between the applicable classes of net assets. Expirations of temporary restrictions occur when donor-imposed stipulated purposes have been accomplished and/or the stipulated time period has elapsed.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period verifiably committed. The College reports all temporarily restricted contributions as increases to the temporarily restricted net asset class and reclassifies them to unrestricted net assets when the restrictions are met. Contributions restricted for the acquisition or construction of buildings and capitalized equipment are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets over the useful lives of the related assets. Promises to give 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. Contributions scheduled to be received after one year are discounted at a rate commensurate with the risk involved.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments with a maturity date from purchase of three months or less. Cash and cash equivalents held by investment managers are considered part of investments.

Investments

Investments in marketable securities and debt securities are valued at quoted prices from major securities exchanges. Certain non-marketable securities, such as private equity, venture capital, and hedge funds include investments for which quoted market prices are not readily available. The fair values of these investments are based on the most recent estimates by the investment managers or partners. Estimates of fair value may differ from the values that would have been used had a ready market for the investments existed. The College believes that the carrying amount of its non-marketable securities is a reasonable estimate of fair value as of June 30, 2007 and 2006.

Dividends, interest, and net gain (loss) on investments are reported as follows:

- as increases in permanently restricted net assets if the terms of the contribution require that they be added to the principal of a permanent endowment fund;
- as increases (decreases) in temporarily restricted net assets if the terms of the contribution impose restrictions on the current use of the income or net gains; and
- as increases (decreases) in unrestricted net assets in all other cases.

Investments are comprised of the assets of the College's endowment and other restricted funds. These funds are considered either temporarily or permanently restricted, but exceed the associated net assets. The difference is from bond proceeds invested in long term assets that the College agreed to consider part of the Olin Endowment. This was a condition of the gift agreement from the Foundation. These bond proceeds repaid the College for construction costs previously funded by Foundation gifts.

Endowment Spending Policy

The Endowment Grant Agreement stipulates that the cash basis endowment spending rate may generally not exceed 6% of the Olin Endowment. Endowment spending beyond this 6% limit requires affirmative Board appropriation. Accrued draws in excess of 6% are permitted without Board approval.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Land, buildings, and equipment are reported at cost at the date of acquisition or at fair value at the date of donation in the case of gifts. For assets placed in service, depreciation is provided using the straight-line method over the estimated useful lives of the assets. Expenditures for new construction, and major renewals, replacements and equipment are capitalized. Gift funded assets are classified as temporarily restricted net assets, and released in the amount of depreciation each year.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 to 40
Equipment	3 to 20

Operating and Nonoperating Activities

The College recognizes revenue on grants and contracts for research as related costs are incurred. Payments received in advance of expenditures are recorded as deferred revenue. Advance payments received for student-related activities are recorded as deposits.

The cost of providing the College's operating activities has been summarized on a functional basis in the accompanying statements of activities. Expenses associated with the College's facilities costs, including depreciation, operations, and maintenance expenses, are functionally allocated based on estimated space utilized.

Nonoperating activities include returns associated with long-term investments, restricted contributions, and changes in the fair value of the interest rate swap agreements on the College's debt.

Use of Estimates

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

Reclassifications

Certain 2006 amounts have been reclassified to conform to the 2007 presentation.

Note 3 - Employee Loans Receivable

The College made loans to certain employees to assist with their purchase of a primary residence in the local area. These loans carry below-market interest rates, have balloon repayment terms and are secured by the real estate.

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 4 - Contributions Receivable, Net

Contributions receivable consisted of the following at June 30:

	<i>2007</i>	<i>2006</i>
Amounts due in:		
Less than one year	\$ 5,035	\$ 5,090
One to five years	76	-
Total due	5,111	5,090
Less:		
Unamortized discount	11	-
Allowance for doubtful accounts	30	-
Contributions receivable, net	\$ 5,070	\$ 5,090

Discount rates used to present value the estimated cash flows from contributions was 5.03% for the year ended June 30, 2007.

The Foundation has committed to transfer the remaining balance of its available assets to the College upon final settlement of the Foundation. In return, the College committed to add these funds to the Olin Endowment, and also agreed to certain other covenants including the payment of any Foundation debt or expenses that may arise after the assets have been transferred to the College. Included in the Contribution receivable is the \$5,000 which the Foundation formally committed as a contribution. The assets of the Foundation at June 30, 2007 are approximately \$11,000. The College will record the remaining contribution when it is verifiably committed and the date of receipt is reasonably assured.

Note 5 - Long-Term Investments

Long-term investments consisted of the following as of June 30:

	<i>2007</i>	<i>2006</i>
Equities and equity funds:		
Domestic	\$ 143,170	\$ 135,892
International	78,213	56,594
Marketable alternatives	146,681	158,107
Nonmarketable alternatives	6,699	523
Fixed-income securities funds	87,969	75,201
Real Estate	17,142	-
Short-term investments	2,788	5,797
Long-term investments, at fair value	\$ 482,662	\$ 432,114

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 5 - Long-Term Investments (Continued)

Long-term investment activity for 2007 and 2006 was as follows:

	<i>2007</i>	<i>2006</i>
Investments, beginning of year	\$ 432,114	\$ 418,732
Contributions	157	86
Net realized and unrealized investment gains	64,668	28,996
Dividends and interest available	9,078	6,659
Other activity	(280)	641
Cash-basis endowment draw	<u>(23,075)</u>	<u>(23,000)</u>
Excess of earnings over draw	<u>50,391</u>	<u>13,296</u>
Investments, end of year	<u>\$ 482,662</u>	<u>\$ 432,114</u>

The College is obligated under certain limited partnership agreements to advance additional funding periodically up to specified levels. At June 30, 2007, the College had capital commitments of approximately \$50,338, which will be funded from existing investments. Investment management expenses were \$9,382 and \$4,165 for the years ended June 30, 2007 and 2006, respectively.

Of the above balance, \$1,858 is permanently restricted for specific purpose funds and \$85 is designated for facilities renewal and replacement. Management considers the remaining balance of \$480,719 to be the Olin Endowment, which can be used only in accordance with the terms of the Grant Agreement, regardless of the accounting classification. See Note 1 for discussion of the terms of the Grant Agreement.

Note 6 - Plant and Equipment, net

Property and equipment consisted of the following as of June 30:

	<i>2007</i>	<i>2006</i>
Land	\$ 14,605	\$ 14,605
Buildings and improvements	129,412	128,496
Equipment	7,947	7,514
Construction in progress	<u>320</u>	<u>685</u>
	152,284	151,300
Less accumulated depreciation	<u>(22,626)</u>	<u>(16,959)</u>
Plant and equipment, net	<u>\$ 129,658</u>	<u>\$ 134,341</u>

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 7 - Pension Plans

Defined Contribution Plan

The College has established a contributory retirement plan (the Plan) for eligible personnel. The Plan is mandatory for all employees starting on the first day of the month following four months of employment. The Plan is designed in accordance with the provisions of Section 403(b) of the Code and the College's expenses under the Plan were \$771 and \$728 for the years ended June 30, 2007 and 2006, respectively.

The College also has a supplemental retirement plan under Section 403(b) of the Code, which is funded by voluntary employee contributions.

Deferred Compensation Plan

The College designed a plan in accordance with Section 457(b) of the Code. Under the terms of this plan, no contributions are made by the College, but it is fully funded by voluntary pre-tax contributions by highly compensated employees. The assets and liabilities of this plan are recorded in the Statements of Financial Position and total \$304 and \$219 in 2007 and 2006, respectively. The assets and liabilities are recorded in prepaid expenses and accounts payable and accrued expenses, respectively.

Note 8 - Collaboration and Shared Services Agreement

The College has a Collaboration Agreement and a Shared Service Agreement with Babson College that defines their cooperation on academic programming and purchasing of services. The College pays Babson College a fee for certain administrative and programmatic services, and other associated expenses. Fees incurred under these agreements were \$933 and \$2,761, of which approximately \$76 and \$359 were included in accounts payable and accrued expenses as of June 30, 2007 and 2006 respectively. These costs have been included in Institutional support, Instruction and Student services in the accompanying Statements of Activities. The College continues to become less dependent on Babson for administrative and support services, as evidenced by the decrease in fees resulting from the College developing its own facilities management function. Management believes that alternatives for other services purchased from Babson are available in the community.

Note 9 - Bonds Payable

Debt consisted of the following as of June 30:

	2007	2006
Taxable Revenue Bonds Series A-1 and A-2 Auction Variable Rate Securities, maturing serially from 2030 to 2033, at an average rate of 5.26 % in fiscal year 2007	\$ 93,200	\$ 93,200
Tax-Exempt Revenue Bonds Series B, at a fixed rate of 5.25%, maturing serially from 2028 to 2033	65,910	65,910
	<u>159,110</u>	<u>159,110</u>
Less unamortized bond discount	<u>(1,176)</u>	<u>(1,225)</u>
Bonds payable, net	<u>\$ 157,934</u>	<u>\$ 157,885</u>

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 9 - Bonds Payable (Continued)

The College issued multiple series of bonds in August 2003. A portion of the proceeds from these bonds was used to reimburse the College for construction of Phase I of the main campus, and the remaining balance was used for construction of a second residence hall. The bonds are secured by approximately 42.6 acres of the College's land, along with the associated buildings, facilities and improvements. The terms of the Bonds include debt covenants such as maintaining certain values of net assets available for debt service, with which the College is in compliance at June 30, 2007 and 2006.

Repayments of Series A-1 are as follows: \$10,000 in 2030, \$10,000 in 2031, \$10,000 in 2032 and \$10,000 in 2033. The lump-sum repayment of the \$53,200 Series A-2 bonds is due in 2033.

Sinking fund payments on the Series B bonds are as follows: \$1,025 in 2028, \$10,315 in 2029, \$11,545 in 2030, \$12,870 in 2031, \$14,305 in 2032, and \$15,850 in 2033.

