NEW ISSUES—Book-Entry Only

RATINGS†: Moody's: Aa2
S&P: AA

In the opinion of Bond Counsel, under current law and assuming compliance by the Agency and the College with their respective tax covenants described herein, interest on the Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation and is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Bonds will be taken into account, however, as an adjustment used in computing certain corporations' alternative minimum taxable income for purposes of determining the federal alternative minimum tax on such corporations. The Act provides that the Bonds and the income therefrom shall at all times be exempt from taxation in the State of Vermont except for transfer and estate taxes. See the caption "TAX EXEMPTION" herein.

Vermont Educational and Health Buildings Financing Agency
Revenue Refunding Bonds
(Middlebury College Project)

$46,150,000
Series 2012A

$11,885,000
Series 2012B
(Forward Delivery Bonds)

Dated: Dates of Delivery **Due: As set forth on the inside cover**

Vermont Educational and Health Buildings Financing Agency (the "Agency") is offering its Revenue Refunding Bonds (Middlebury College Project) Series 2012A (the "Series 2012A Bonds") and its Revenue Refunding Bonds (Middlebury College Project) Series 2012B (Forward Delivery Bonds) (the "Series 2012B Bonds," and together with the Series 2012A Bonds, the "Bonds"). The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the owners of the Bonds, the Owners or registered owners of the Bonds shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Series 2012A Bonds are scheduled to be issued and delivered on April 10, 2012. The Series 2012B Bonds are scheduled to be issued and delivered on August 7, 2012. For a discussion regarding the forward delivery of the Series 2012B Bonds, certain conditions to the obligation of the Underwriter to purchase the Series 2012B Bonds and certain risks to purchasers of beneficial interests in the Series 2012B Bonds resulting from the forward delivery thereof, see "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES 2012B BONDS" herein.

The principal and redemption price of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as trustee and paying agent (the "Bond Trustee"). So long as DTC or its nominee, Cede & Co., is the Registered Owner, such payments will be made directly to Cede & Co. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of the Direct Participants and the Indirect Participants, as more fully described herein.

The Bonds will bear interest at the rates and mature on the dates set forth on the inside cover hereof. Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2012.

The Bonds are subject to optional redemption prior to maturity as described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AGENCY AND WILL BE PAYABLE SOLELY FROM THE REVENUES OF THE AGENCY DERIVED FROM PAYMENTS TO BE MADE BY OR ON BEHALF OF THE PRESIDENT AND FELLOWS OF MIDDLEBURY COLLEGE, IN ACCORDANCE WITH THE PROVISIONS OF THE LOAN AGREEMENT AND THE BOND INDENTURE AND FROM CERTAIN OTHER FUNDS, ALL AS MORE FULLY DESCRIBED HEREIN. THE AGENCY HAS NO TAXING POWER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF VERMONT IS PLEDGED TO THE PAYMENT OF THE BONDS.

The Bonds are offered when, as and if issued by the Agency and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Sidley Austin LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon by Deppman & Foley, P.C., Middlebury, Vermont, counsel to the Agency and by Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Boston, Massachusetts. It is expected that the Series 2012A Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about April 10, 2012, and the Series 2012B Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about August 7, 2012. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES 2012B BONDS" herein.

Goldman, Sachs & Co.

Dated: April 5, 2012

† See "RATINGS" herein.

$58,035,000
Vermont Educational and Health Buildings Financing Agency
Revenue Refunding Bonds
(Middlebury College Project)

MATURITIES, AMOUNTS, RATES AND PRICES OR YIELDS

$46,150,000 Series 2012A

Due November 1	Principal Amount	Interest Rate	Yield	CUSIP Number±	Due November 1	Principal Amount	Interest Rate	Yield	CUSIP Number±
2017	$2,485,000	5.0%	1.45%	924166EA5	2027	$3,995,000	5.0%	3.26%*	924166EH0
2018	2,585,000	2.5	1.71	924166EM9	2028	4,200,000	5.0	3.34*	924166EJ6
2019	1,120,000	5.0	1.99	924166EN7	2029	4,415,000	5.0	3.40*	924166EB3
2023	1,840,000	5.0	2.81*	924166ED9	2030	4,645,000	5.0	3.44*	924166EK3
2024	3,440,000	5.0	2.95*	924166EE7	2031	4,880,000	5.0	3.49*	924166EL1
2025	3,615,000	5.0	3.09*	924166EF4	2032	5,130,000	5.0	3.54*	924166EC1
2026	3,800,000	5.0	3.18*	924166EG2					