Interest expense was \$7,593 and \$7,364 for the years ended June 30, 2007 and 2006, respectively.

Unamortized bond discount and issue costs are being amortized on the effective interest method through the final maturity date of each respective bond issue.

In June of 2006, the College entered into a basis swap to mitigate the interest rate risk associated with the Series A-1 and A-2 variable rate debt. The College pays the product of USD-BMA Municipal Swap Index times 1.45 on principal amounts of \$40,000 and \$53,190. The counterparty is obligated to pay the College 3-month USD-LIBOR plus 0.53% and 0.55% on the same principal amounts. In December 2006, the College entered into a variable to fixed interest rate swap to eliminate the interest rate risk associated with the Series A-1 variable rate. The College pays an annual fixed interest rate of 5.12% and the counterparty is obligated to pay the College 3-month USD-LIBOR on the principal amount of \$40,000. The fair value of the swap agreements is reflected on the Statements of Financial Position as an asset of \$5,492. The gain associated with the swap agreements is reflected as a nonoperating item in the Statements of Activities.

Note 10 - Restricted Net Assets and Releases

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30:

	<i>2007</i>	<i>2006</i>
Olin Endowment contribution receivable from the Foundation	\$ 5,000	\$ 5,000
Temporarily Restricted Portion of the Olin Endowment Purpose restrictions	356,865	301,768
Investment in property and equipment (to be released over time)	952	853
	<u>88,714</u>	<u>93,458</u>
	<u>\$ 451,531</u>	<u>\$ 401,079</u>

FRANKLIN W. OLIN COLLEGE OF ENGINEERING, INC.

Notes to Financial Statements

Note 10 - Restricted Net Assets and Releases (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following as of June 30:

	<i>2007</i>	<i>2006</i>
Bioengineering chair	\$ 1,633	\$ 1,633
Wynn Library Fund	175	150
Permanently Restricted Portion of the Olin Endowment	66	30
Samuel and Rae Eckman Endowment	50	50
	\$ 1,924	\$ 1,863

Net Assets Released from Restrictions

Net assets released from restrictions consisted of the following as of June 30:

	<i>2007</i>	<i>2006</i>
Depreciation of gifted capitalized assets	\$ 4,744	\$ 4,747
Olin Endowment spending	20,493	24,773
Interest Rate Agreements	(1,857)	1,857
Scholarship	49	95
Other	363	209
	\$ 23,792	\$ 31,681

Included in Olin Endowment release for the year ended June 30, 2007 is \$2,582 for the reversal of fiscal year 2006 accrued expenses for which the cash was not transferred to the operating account. The Olin Endowment cash draw amounted to \$23,075 and \$23,000 for the years ended June 30, 2007 and 2006, respectively.

See footnotes 1 and 5 for additional discussion of the Olin Endowment.

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DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Loan and Trust Agreements and used in this Official Statement:

General Definitions

“Act” means Massachusetts General Laws Chapters 23G and 40D, each as amended.

“Authorized Officer” means: (i) in the case of the Issuer, the President and Chief Executive Officer, Executive Vice President and Chief Operating Officer, Treasurer & Executive Vice President/Finance and Administration and Chief Financial Officer, Secretary and General Counsel, Executive Vice President for Legislative Affairs, Executive Vice President for Finance Programs, Executive Vice President for Real Estate, Executive Vice President - Military Initiatives, Executive Vice President for Devens Operations or Senior Vice President, Investment Banking, and when used with reference to an act or document of the Issuer also means any other person authorized to perform the act or execute the document; (ii) in the case of the Borrower, the Chairman or other presiding officer of the Board of Trustees, the President, Director or other chief executive or administrative officer, Vice President for Financial Affairs and Treasurer or other chief financial officer or any Assistant Treasurer, and when used with reference to an act or document of the Borrower also means any other person or persons authorized to perform the act or execute the document; and (iii) in the case of the Trustee, any officer working in its corporate trust department with direct responsibility for the administration of the Agreement and also means any other officer to whom a matter relating to the Agreement is referred because of his or her knowledge of and familiarity with the particular subject.

“Bank” means RBS Citizens, National Association, in its capacity as issuer of the Letters of Credit for the Bonds.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Issuer, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

“Bondowners” means the registered owner or owners of the Bonds from time to time as shown in the books kept by the Trustee as bond registrar.

“Bonds” means, collectively, the Massachusetts Development Finance Agency’s \$10,000,000 Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-1 (Federally Taxable) (the “Series C-1 Bonds”), \$42,000,000 Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-2 (the “Series C-2 Bonds”) and \$42,000,000 Variable Rate Demand Revenue Bonds, Olin College Issue, Series 2008 C-3 (the “Series C-3 Bonds”), each dated the date of delivery thereof, and any Bond or Bonds duly issued in exchange or replacement therefor.

“Bond Year” means each one year period (or shorter period from the date of issue of the Bonds) ending on June 30.

“Borrower Bonds” has the meaning set forth in Appendix D under the heading “Payments by the Borrower.”

“Business Day” means a day other than a Saturday or Sunday and on which banks in each of the cities in which the principal offices of the Trustee and the Remarketing Agent, if any, and the office of the Bank, if any, are made are located are not required or authorized to remain closed and on which the New York Stock Exchange or the payment system of the Federal Reserve System is not closed.

“Date of Interest Accrual” means the date of delivery of the Bonds.

APPENDIX C

“Eligible Account” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company, including the Trustee, that has S&P’s short-term debt rating of at least “A-2” (or, if no short-term debt rating, a long-term debt rating of “BBB+”) or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution, including the Trustee, subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that an account required to be an “Eligible Account” no longer complies with the requirement, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

“Fitch” means Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower after consultation with the Remarketing Agent.

“Fixed Rate Conversion Date” means, with respect to a series of Bonds to be converted to the Fixed Rate Mode, the date on which the Fixed Rate shall take effect with respect to such Bonds.

“Funds” means the funds held by the Trustee and created by the Agreement.

“Government or Equivalent Obligations” means (i) obligations issued or guaranteed by the United States; (ii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee in a special account separate from the general assets of such custodian; and (iii) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (A) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (B) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) or (ii) which fund may be applied only to the payment when due of interest, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (C) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) or (ii), as the case may be, which have been deposited in such fund on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (iii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this clause (iii), as appropriate.

“Indebtedness” means all obligations of the Borrower for borrowed money, or installment sale and capitalized lease obligations, incurred or assumed, including guaranties, Long-Term Indebtedness, Short-Term Indebtedness, subordinated Indebtedness or any other obligation of the Borrower for payments of principal and interest with respect to money borrowed.

“IRC” means the Internal Revenue Code of 1986, as it may be amended and applied to the Bonds from time to time.

“Letter of Credit” means the irrevocable letters of credit issued by the Bank for the benefit of the Trustee with respect to the Bonds.

“Long-Term Indebtedness” means any Indebtedness which is not Short-Term Indebtedness.

“Maturity Date” means (i) July 1, 2043 and (ii) if established pursuant to the Agreement upon a change to the Fixed Rate Mode, any Serial Maturity Date (as defined below under “Special Definitions Relating to Bonds in Variable Rate and Fixed Rate Modes”).

“Maximum Rate” means ten percent (10%) per annum. The maximum interest rate for Pledged Bonds or Liquidity Provider Bonds shall be as set forth in the applicable Reimbursement Agreement or Liquidity Facility then in effect.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower after consultation with the Remarketing Agent.

“Outstanding,” when used to modify Bonds, refers to Bonds issued under the Agreement, excluding: (i) Bonds which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment; (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

“Person” means any natural person, corporation, limited liability company, partnership, trust, joint venture, association, company, estate, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision or instrumentality thereof.

“Project” means the following projects originally financed with the proceeds of the Refunded Bonds: Land, buildings and furnishings and equipment, or any combination of the foregoing, in connection with approximately 380,000 square feet of academic, residential and administrative space, including a campus center/campus power plant building, an academic/administrative/library building, a classroom/laboratory building, two residence halls, all furnishings and equipment related thereto and other capital expenditures related thereto. The word “Project” also refers to the facilities which result or have resulted from the foregoing activities.

“Rating Agencies” means any of Moody’s, S&P or Fitch, which is then providing a rating on the Bonds.

“Refunded Bonds” means the Issuer’s Taxable Revenue Bonds, Olin College Issue, Series A-1 and Series A-2, Select Auction Variable Rate Securities (SAVRS).

“Reimbursement Agreement” means (a) initially, the Reimbursement Agreement between the Bank and the Borrower relating to the Bonds, and any amendments and supplements thereto, and (b) any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement, by and between the Credit Provider or Liquidity Provider, as applicable, and the Borrower.

“Revenues” means all rates, payments, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, payable to the Issuer or the Trustee under the Agreement, excluding administrative fees of the Issuer, fees of the Trustee, reimbursements to the Issuer or the Trustee for expenses incurred by the Issuer or the Trustee, and indemnification of the Issuer and the Trustee.

“S&P” means Standard & Poor’s Ratings Services, a division of McGraw-Hill, duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower after consultation with the Remarketing Agent.

“Securities Depository” means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Borrower which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds.

APPENDIX C

“Short-Term Indebtedness” means any issue of Indebtedness no portion of which has a date of maturity more than one year from the date of original issuance thereof.

“Taxable Period” shall mean the period commencing on the Date of Interest Accrual and ending on the day immediately preceding the first day of the Tax-Exempt Period.

“Tax-Exempt Period” shall mean the period commencing on the Interest Payment Date on which Bonds of a series commence accruing interest that is excludable from the gross income of the owners thereof for federal income tax purposes and ending on the date of maturity thereof.

“Tax Certificate” means the Tax Certificate and Agreement between the Issuer and the Borrower dated the date of original issuance of the Bonds.

“UCC” means the Massachusetts Uniform Commercial Code.

“Variable Rate Mode” means the Daily Mode, Weekly Mode, Flexible Mode or Term Rate Mode (all as defined below under “Special Definitions Relating to Bonds in Variable Rate and Fixed Rate Modes”).

Special Definitions Relating to Bonds in Variable Rate and Fixed Rate Modes

“Affiliate” means any person controlled by, in control of or under common control with the Issuer or the Borrower.

“Alternate Credit Enhancement” or “Alternate Liquidity Facility” means a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security or liquidity instrument, as the case may be, issued in accordance with the terms of the Agreement as a replacement or substitute for any Credit Enhancement or Liquidity Facility, as applicable, then in effect.

“Alternate Rate” means, on any Rate Determination Date, for any Mode, a rate per annum equal to (a) the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index, formerly the BMA Municipal Swap Index of Municipal Market Data, formerly the PSA Municipal Swap Index (as such term is defined in the 2006 ISDA Definitions) (the “SIFMA Rate”) most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Rate is no longer published, the Kenny Index (as such term is defined in the 2006 ISDA Definitions), or if neither the SIFMA Rate nor the Kenny Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Rate just prior to when SIFMA stopped publishing the SIFMA Rate.

“Authorized Denominations” means (i) with respect to Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof and (iii) with respect to Bonds in a Long-Term Mode, \$5,000 and any integral multiple thereof.

“Automatic Termination Event” means, in the case of a Liquidity Facility, an event of default set forth in the Reimbursement Agreement between the Borrower and the Liquidity Provider which would result in the immediate termination of the Liquidity Facility prior to its stated expiration date without at least thirty days’ prior notice from the Liquidity Provider to the Trustee, other than a termination upon the substitution of an Alternate Liquidity Facility.

“Available Amount” means the amount available under the Credit Enhancement or Liquidity Facility, as applicable, to pay the principal of and interest on the Bonds or the Purchase Price of the Bonds, as applicable.

“Available Moneys” means (i) moneys held by the Trustee (other than in the Purchase Fund) and continuously subject to a first priority lien under the Agreement for a period of at least 123 days and not commingled with any moneys so held for less than said period and during which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against, the Borrower, unless such petition or proceeding was dismissed and all applicable appeal periods have expired without an appeal having been filed, (ii) proceeds of obligations issued to refund all or a portion of the Bonds, (iii) proceeds from draws on Credit Enhancement, (iv) any moneys with respect to which an opinion, which is acceptable to Moody’s if Moody’s is then rating the Bonds, of nationally recognized bankruptcy counsel has been received by the Trustee to the effect that payments by the Trustee in respect of the Bonds, as provided in the Agreement, derived from such moneys would not constitute transfers avoidable under 11 U.S.C. §547(b), §362(a) or §541 and recoverable from the Owners under 11 U.S.C. §550(a) should the Borrower be the debtor in a case under Title 11 of the United States Code, as amended, or (v) investment income derived from the investment of moneys described in clause (i), (ii), (iii) or (iv).

“Beneficial Owner” means, so long as the Bonds are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Bond held by the Securities Depository. If at any time the Bonds are not held in the Book-Entry-Only System, Beneficial Owner means Owner for purposes of the Agreement.

“Conversion Date” means, with respect to a series of Bonds to be converted to a Fixed Rate, the date on which such Bonds begin to bear interest at a Fixed Rate.

“Credit Enhancement” means (i) initially, the Letter of Credit and (ii) any other direct-pay letter of credit, insurance policy, surety bond, line of credit or other instrument then in effect which secures or guarantees the payment of principal of and interest on the Bonds and that may also provide a source of funds for the purchase of unremarketed tendered Bonds.

“Credit Enhancement Failure” or “Liquidity Facility Failure” means a failure of the Credit Provider or Liquidity Provider, as applicable, to pay a properly presented and conforming draw or request for advance under, or to purchase Bonds in conformance with the requirements of, the Credit Enhancement or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against the Credit Provider or Liquidity Provider, as applicable, or the Credit Provider or Liquidity Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate the Credit Enhancement or Liquidity Facility, as applicable.

“Credit Provider” means (i) initially, the Bank and (ii) any other bank, insurance company, pension fund or other financial institution which provides Credit Enhancement or Alternate Credit Enhancement for the Bonds.

“Daily Mode” means the Mode during which the Bonds bear interest at the Daily Rate.

“Daily Rate” means the per annum interest rate on any Bond in the Daily Mode determined pursuant to the Agreement.

“Daily Rate Period” means the period during which a Bond in the Daily Mode shall bear interest at a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

“Effective Date” means the date on which a new interest rate takes effect.

“Electronic Means” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

“Expiration Date” means the stated expiration date of the Credit Enhancement or the Liquidity Facility, as it may be extended from time to time as provided in the Credit Enhancement or the Liquidity Facility, or any earlier date on which the Credit Enhancement or the Liquidity Facility shall terminate, expire or be cancelled.

APPENDIX C

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and the Agreement and will not impair the exclusion of interest on the Bonds in the Tax-Exempt Period from gross income for purposes of Federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Bonds).

“Fixed Rate” means the per annum interest rate on any Bond in the Fixed Rate Mode determined pursuant to the Agreement.

“Fixed Rate Bond” means a Bond in the Fixed Rate Mode.

“Fixed Rate Mode” means the Mode during which the Bonds bear interest at the Fixed Rate.

“Fixed Rate Period” means for the Bonds in the Fixed Rate Mode, the period from the Mode Change Date upon which the Bonds were converted to the Fixed Rate Mode to but not including the Maturity Date for the Bonds.

“Flexible Rate Bond” means a Bond in the Flexible Mode.

“Flexible Mode” means the Mode during which the Bonds bear interest at the Flexible Rate.

“Flexible Rate” means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to the Agreement. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

“Flexible Rate Period” means the period of from one to 360 calendar days (which period must end on a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to the Agreement. The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

“Interest Accrual Period” means the period during which a Bond accrues interest payable on the next Interest Payment Date applicable thereto. With respect to any Mode, each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of the Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

“Interest Amount” means the aggregate amount available under the Credit Enhancement or Liquidity Facility, as applicable, to pay interest accruing on the Bonds or that portion of the Purchase Price constituting interest.

“Interest Payment Date” means each date on which interest is to be paid and is: (i) with respect to the Bonds in the Flexible Mode, each Mandatory Purchase Date applicable thereto and, if the first Mandatory Purchase Date after conversion to such Mode or any succeeding Mandatory Purchase Date is more than thirty (30) days after the date of conversion to such Mode or the prior Mandatory Purchase Date, respectively, the Business Day immediately preceding the thirtieth (30th) day after such date of conversion to such Mode or prior Mandatory Purchase Date, as applicable; (ii) with respect to the Bonds in the Daily Mode or the Weekly Mode, the first Business Day of each month; (iii) with respect to the Bonds in a Long-Term Mode, the first day of the sixth calendar month following the month in which such Long-Term Mode takes effect, and the first day of each sixth calendar month thereafter or, upon the receipt by the Trustee of a Favorable Opinion of Bond Counsel, any other six-month interval chosen by the Borrower (beginning with the first such day which is at least three months after the Mode Change Date) and, with respect to a Term Rate Period, the final day of the current Interest Period if other than a regular six-month interval; (iv) (without duplication as to any Interest Payment Date listed above) any Mode Change Date, other than a change between a Daily Mode and a Weekly Mode, and the Maturity Date; and (v) with respect to any Pledged Bonds or Liquidity Provider Bonds, the day set forth in the Reimbursement Agreement then in effect.

“Interest Period” means, for the Bonds in a particular Mode, the period of time that the Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and shall include a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Term Rate Period and a Fixed Rate Period.

“Liquidity Facility” means any letter of credit, line of credit, standby purchase agreement or other instrument then in effect which provides for the purchase of Bonds upon the tender thereof in the event remarketing proceeds are insufficient therefor. References in the Agreement to “Liquidity Facility” shall be deemed to apply to the respective Liquidity Facility applicable to each series of Bonds.

“Liquidity Provider” means any bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for the Bonds. References in the Agreement to “Liquidity Provider” shall be deemed to apply to the respective Liquidity Provider applicable to each series of Bonds.

“Liquidity Provider Bonds” means any Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility or Credit Enhancement, as applicable.

“Long-Term Mode” means a Term Rate Mode or a Fixed Rate Mode.

“Mandatory Purchase Date” means: (i) with respect to a Flexible Rate Bond the first Business Day following the last day of each Flexible Rate Period with respect to such Bond, (ii) for Bonds in the Term Rate Mode, on the first Business Day following the last day of each Term Rate Period, (iii) any Mode Change Date (except a change in Mode between the Daily Mode and the Weekly Mode), (iv) the Business Day next preceding any Substitution Date (other than a substitution of an Alternate Credit Enhancement for Credit Enhancement while the applicable Bonds are in the Term Rate Mode or Fixed Rate Mode), (v) the fifth Business Day prior to the Expiration Date (other than as a result of an Automatic Termination Event), and (vi) on the date specified by the Trustee upon receiving written notice from the Credit Provider or Liquidity Provider pursuant to the Agreement of the occurrence of an event of default (other than an Automatic Termination Event) under the Reimbursement Agreement and directing a mandatory tender of the Bonds, which date shall be a Business Day at least two Business Days prior to the termination of the Credit Enhancement or Liquidity Facility, if applicable.

“Mode” means, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode or the Fixed Rate Mode.

“Mode Change Date” means with respect to the Bonds in a particular Mode, the day on which another Mode for the Bonds begins.

“Mode Change Notice” means the notice from the Borrower to the other Notice Parties of the Borrower’s intention to change the Mode with respect to the Bonds.