$11,885,000
Series 2012B
(Forward Delivery Bonds)

Due November 1	Principal Amount	Interest Rate	Yield	CUSIP Number±
2019	$1,560,000	5.0%	2.26%	924166EP2
2020	2,815,000	5.0	2.51	924166EQ0
2021	2,960,000	5.0	2.70	924166ER8
2022	3,115,000	5.0	2.92	924166ES6
2023	1,435,000	5.0	3.08*	924166ET4

* Yield to first optional call date of November 1, 2022.

± The CUSIP numbers listed on the inside cover page to this Official Statement are being provided solely for the convenience of owners of the Bonds, and the Agency does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are 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.

No dealer, broker, salesman or other person has been authorized by Vermont Educational and Health Buildings Financing Agency (the "Agency"), The President and Fellows of Middlebury College (the "College") or the Underwriter to give any information or to make any representations with respect to the Bonds other than what is contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information contained herein under the headings "The Agency" and "Absence of Material Litigation" (insofar as it relates to the Agency) has been furnished by Vermont Educational and Health Buildings Financing Agency. All other information contained herein has been obtained from the College and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed to be the representation of the Agency. 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has provided the following sentence and paragraph 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.

IN CONNECTION WITH THIS OFFERING, 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.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AGENCY AND THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
Relating to

Vermont Educational and Health Buildings Financing Agency
Revenue Refunding Bonds
(Middlebury College Project)

$46,150,000	**$11,885,000**
Series 2012A	**Series 2012B**
	(Forward Delivery Bonds)

This Official Statement, including the cover page, inside cover page and appendices hereto, sets forth certain information concerning Vermont Educational and Health Buildings Financing Agency (the "Agency"), a public instrumentality of the State of Vermont (the "State"), its $46,150,000 Revenue Refunding Bonds (Middlebury College Project) Series 2012A (the "Series 2012A Bonds"), its $11,885,000 Revenue Refunding Bonds (Middlebury College Project) Series 2012B (Forward Delivery Bonds) (the "Series 2012B Bonds," and together with the Series 2012A Bonds, the "Bonds") and The President and Fellows of Middlebury College, a private, non-profit college (the "College"). The Bonds are authorized to be issued pursuant to the Vermont Educational and Health Buildings Financing Agency Act, being Chapter 131, Sections 3851 to 3862, inclusive, of Title 16, Vermont Statutes Annotated, as amended (the "Act").

INTRODUCTORY STATEMENT

The Bonds will be issued under a bond indenture dated as of April 1, 2012 (the "Bond Indenture") between the Agency and The Bank of New York Mellon Trust Company, N.A., Boston, Massachusetts, as bond trustee (the "Bond Trustee"), and a resolution of the Agency adopted on March 27, 2012 (the "Resolution").

The Bonds will be issued for the purpose of making a loan to the College to refund all of the outstanding principal amount of the Agency's Revenue Bonds (Middlebury College Project), Series 2002A (the "Refunded Bonds") and to pay certain costs of issuance of the Bonds. See "PLAN OF FINANCE."