“Notice Parties” means the Issuer, the Trustee, the Remarketing Agent, the Credit Provider, the Liquidity Provider and the Borrower.

“Opinion of Counsel” means a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

“Owner” means the registered owner of a Bond, including the Securities Depository, if any, or its nominee.

“Pledged Bonds” means any Bonds purchased with funds drawn on or advanced under the Credit Enhancement.

“Principal Payment Date” means any date upon which the principal amount of Bonds is due under the Agreement, including the Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any Bond is accelerated pursuant to the terms of the Agreement or otherwise.

APPENDIX C

“Purchase Date” means (i) for a Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said Bond pursuant to the provisions of the Agreement, and (ii) any Mandatory Purchase Date.

“Purchase Fund” means the separate fund established under the Agreement to be held by the Trustee in trust for the benefit of the purchasers of the Bonds. The Trustee shall further establish separate accounts within the Purchase Fund to be known as the “Liquidity Facility Purchase Account” and the “Remarketing Proceeds Account” and the “Borrower Purchase Account,” each such account containing separate subaccounts with respect to each Credit Enhancement or Liquidity Facility then in effect.

“Purchase Price” means an amount equal to the principal amount of any Bonds purchased on any Purchase Date, plus, in the case of any purchase of Bonds in the Daily Mode or the Weekly Mode and Bonds purchased on a Mandatory Purchase Date that is not an Interest Payment Date, accrued interest, if any.

“Rate Determination Date” means any date on which the interest rate on Bonds shall be determined, which, (i) in the case of the Flexible Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Bonds become subject to the Daily Mode; (iii) in the case of the initial conversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Wednesday or, if Wednesday is not a Business Day, then the Business Day next preceding such Wednesday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than fifteen (15) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

“Rating Confirmation Notice” means a notice from Moody’s, S&P or Fitch, as appropriate, confirming that the rating on the Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

“Record Date” means (i) with respect to Bonds in a Short-Term Mode, the last Business Day before an Interest Payment Date and (ii) with respect to Bonds in a Long-Term Mode, the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Agreement.

“Redemption Price” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.

“Remarketing Agent” means Lehman Brothers Inc., or any other investment banking firm or firms which may be substituted in its place as provided in the Agreement.

“Remarketing Agreement” means the Remarketing Agreement relating to the Bonds between the Borrower and the Remarketing Agent or any similar agreements between the Borrower and the Remarketing Agent, as they may be amended or supplemented from time to time in accordance with their terms.

“Serial Bonds” means the Bonds maturing on the Serial Maturity Dates, as determined pursuant to the Agreement.

“Serial Maturity Dates” means the dates on which the Serial Bonds mature, as determined pursuant to the Agreement.

“Serial Payments” means the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

“Short-Term Mode” means the Daily Mode, the Weekly Mode or the Flexible Mode.

“Short Term Interest Period” means a Daily Rate Period, a Weekly Rate Period or a Flexible Rate Period.

“Substitution Date” means the date upon which an Alternate Credit Enhancement or Alternate Liquidity Facility is substituted for the Credit Enhancement or Liquidity Facility then in effect.

“Tender Notice Deadline” means (i) during the Daily Mode, 11:00 A.M. on any Business Day and (ii) during the Weekly Mode, 5:00 P.M. on the Business Day seven days prior to the applicable Purchase Date.

“Tender Notice” means a notice delivered by Electronic Means or in writing that states (i) the principal amount of such Bond to be purchased pursuant to the Agreement, (ii) the Purchase Date on which such Bond is to be purchased, (iii) applicable payment instructions with respect to the Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

“Term Rate” means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to the Agreement.

“Term Rate Mode” means the Mode during which the Bonds bear interest at the Term Rate.

“Term Rate Period” means the period from (and including) the Mode Change Date to (but excluding) the last day of the first period that the Bonds shall be in the Term Rate Mode as established by the Borrower for the Bonds pursuant to the Agreement and, thereafter, the period from (and including) the beginning date of each successive Interest Rate Period selected for the Bonds by the Borrower pursuant to the Agreement while it is in the Term Rate Mode to (but excluding) the commencement date of the next succeeding Interest Period, including another Term Rate Period. Except as otherwise provided in the Agreement, an Interest Period for the Bonds in the Term Rate Mode must be at least 180 days in length.

“Weekly Mode” means the Mode during which the Bonds bear interest at the Weekly Rate.

“Weekly Rate” means the per annum interest rate on the Bonds in the Weekly Mode determined pursuant to the Agreement.

“Weekly Rate Period” means the period during which a Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except the first Weekly Rate Period which shall be from the Mode Change Date or date of initial issuance of the Bonds, as applicable, to and including the Wednesday of the following week and the last Weekly Rate Period which shall be from and including the Thursday of the week prior to the Mode Change Date to the day next succeeding the Mode Change Date.

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SUMMARY OF THE LOAN AND TRUST AGREEMENT

The following is a brief summary, prepared by Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Borrower, of certain provisions of the Loan and Trust Agreement dated as of September 1, 2008 (the "Agreement") pertaining to the Bonds. This summary does not purport to be complete, and reference is made to the Agreement for full and complete statements of such and all provisions.

The Assignment and Pledge of Revenues

The Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement (a) all Revenues to be received from the Borrower or derived from any security provided under the Agreement, (b) all rights to receive such Revenues and the proceeds of such rights, (c) all funds and investments held from time to time in the funds established under the Agreement and (d) all of its right, title and interest in the Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth in the Agreement. This assignment and pledge does not include: (i) the rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with the Issuer or (ii) the right of the Issuer to certain payment or reimbursement set forth in the Agreement. As additional security for its obligations to make payments to the Debt Service Fund and the Redemption Fund, and for its other payment obligations under the Agreement, the Borrower grants to the Trustee a security interest in its interest in the moneys and other investments held from time to time in the Funds. (Section 201)

Establishment of Funds

The following funds shall be established and maintained with the Trustee for the account of the Borrower, to be held in trust by the Trustee and applied subject to the provisions of the Agreement:

Debt Service Fund;
Redemption Fund; and
Expense Fund.

(Sections 303, 304 and 305)

Debt Service Fund

A Debt Service Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments), redemption premium, if any, and interest on the Bonds. Promptly after July 1 of each Bond Year, if the amount deposited by the Borrower in the Debt Service Fund during the preceding Bond Year pursuant to the Agreement was in excess of the amount required to be so deposited, the Trustee shall transfer such excess to the Borrower unless there is then an Event of Default known to the Trustee with respect to payments to the Debt Service Fund, or to the Trustee or the Issuer, in which case the excess shall be applied to such payments. (Section 303)

Redemption Fund

A Redemption Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Redemption Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of Bonds. The Trustee may, and upon written direction of the Borrower for specific purchases shall, apply moneys in the Redemption Fund to the purchase of the Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

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If on any date the amount in the Debt Service Fund is less than the amount then required to be transferred to the Trustee to pay the principal (including sinking fund installments) and interest then due on the Bonds, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Borrower shall remain liable for any sums which it has not paid into the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied.

If any moneys in the Redemption Fund are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Bonds called for redemption in accordance with the Agreement, then the Borrower shall immediately supply the deficiency. (Section 304)

Expense Fund

An Expense Fund is established to be held by the Trustee and proceeds of the Bonds shall be deposited therein as provided in the Agreement. The moneys in the Expense Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee solely to the payment or reimbursement of the costs of issuing the Bonds at the direction of the Borrower. After all costs of issuing the Bonds have been paid any amounts remaining in the Expense Fund shall be transferred to the Debt Service Fund upon receipt of written direction from the Borrower to the Trustee. To the extent the Expense Fund is insufficient to pay any of the above costs, the Borrower shall be liable for the deficiency and shall pay such deficiency. (Section 305)

Application of Moneys

If available moneys in the Debt Service Fund and the Redemption Fund are not sufficient on any day to pay the Purchase Price, principal (including sinking fund installments) or redemption price of and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement, be applied (in the order such Funds are named in this paragraph) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of Purchase Price or principal (including sinking fund installments) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due). If the owners of any Bonds have received all payments of principal, premium, if any, and interest that have become due and payable from a draw on the Credit Enhancement, the Bank shall be treated as the owner of such Bonds for purposes of applying the provisions described in this paragraph. In the event there exist Borrower Bonds on the date of any application of moneys as described under this heading, moneys otherwise to be paid to the Borrower pursuant to the provisions described under this heading shall be applied, first, pro rata to all other Bondowners (including the Credit Provider or Liquidity Provider (or their designees), as the pledgee or owner, as applicable, of Pledged Bonds or Liquidity Provider Bonds, if any) and second, if any balance remains, to the Bank in fulfillment of any obligations under the Reimbursement Agreement and, if any further balance remains, to the Borrower, in respect of any Borrower Bonds. For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to the provisions described under this heading, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 306)

Rebate

The Borrower covenants to pay when due any rebate due to the United States with respect to the Bonds in the Tax-Exempt Period. (Section 307)

Payments by the Borrower

The Borrower shall pay to the Trustee for deposit in the Debt Service Fund the amounts specified in the Agreement at the times specified in the Agreement.

The payments to be made by the Borrower under the Agreement shall be appropriately adjusted to reflect the date of issue of Bonds, any earnings on amounts in the Debt Service Fund and any purchase or redemption of Bonds, so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal or sinking fund installment due or coming due on the Bonds.

At any time when any principal (including sinking fund installments) of the Bonds is overdue, the Borrower shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required under the Agreement shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Borrower to the Trustee for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Borrower to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay or redeem principal of, premium, if any, and interest on the Bonds when due, the Borrower shall supply the deficiency.

If a Credit Enhancement or Liquidity Facility does not provide sufficient funds, together with all other amounts received by the Trustee for the purchase of Bonds tendered pursuant to the Agreement, to pay the Purchase Price of such Bonds on the Purchase Date, the Borrower may, but shall not be obligated to, pay to the Trustee on the Purchase Date an amount equal to the Purchase Price of such Bonds less the amount, if any, available to pay the Purchase Price in accordance with the Agreement from the proceeds of the remarketing of such Bonds or from drawings on the Credit Enhancement or Liquidity Facility, as applicable. Bonds so purchased with moneys furnished by the Borrower (“Borrower Bonds”) shall be registered to the Borrower. (Section 308)

Unconditional Obligation

To the extent permitted by law, the obligation of the Borrower to make payments to the Issuer and the Trustee under the Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Borrower to which the full faith and credit of the Borrower are pledged. (Section 309)

Investments

Pending their use under the Agreement, moneys in the Debt Service Fund, the Redemption Fund and the Expense Fund may be invested by the Trustee in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Borrower if there is not then an Event of Default known to the Trustee. Any investments pursuant to the Agreement shall be held by the Trustee as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-611 of the UCC to the extent applicable.

Except as set forth below, any interest realized on investments in any Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Fund with respect to which they were earned and any loss shall be charged thereto. Earnings on the Redemption Fund shall be transferred to the Debt Service Fund and credited against payments otherwise required to be made thereto. Earnings on the Expense Fund shall be transferred to the Debt Service Fund not less often than quarterly.

The term “Permitted Investments” means: (A) Government or Equivalent Obligations, (B) “tax exempt bonds” as defined in IRC §150(a)(6), other than “specified private activity bonds” as defined in IRC §57(a)(5)(C),

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rated at least “AA” or “Aa2” by S&P and Moody’s, respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC §148(b)(2), provided either that the fund has all of its assets invested in such “tax exempt bonds” of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated “Aam” or “AAm-G” if rated by S&P, (C) negotiable certificates of deposit or other evidences of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which have assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated “Aa3” or “AA-” or better by Moody’s or S&P and mature not more than two years after the date of purchase, (D) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody’s or S&P, (E) Repurchase Agreements, (F) money market funds rated at least “Aam” or “AAm-G” by S&P, (G) investment agreements with providers rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, (H) collateralized investment agreements with providers rated at least “A-” and “A3” by S&P and Moody’s, respectively, (I) Federal Agency Securities and participation certificates issued by the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank System, Student Loan Marketing Association, World Bank or Federal Agricultural Mortgage Corporation, and (J) commercial paper which is rated at the time of purchase at least “A-1+” by S&P or “P-1” by Moody’s and which matures not more than 270 days after the date of purchase. The term “Repurchase Agreement” means a written agreement under which a bank or trust company which has a capital and surplus of not less than \$50,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to, and agrees to repurchase from the Trustee obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Trustee to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Trustee.

Notwithstanding the immediately preceding paragraph, Permitted Investments with respect to Bonds in the Tax-Exempt Period shall not include the following:

- (i) Government or Equivalent Obligations, certificates of deposit and bankers’ acceptances, in each case with yields lower than either (i) the yield available on any comparable obligations then offered by the United States Treasury, or (ii) the highest yield published or posted by the provider of the Permitted Investments to be currently available from the provider on reasonably comparable investments;
- (ii) any demand deposit or similar account with a bank, trust company or broker, unless (i) the account is used for holding funds for a short period of time until such funds are reinvested or spent, and (ii) substantially all the funds in the account are withdrawn for reinvestment or expenditure within fifteen (15) days of their deposit therein; or
- (iii) Repurchase Agreements or investment agreements, unless (i) at least three (3) bids are obtained on the proposed Repurchase Agreement or investment agreement from persons other than those with an interest in the Bonds in the Tax-Exempt Period, (ii) the highest yielding Repurchase Agreement or investment agreement for which a qualifying bid is received is purchased, (iii) the provider of the Repurchase Agreement or investment agreement certifies that the yield on the Repurchase Agreement or investment agreement is not less than the yield then available from the provider on reasonably comparable Repurchase Agreements or investment agreements, as applicable, if any, offered to persons who are purchasing the agreement from a source other than proceeds of tax-exempt bonds, (iv) the terms of the

Repurchase Agreement or investment agreement, including collateral requirements, are reasonable, and (v) a written record of the yield offered by each bidder is maintained.

Any of the above requirements with respect to Bonds in the Tax-Exempt Period shall not apply to moneys as to which the Trustee shall have received an opinion of nationally recognized bond counsel to the effect that such requirements are not necessary to preserve the exclusion of interest on Bonds in the Tax-Exempt Period from the gross income of the owner thereof for federal income tax purposes. Permitted Investments with respect to Bonds in the Tax-Exempt Period shall not include any investment that would cause any of the Bonds in the Tax-Exempt Period to be federally guaranteed within the meaning of IRC §149(b). (Section 311)

Use of Project

Compliance with Law. In the maintenance, improvement and operation of the Project, the Borrower covenants that it has complied and will comply in all material respects with all applicable building, zoning, land use, environmental protection, sanitary, safety and educational laws, rules and regulations, and all material and applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this paragraph if the Borrower fails to comply with such laws, rules, regulations and requirements (other than Chapter 21E of the Massachusetts General Laws, as amended) during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the security created or intended to be created by the Agreement is not, in the opinion of the Trustee, unreasonably jeopardized thereby.

Payment of Lawful Charges. The Borrower shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Project or any part thereof; but it shall not be a breach of this subsection if the Borrower fails to pay any such item during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund and that the security created or intended to be created by the Agreement is not, in the opinion of the Trustee, unreasonably jeopardized thereby.

Permitted Purposes. The Borrower agrees that no part of the Project shall be used for any purpose which would cause the Issuer's financing of the Project to constitute a violation of the First Amendment of the United States Constitution. In particular, the Borrower agrees that no part of the Project, so long as it is owned or controlled by the Borrower, shall be used for any sectarian instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; and any proceeds of any sale, lease, taking by eminent domain of the Project or other disposition thereof shall not be used for, or to provide a place for, such instruction, worship or program. The provisions of the foregoing sentence shall, to the extent permitted and required by law, survive termination of the Agreement. The Borrower further agrees that the Project is, and at all times while the Bonds are Outstanding will be used in a manner as to be, included within the definition of a "project" in the Act, and shall be used only for the purposes described in the Act. The Borrower acknowledges that it is fully familiar with the physical condition of the Project and that it is not relying on any representation of any kind by the Issuer or the Trustee concerning the nature or condition thereof. Neither the Issuer nor the Trustee shall be liable to the Borrower or any other person for any latent or patent defect in the Project. (Section 701)

Repair and Current Expenses

The Borrower agrees that it will maintain and repair the Project and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. In the event of damage to or destruction of all or any part of the Project or other property of the Borrower from any casualty or in the event of a taking, the Borrower shall repair, replace, restore or reconstruct the Project or other property of the Borrower to the extent necessary to restore substantially its value and in a manner suitable for its continued use for the purpose for which it was provided; and this obligation shall not be limited by the amount of available insurance proceeds. The Borrower shall pay all costs of maintaining and operating the Project. (Section 702)

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Default by the Borrower

Events of Default; Default. “Event of Default” in the Agreement means any one of the events set forth below and “default” means any Event of Default without regard to any lapse of time or notice.

- (a) *Debt Service on Bonds; Required Purchase.* Any principal (including sinking fund installments) of, premium, if any, Purchase Price or interest on any Bond shall not be paid when due, whether at maturity, by acceleration, upon redemption or otherwise.
- (b) *Payments by the Borrower.* The Borrower shall fail to make any payment required of it under the Agreement relating to rebate or principal (including sinking fund installments), premium, if any, or interest on the Bonds when the same becomes due and payable.
- (c) *Other Obligations.* The Borrower shall fail to make any other required payment to the Trustee or the Issuer and such failure is not remedied within seven (7) days after written notice thereof is given by the Issuer or the Trustee to the Borrower; or the Borrower shall fail to observe or perform any of its other agreements, covenants or obligations under the Agreement or, in the case of the Series 2008A Bonds, the Tax Certificate, and such failure is not remedied within sixty (60) days after written notice thereof is given by the Issuer or the Trustee to the Borrower.
- (d) *Warranties.* There shall be a material breach of a warranty made in the Agreement by the Borrower as of the date it was intended to be effective and the breach is not cured within sixty (60) days after written notice thereof is given by the Trustee to the Borrower.
- (e) *Voluntary Bankruptcy.* The Borrower shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.
- (f) *Appointment of Receiver.* A trustee, receiver, custodian or similar official or agent shall be appointed for the Borrower or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.
- (g) *Involuntary Bankruptcy.* The Borrower shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty (60) days.
- (h) *Breach of Other Agreements.* A breach shall occur (and continue beyond any applicable grace period) with respect to the payment of other Indebtedness of the Borrower for borrowed money with respect to loans exceeding \$5,000,000 or with respect to the performance of any agreement securing such other indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to under this heading, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates or is empowered to accelerate any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this clause (h) if (A) the Borrower is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings, (B) the power of acceleration is not exercised and it ceases to be in effect, or (C) such breach or event is remedied and the acceleration, if any, is wholly annulled. The Borrower shall notify the Issuer and the Trustee of any such breach or event immediately upon the Borrower’s becoming aware of its occurrence and shall from time to time furnish such information as the Issuer or the Trustee may reasonably request for the purpose of determining whether a breach or event described in this clause (h) has occurred and whether such power of acceleration has been exercised or continues to be in effect.

(i) *Reimbursement Agreement.* The Trustee shall have received written notice from the Bank of the occurrence of an event of default under any Reimbursement Agreement then in effect, which notice shall direct the acceleration of the Bonds.

(j) *Non-Reinstatement under the Letter of Credit.* Provided the Letter of Credit does not provide for automatic reinstatement, the Trustee shall receive written notice from the Bank within ten (10) calendar days after a drawing under the applicable Letter of Credit that the Bank has not reinstated the amount so drawn, and such non-reinstatement causes the total amount of the obligation of the Bank under the applicable Letter of Credit to be less than the principal amount of the Outstanding Bonds supported by such Letter of Credit (other than Pledged Bonds or Borrower Bonds), plus accrued interest for a period of 45 days (35 days in the case of Letters of Credit that provide for automatic reinstatement) at the Maximum Rate with respect to the principal amount of such Bonds then Outstanding in the Weekly Mode or such lesser or greater number of days as may be required by any rating agency then rating the Bonds if such Bonds are in any other Mode.

Waiver. Any default and the consequences thereof, including any acceleration, may be waived by written instruction of the owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds with notice to the Trustee, the Issuer and the Borrower. If the default concerns a payment required to be made to the Issuer or rights or powers reserved by the Agreement, the written consent of the Issuer shall be required for a waiver. Notwithstanding the above, the Trustee shall not waive any Event of Default (i) if there was a draw on the Credit Enhancement as a result of such Event of Default, without written notice from the Credit Provider that the Credit Enhancement has been reinstated in full and (ii) in the case of an Event of Default described in clause (i) under “Events of Default; Default” above, without written notice from the Credit Provider that the notice of event of default to the Trustee has been rescinded. (Section 801)

Remedies for Events of Default

Remedies. If an Event of Default occurs and is continuing:

(a) *Acceleration.*

(i) *Bonds Supported by a Letter of Credit.* If the Event of Default is one described in Paragraph (i) under the heading “Default by the Borrower” above or, if the Letter of Credit does not provide for automatic termination, Paragraph (j) under the heading “Default by the Borrower” above, the principal of the Bonds that are supported by the Letter of Credit and Pledged Bonds and accrued interest thereon shall automatically become immediately due and payable without any further notice or action, and interest on the Bonds shall immediately cease to accrue. So long as a Letter of Credit is in effect and the Bank has not failed to honor a properly presented and conforming drawing thereunder, no acceleration shall be declared by reason of an Event of Default described in Paragraphs (a) through (h) without the prior written consent of the Bank. Notwithstanding the foregoing, if any Event of Default described in Paragraph (a) occurs due to the failure of the Trustee to receive sufficient funds for the payment of the Purchase Price of all Bonds supported by a Letter of Credit tendered for purchase on any Purchase Date, the Trustee shall immediately draw under the Letter of Credit an amount equal to such deficiency (except to the extent that one or more drawings have been made previously in respect of the same deficiency), plus one day’s accrued interest on such Bonds, and only if such Event of Default is not cured by the close of business on the next Business Day shall there be such an automatic acceleration of the payment of principal of and accrued interest on the Bonds. The Trustee shall draw on the Letter of Credit immediately upon any automatic acceleration or declaration of acceleration pursuant to the provisions described in this paragraph, the proceeds of which draws shall be used to pay Bondowners immediately.

(ii) *Bonds not Supported by a Letter of Credit.* The Trustee may, and upon the written request of the registered owners of a majority in principal amount of the Outstanding Bonds which are not supported by a Letter of Credit shall, by written notice to the Borrower, the Issuer, the Credit Provider and the Liquidity Provider, if any, the Remarketing Agent, if any, and the Rating Agencies declare immediately due and payable the principal amount of such Outstanding Bonds and the payments to be made by the

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Borrower therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

If, at any time after such declaration and before the entry of a judgment or decree for payment of the money due, all amounts payable under the Agreement except principal and interest on the Bonds which are due solely by reason of such declaration and acceleration shall have been paid or provided for by deposit with the Trustee and all existing Events of Default shall have been cured, then, unless otherwise directed in writing by the registered owners of Bonds representing a majority of the principal amount of the Outstanding Bonds, the Trustee shall rescind and annul such declaration and acceleration, but no such rescission shall affect any subsequent Event of Default or the consequences thereof.

(b) *Rights as a Secured Party.* The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to securities in the Debt Service Fund, the Redemption Fund and the Expense Fund, including the right to retain such securities in satisfaction of the obligations of the Borrower under the Agreement. (Section 802)

Court Proceedings

The Trustee may enforce the obligations of the Borrower under the Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained in the Agreement, whether or not any breach has become an Event of Default, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Borrower of the provisions of the Agreement, including (to the extent the Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Borrower under the Agreement. The Issuer may likewise enforce obligations under the Agreement which it has not assigned to the Trustee. (Section 803)

Revenues after Default

The proceeds from sale, redemption or retention of securities under the provisions described under "Rights as a Secured Party" above shall be remitted to the Trustee upon receipt and in the form received. After payment or reimbursement of the reasonable expenses of the Trustee and the Issuer in connection therewith (except from funds held by the Trustee from Credit Enhancement or Liquidity Facility draws, remarketing proceeds, funds held for payment to Bondowners, and other funds held in the Purchase Fund), the same shall be applied, first to the remaining obligations of the Borrower under the Agreement (other than obligations to make payments to the Issuer for its own use) in such order as may be determined by the Trustee, and second, to any unpaid sums due the Issuer for its own use. Any surplus thereof shall be paid to the Borrower. (Section 804)

Subrogation Rights of the Bank

In the event that (i) an Event of Default shall occur and be continuing under the Agreement, or (ii) the Trustee shall draw under the Credit Enhancement or Liquidity Facility in connection with the payment of principal or Purchase Price of, premium, if any, or interest on the Bonds (other than Borrower Bonds or Pledged Bonds), and in either such case the Bank shall have provided the Trustee with funds pursuant to the Credit Enhancement or Liquidity Facility for the payment in full of the principal or Purchase Price of, premium, if any, and the interest on the Bonds (other than Borrower Bonds or Pledged Bonds), then, and in any such event, the Bank shall be subrogated to all rights theretofore possessed under the Agreement by the Trustee and the Bondowners in respect of which such principal or Purchase Price, and interest shall have been paid with funds provided by the Bank (to the extent such funds provided by the Bank pursuant to the Credit Enhancement or Liquidity Facility shall not have been reimbursed to the Bank). After the payment in full of all Bonds owned by the Bondowners other than the Bank, any reference in the Agreement to the owners of the Bonds or the Bondowners shall mean the Bank to the extent of its subrogation rights resulting from the payment made pursuant to the Credit Enhancement or Liquidity Facility. Notwithstanding any provision contained in the Agreement to the contrary, under no circumstances shall the Issuer's rights or the Trustee's rights reserved in the Agreement, including without limitation the right of indemnification or the Issuer's right or the Trustee's right to enforce the same, be subrogated to the Bank. (Section 805)

Rights of the Bank

All consents, approvals and requests required of the Bank shall be deemed not required if a Credit Enhancement Failure has occurred and is continuing. Subject to the immediately preceding sentence, but notwithstanding any other provision of the Agreement, in the event that all Outstanding Bonds (other than Pledged Bonds and Borrower Bonds) are secured by the Bank pursuant to the Letter of Credit, the exercise or direction of all remedies granted under the Agreement (other than acceleration of the Bonds upon the occurrence of an Event of Default described in Paragraph (i) or (j) under the heading “Default by the Borrower” above) and the granting of any waivers pursuant to the Agreement shall be subject solely to the direction and prior written consent of the Bank. Further, the Trustee, in its exercise of its rights for the benefit of Bondowners under the Agreement and the rights of the Issuer assigned under the Agreement (but not including the rights of the Trustee or the Issuer under the Agreement for their own benefit including, but not limited to, indemnification and any fees and expenses owed to them), in the event that all Outstanding Bonds are Pledged Bonds, shall be subject to the direction of the Bank. In the event that less than all Outstanding Bonds are secured by the Bank pursuant to the Letter of Credit, the Bank shall be treated as the owner of all Pledged Bonds for purposes of giving directions, consents, waivers or other actions. In no event shall the Bonds be accelerated without the prior written consent of the Bank so long as the Letter of Credit is in full force and effect and the Bank has neither defaulted thereunder by failing to honor a draft submitted under the Letter of Credit in strict conformity therewith nor given the notice of non-reinstatement described in Paragraph (j) under the heading “Default by the Borrower” above if the Letter of Credit does not provide for automatic reinstatement. (Section 806)

Remedies Cumulative

The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Borrower or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the Borrower or of the right to exercise any remedy for the violation. (Section 808)

Resignation or Removal of the Trustee

The Trustee may resign on not less than thirty (30) days’ notice given in writing to the Issuer, the Borrower, the Credit Provider, if any, the Liquidity Provider, if any, and the Bondowners, but such resignation shall not take effect until a successor has been appointed. The Trustee may be removed (i) by written notice from the owners of a majority in principal amount of the Outstanding Bonds to the Trustee, the Issuer and the Borrower, (ii) for cause by the Borrower with the approval of the Issuer if the Borrower is not in default or (iii) for cause by the Issuer, but such removal shall not take effect until a successor has been appointed. (Section 904)

Action by Bondowners

Any request, authorization, direction, notice, consent, waiver or other action provided by the Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond. Bonds (other than Pledged Bonds) owned or held by or for the account of the Issuer or the Borrower shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondowners. So long as the Bonds are supported by a Letter of Credit or any obligations to the Bank under the Reimbursement Agreement remain unpaid and the Bank has not failed to honor a properly presented and conforming draw under the Letter of Credit, the Bank and not the Bondowners shall be treated as the owner of all Bonds entitled to the benefit of such Letter of Credit for the purpose of any consent, direction or other action by Bondowners. (Section 1101)

APPENDIX D

Proceedings by Bondowners

No Bondowner shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement, unless the Bondowners have directed the Trustee to act and furnished the Trustee indemnity as provided in the Agreement and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter fail or refuse to take such action.

Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of The Commonwealth of Massachusetts. (Section 1102)

Rates and Charges

The Borrower agrees, subject to any governmental restrictions, its fiduciary obligations and limitations imposed by law, to charge and collect rates and charges which, together with any other moneys legally available to it, shall provide moneys sufficient at all times: (a) to make the payments required by the Agreement and comply with the Agreement in all other respects; and (b) to satisfy all other obligations of the Borrower in a timely fashion. (Section 1204)

Annual Reports and Other Current Information

Within one hundred fifty (150) days after the close of each fiscal year, the Borrower shall furnish to the Trustee, the Issuer, and to Bondowners requesting the same, copies of its audited financial statements. The Borrower shall furnish to the Issuer and to the Trustee, within one hundred fifty (150) days after the close of each fiscal year, a certificate signed by its chief operating officer or an Authorized Officer stating that the Borrower has caused its operations for the year to be reviewed and that in the course of that review, no default under the Agreement has come to its attention or, if such a default has appeared, a description of the default. (Section 1205)

Maintenance of Corporate Existence

The Borrower shall maintain its existence as a nonprofit corporation qualified to do business in Massachusetts and shall not dissolve or dispose of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except that it may consolidate with or merge into one or more other entities, or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to one or more other entities (and thereafter dissolve or not dissolve as it may elect), if (a) the surviving, resulting or transferee entity or entities each is a corporation having the status and powers set forth in the provisions specified in the Agreement, (b) the transaction does not result in a conflict, breach or default referred to in the provision specified in the Agreement, and (c) the surviving, resulting or transferee entity or entities each (i) assumes in writing the Issuer and the Trustee all the obligations of the Borrower under the Agreement and (ii) notifies the Issuer and the Trustee of any change in the name of the Borrower. (Section 1206)

Credit Ratings

The Borrower shall take all reasonable action necessary to enable at least one nationally recognized statistical rating organization (as that term is used in the rules and regulations of the Securities and Exchange Commission under the Securities Exchange Act) to provide a credit rating for the Bonds. (Section 1207)

Amendment

The Agreement may be amended by the parties without Bondowner consent for any of the following purposes: (a) to subject any property to the lien of the Agreement, (b) to add to the covenants and agreements of the Borrower or to surrender or limit any right or power of the Borrower or (c) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which do not impair the security for the Bonds or (d) to make any necessary changes to the Agreement to facilitate the conversion of Bonds to a different Mode. If an amendment pursuant to the Agreement requires an amendment to either form of Bonds, the Trustee shall direct the applicable Bondowners to surrender their Bonds at the office of the Trustee for definitive Bonds incorporating such

amendments upon not less than 15 days' prior written notice. The Borrower shall pay all costs associated with amending the Agreement and with preparing and printing any amended Bonds. Provisions of the Agreement may also be amended by the parties without Bondowner consent on the date of the mandatory tender of all of the Bonds, provided that notice of any such amendment is included in the notice of mandatory tender for purchase described in the Agreement. The Borrower acting alone may amend the Maximum Rate to a higher interest rate without Bondowner consent, provided that, if Credit Enhancement or a Liquidity Facility is then in effect, it shall entitle the Trustee to draw upon or demand and receive in immediately available funds an amount equal to the principal amount of the Bonds then outstanding plus a number of days of accrued interest at such amended Maximum Rate at least equal to the number of days required to be covered under the Agreement.

Except as provided in the foregoing paragraph, the Agreement may be amended only with the written consent of the Owners of a majority in principal amount of the Outstanding Bonds and, if the proposed amendment would have a material adverse effect on the rights of the Credit Provider or Liquidity Provider under the Agreement, the written consent of the Credit Provider or Liquidity Provider, as applicable; provided, however, no amendment of the Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (i) to extend the maturity of any Bond; (ii) to reduce the principal amount, or interest rate of any Bond; (iii) to make any Bond prepayable other than in accordance with the terms of the Agreement; (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (v) to reduce the percentage of the Bonds required to be represented by the Bondowners giving their consent to any amendment.

Any amendment of the Agreement shall be accompanied by an opinion of Bond Counsel delivered to the Trustee and the Issuer to the effect that the amendment is permitted by the Agreement and shall not adversely affect the validity of the Bonds or the exclusion of interest on Bonds in the Tax-Exempt Period from the gross income of the owners of such Bonds for federal income tax purposes. (Section 1301)

Defeasance

When there are in the Debt Service Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full and, prior to the Fixed Rate Conversion Date for all the Bonds, to pay the Purchase Price thereof whenever the same may be payable and when all the rights under the Agreement of the Issuer, the Bank and the Trustee have been provided for, upon written notice from the Borrower to the Issuer, the Bank and the Trustee, the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the Bonds shall be deemed paid, the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Issuer and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee, and provided further, however, that the Trustee shall have received written confirmation from the Rating Agencies, if the Bonds are in the Daily, Weekly or Flexible Mode, that the defeasance will not result in the withdrawal or reduction of its rating on the Bonds. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, and moneys held for defeasance shall be invested only as described above in this paragraph. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds in full, after satisfaction of all the rights of the Issuer, the Bank and the Trustee and after allowance for any payments under IRC §148(f) and the regulations thereunder (the "Rebate Provision"), shall be distributed to the Borrower upon such indemnification, if any, as the Issuer or the Trustee may reasonably require.

In the event that any principal or interest due on a series of Bonds shall be paid by the Bank pursuant to a draw or draws upon the Letter of Credit, until such time as the Bank has been reimbursed for the full amount so drawn and been fully paid in accordance with the terms of the Agreement and the Reimbursement Agreement, the Bonds so paid by the Bank shall remain outstanding and the interest thereon shall be considered unpaid for all purposes, shall not be deemed to have been defeased or otherwise satisfied, and shall not be considered to have been paid. (Section 203)

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EDWARDS ANGELL PALMER & DODGE LLP

111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

Proposed Form of Bond Counsel Opinion

[Date of Delivery]

Massachusetts Development Finance Agency
160 Federal Street
Boston, Massachusetts 02110

\$10,000,000

Massachusetts Development Finance Agency
Variable Rate Demand Revenue Bonds, Olin College Issue
Series 2008 C-1 (Federally Taxable)
Dated the date of delivery

We have acted as bond counsel in connection with the issuance by the Massachusetts Development Finance Agency (the “Agency”) of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of September 1, 2008 (the “Agreement”) among the Agency, Franklin W. Olin College of Engineering (the “Borrower”) and U.S. Bank National Association, as trustee (the “Trustee”).

As to questions of fact material to our opinion we have relied upon representations and covenants of the Agency and the Borrower contained in the Agreement and in the certified proceedings and other certifications of public officials furnished to us, and certifications of officials of the Borrower and others, without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to the Agreement. The Bonds are payable solely from funds to be provided therefor by the Borrower pursuant to the Agreement, including amounts drawn by the Trustee under a letter of credit supporting the Bonds (the “Letter of Credit”) issued by RBS Citizens, National Association. Under the Agreement, the Borrower has agreed to make payments sufficient to pay when due the principal (including sinking fund installments) and purchase or redemption price of and interest on the Bonds. Such payments and other moneys payable to the Agency or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively the “Revenues”), and the rights of the Agency under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification, and reimbursements), are pledged and assigned by the Agency as security for the Bonds. The Bonds are payable solely from the Revenues.

We express no opinion herein with respect to compliance by the Borrower with applicable legal requirements with respect to the Agreement, the Letter of Credit, or in connection with the

Massachusetts Development

Finance Agency

[Date of Delivery]

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operation of the Project (as defined in the Agreement) being financed and refinanced by the Bonds.

Reference is made to our opinion of even date herewith, with respect to, among other matters, the corporate existence of the Borrower, the power of the Borrower to carry out the Project, the power of the Borrower to enter into and perform its obligations under the Agreement, and the authorization, execution and delivery of the Agreement by the Borrower and the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. We note that such opinion is subject to the limitations and conditions described therein.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Agency is a duly created and validly existing body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts with the power to enter into and perform the Agreement and to issue the Bonds.
2. The Agreement has been duly authorized, executed and delivered by the Agency and is a valid and binding obligation of the Agency enforceable against the Agency. As provided in Chapter 23G of the General Laws of The Commonwealth of Massachusetts, the Agreement creates a valid lien on the Revenues and on the rights of the Agency or the Trustee on behalf of the Agency to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees).
3. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the Revenues.
4. Interest on the Bonds is included in gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.
5. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

EDWARDS ANGELL PALMER & DODGE LLP

Massachusetts Development

Finance Agency

[Date of Delivery]

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The rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS ANGELL PALMER & DODGE LLP

EDWARDS ANGELL PALMER & DODGE LLP

111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

Proposed Form of Bond Counsel Opinion

[Date of Delivery]

Massachusetts Development Finance Agency
160 Federal Street
Boston, Massachusetts 02110

Massachusetts Development Finance Agency
Variable Rate Demand Revenue Bonds, Olin College Issue
\$42,000,000 Series 2008 C-2 and \$42,000,000 Series 2008 C-3
Dated the date of delivery

We have acted as bond counsel in connection with the issuance by the Massachusetts Development Finance Agency (the “Agency”) of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of September 1, 2008 (the “Agreement”) among the Agency, Franklin W. Olin College of Engineering (the “Borrower”) and U.S. Bank National Association, as trustee (the “Trustee”).

As to questions of fact material to our opinion we have relied upon representations and covenants of the Agency and the Borrower contained in the Agreement and in the certified proceedings and other certifications of public officials furnished to us, and certifications of officials of the Borrower and others, without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to the Agreement. The Bonds are payable solely from funds to be provided therefor by the Borrower pursuant to the Agreement, including amounts drawn by the Trustee under separate letters of credit supporting the Bonds (collectively, the “Letter of Credit”) issued by RBS Citizens, National Association. Under the Agreement, the Borrower has agreed to make payments sufficient to pay when due the principal (including sinking fund installments) and purchase or redemption price of and interest on the Bonds. Such payments and other moneys payable to the Agency or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively the “Revenues”), and the rights of the Agency under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification, and reimbursements), are pledged and assigned by the Agency as security for the Bonds. The Bonds are payable solely from the Revenues.

We express no opinion herein with respect to compliance by the Borrower with applicable legal requirements with respect to the Agreement, the Letter of Credit, or in connection with the operation of the Project (as defined in the Agreement) being financed and refinanced by the Bonds.

Massachusetts Development

Finance Agency

[Date of Delivery]

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Reference is made to our opinion of even date herewith, with respect to, among other matters, the corporate existence of the Borrower, the power of the Borrower to carry out the Project, the power of the Borrower to enter into and perform its obligations under the Agreement, and the authorization, execution and delivery of the Agreement by the Borrower and the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to the limitations and conditions described therein. Failure of the Borrower to maintain its status as an organization described in Section 501(c)(3) of the Code or to use the Project in activities of the Borrower that do not constitute unrelated trades or businesses of the Borrower within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Agency is a duly created and validly existing body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts with the power to enter into and perform the Agreement and to issue the Bonds.
2. The Agreement has been duly authorized, executed and delivered by the Agency and is a valid and binding obligation of the Agency enforceable against the Agency. As provided in Chapter 23G of the General Laws of The Commonwealth of Massachusetts, the Agreement creates a valid lien on the Revenues and on the rights of the Agency or the Trustee on behalf of the Agency to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees).
3. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the Revenues.
4. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes.

However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Agency and the Borrower with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Borrower and, to the extent necessary, the Agency, have covenanted in the Agreement to comply with all such requirements. Failure by the Agency or the Borrower to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal

EDWARDS ANGELL PALMER & DODGE LLP

Massachusetts Development

Finance Agency

[Date of Delivery]

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income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS ANGELL PALMER & DODGE LLP

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The Institution has entered into a Reimbursement Agreement with the Bank pursuant to which the Institution has agreed to reimburse the Bank for sums drawn under the Letters of Credit. The Reimbursement Agreement also provides for an issuance fee, annual commitment fees, drawing fees, transfer fees, amendment fees and other fees and charges. The Institution's obligations under the Reimbursement Agreement are secured by a negative pledge on certain of the Institution's property located at Olin Way, Needham, Massachusetts and by security interests on certain assets of the Institution.

The Reimbursement Agreement sets forth conditions to the issuance of the Letters of Credit and certain representations and warranties which are to be true at the date of such issuance. Such representations and warranties include representations as to: corporate organization; 501(c)(3) status and exempt purpose, due execution and delivery; no litigation; compliance with applicable agreements; payment of taxes; compliance with laws; no violation of Regulation U, title to assets; accuracy of financial information; no ERISA violation; no burdensome contracts; principal place of business; environmental matters; no casualty or condemnation; accuracy of information furnished; incorporation of representations and warranties in related documents; no easements or encumbrances; accuracy of Official Statement; and no qualification or registration under Section 5 of the Securities Act of 1933.

The Reimbursement Agreement also contains affirmative and negative covenants, financial covenants and reporting requirements. Affirmative covenants include: delivery of financial statements, compliance certificates, notices of default; budget and operational data and additional information; maintenance of insurance; compliance with laws; payment of taxes, charges and other obligations; maintenance of state of organization; rights of access for inspection; notification of litigation; notification of environmental and labor action claims; maintenance of existence; compliance with the terms and conditions of the Reimbursement Agreement and the Related Documents (as such term is defined in the Reimbursement Agreement); maintenance of the Bank as the Institution's principal bank of deposit and account; compliance with Indenture; use of Bond proceeds, and; obtaining additional CUSIP numbers. Negative covenants include: limitations on Indebtedness (as such term is defined in the Reimbursement Agreement), subject to exceptions described in the Reimbursement Agreement; limitations on guaranties and other contingent liabilities, subject to exceptions described in the Reimbursement Agreement; prohibition against consolidation, merger or conversion; prohibition against change of principal place of business or location of assets, change in name or other similar changes, unless the Bank is given notice; prohibition against change in capital structure or tax classification without the consent of Bank; prohibition against change in accounting methods; restrictions on use of the Property, and; limitations on conversion of the Bond interest rate. Financial covenants include maintenance of a minimum Debt Service Coverage Ratio (as such term is defined in the Reimbursement Agreement) of 1.00 to 1.00 and maintenance of a maximum Leverage Ratio (as such term is defined in the Reimbursement Agreement) of 1.25 to 1.00. Reporting requirements include requirements to furnish; semi-annual and annual financial statements; semi-annual compliance certificates; notice of defaults; annual operating budgets and school statistics and such other information as the Bank may request.

The Reimbursement Agreement also sets out certain Events of Default. These include (among others): (i) failure to pay money owed to the Bank; (ii) failure to observe or perform certain affirmative covenants, negative covenants, financial covenants or reporting requirements; (iii) default under any other covenant not cured within a certain period of time as described in the Reimbursement Agreement; (iv) failure of a representation or warranty to have been correct in any material respect at the date when made; (v) certain judgments remaining unsatisfied within a certain period of time as described in the

APPENDIX F

Reimbursement Agreement; (vi) any attachment, execution or similar process not satisfied within a certain period of time as described in the Reimbursement Agreement (vii) dissolution, bankruptcy, reorganization or similar proceedings, other than involuntary proceedings dismissed within a certain period of time as described in the Reimbursement Agreement; (viii) dissolution or liquidation of Institution or any subsidiary; (ix) suspension of business for reasons other than a strike, casualty or other cause beyond the control of Institution; (x) participation in an illegal activity; (xi) failure to pay other Indebtedness in an amount equal to or greater than \$1,000,000 subject to applicable grace and cure periods; (xii) failure to secure and maintain first priority lien on the Collateral (as defined in the Reimbursement Agreement); (xiv) an “Event of Default” (as defined in the Agreement or the Mortgage; or (xvi) cross default under any other agreement relating to other Indebtedness of the Institution to the Bank.

Upon the occurrence of an Event of Default, the Bank may, among other things: (i) direct the Trustee to accelerate the Bonds; (ii) enforce its right under its Security Agreement, the Pledge Agreement or any other Related Document; (iii) enforce its rights against the Institution through legal action; (iv) exercise all other rights and remedies which the Bank may have under any agreement or under applicable law or in equity; and/or (v) give a notice of non-reinstatement as provided in the Letter of Credit.

The Reimbursement Agreement also contains provisions as to the Bank’s right (but not obligations) to cure certain Institution defaults; indemnification of the Bank by the Institution; amendment and waivers; notice and other miscellaneous provisions.

INFORMATION CONCERNING RBS CITIZENS, NATIONAL ASSOCIATION*As of June 30, 2008*

The following information concerning RBS Citizens, National Association (**Bank**) has been provided by representatives of the Bank and has not been independently certified or verified by the Issuer, the Borrower or the Placement Agent.

The Bank is a national banking association with its main office in Providence, Rhode Island. Except for directors' qualifying shares, the Bank is a wholly-owned subsidiary of Citizens Financial Group, Inc. (**Citizens**). Citizens is also the parent holding company for Citizens Bank of Pennsylvania and numerous other non-bank entities, and is owned by The Royal Bank of Scotland Group plc (**RBS**). RBS acquired Citizens in 1988.

The Bank was chartered in May 2005 under the name "Citizens Bank, National Association". The Bank's name changed from "Citizens Bank, National Association" to "RBS Citizens, National Association" in connection with the mergers of each of the following Citizens subsidiaries — Charter One Bank, National Association, RBS National Bank, Citizens Bank of Massachusetts, Citizens Bank of Connecticut, Citizens Bank New Hampshire, Citizens Bank of Rhode Island, Citizens Bank (Delaware), and CCO Mortgage Corp. — with and into Citizens Bank, National Association. Citizens Bank, National Association survived these mergers under its charter and with the new title of RBS Citizens, National Association. These mergers (as well as the name change) were effective as of September 1, 2007.

The Bank offers a wide range of retail and commercial banking services. Its loan portfolio is divided between commercial loans, including leases and commercial real estate loans, and consumer loans, including residential real estate mortgage loans. The Bank does business through its divisions, including Citizens Bank, Charter One, CCO Mortgage and RBS Card Services.

The Bank is subject to supervision and examination by the Office of the Comptroller of the Currency. It is also subject to requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered. Various consumer laws and regulations also affect the Bank's operations.

The Letter of Credit is an obligation of the Bank, and is not an obligation of Citizens, RBS or any of their other subsidiaries or affiliates.

Citizens is a Providence-based commercial bank holding company. As of June 30, 2008, Citizens had \$162.0 billion in assets, total equity capital of \$22.5 billion, total deposits of \$97.6 billion, total loans and leases before allowance for loan losses of \$111.5 billion (\$110.2 billion net of allowance) and 22,615 full time equivalent employees.

Based on the annual Summary of Deposits report for June 30, 2008, the Bank had 1,251 branches. As of June 30, 2008 the Bank had total assets of \$132.1 billion, total deposits of \$74.9 billion, total loans and leases before allowance for loan losses of \$92.2 billion (\$91.2 billion net of allowance), and total equity capital of \$18.0 billion.

The foregoing summary information is provided for convenience purposes only. Important additional information with respect to Citizens and the Bank is contained in the

publicly available portions of the Bank's Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices - FFIEC 031, as submitted to the Federal Deposit Insurance Corporation.

Except as set forth in this Appendix, neither the Bank nor its affiliates make any representations as to the contents of this Official Statement, the suitability of the security instruments for any investor, the feasibility or performance of any project or compliance with any securities or tax laws and regulations.

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College of Engineering



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