Simultaneously with the issuance of the Series 2012A Bonds and in consideration of its loan to the College of the proceeds thereof, the College will issue a note (the "Series A Note") and deliver the Series A Note to the Agency for assignment to the Bond Trustee for the sole benefit of the owners of the Series 2012A Bonds, pursuant to a Loan Agreement dated as of April 1, 2012 (the "Loan Agreement") between the College and the Agency. The Series A Note will be in the same face amount and will have terms and conditions to provide payments thereon sufficient to pay all amounts to become due on the Series 2012A Bonds. Simultaneously with the issuance of the Series 2012B Bonds and in consideration of its loan to the College of the proceeds thereof, the College will issue a note (the "Series B Note," and collectively with the Series A Note, the "Notes") and deliver the Series B Note to the Agency for assignment to the Bond Trustee for the sole benefit of the owners of the Series 2012B Bonds, pursuant to the Loan Agreement. The Series B Note will be in the same face amount and will have terms and conditions to provide payments thereon sufficient to pay all amounts to become due on the Series 2012B Bonds. The Notes, and the respective Bonds secured thereby, will be secured on parity with respect to each other.

The Series 2012B Bonds will not be delivered until on or about August 7, 2012. The delay in the issuance and delivery of the Series 2012B Bonds may have significant consequences to the purchasers of beneficial ownership interests therein. The market value of the Series 2012B Bonds on the date of issuance and delivery thereof is unlikely to be the same as, and probably will be greater or less than, the respective initial offering prices thereof, and the difference may be substantial. Several factors may adversely affect the market prices of the Series 2012B Bonds, including, but not limited to, a general increase in interest rates for all obligations and other indebtedness, any threatened or adopted change in federal tax laws affecting the relative benefits of owning tax-exempt securities instead of other types of investments, such as fully taxable obligations, or any adverse development with respect to the College or the Agency. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES 2012B BONDS" herein.

The Bonds are limited obligations of the Agency. The Agency is not obligated to pay principal of, or the premium, if any, or the interest on the Bonds except from (i) payments to be made by the College on the applicable Note and (ii) other amounts held by the Bond Trustee pursuant to the Bond Indenture. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged as security for the payment of the principal of or premium, if any, or interest on the Bonds. The College's obligations on the Notes are unsecured, absolute and unconditional, payable from any or all of its available assets or funds.

The provisions of the Bonds are more fully described below and a more detailed description of the use of the Bond proceeds is included herein.

The Bonds will bear interest at the rates and will mature on the dates set forth on the inside cover page hereof.

The description included in this Official Statement of various documents pertaining to the Bonds does not purport to be conclusive or definitive and reference is made to each such document for the complete details of all terms and conditions thereof. All references herein to the Bonds, the Bond Indenture, the Loan Agreement and the Notes, are qualified in their entirety by reference to such documents. Copies of the documents are available for inspection at the principal corporate trust office of the Bond Trustee.

Capitalized terms used in this Official Statement have the meanings specified herein and in Appendix C hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

THE AGENCY

The Agency has been created as a body corporate and politic constituting a public instrumentality of the State of Vermont for the purpose of exercising the powers conferred on it by virtue of the Act. The purpose of the Agency is essentially to assist certain health care and educational institutions in the acquisition, construction, financing and refinancing of their related projects.

Agency Membership and Organization

Under the Act, the Board of the Agency consists of the Commissioner of Education of the State of Vermont, the State Treasurer, the Secretary of the Human Services Agency, and the Secretary of Administration of the State, all ex officio, seven members appointed by the Governor of the State, with the advice and consent of the Senate, for terms of six years, and two members appointed by the members appointed by the Governor for terms of two years. The members of the Board annually elect a Chair, a Vice Chair, a Treasurer and a Secretary. The day-to-day administration of the Agency is handled by the Executive Director of the Agency.

The present officers and members of the Agency and their places of business or residence are as follows:

Officers

James E. Potvin, Chair
Certified Public Accountant
Stevens, Wilcox, Baker, Potvin,
Cassidy & Jakubowski
Rutland, Vermont

Dawn D. Bugbee, Vice Chair
Vice President and Chief Financial Officer
Green Mountain Power Corporation
Colchester, Vermont

Edward Ogorzalek, Treasurer
Chief Financial Officer
Rutland Regional Medical Center
Rutland, Vermont

Stephen Gurin, Secretary
Senior Vice President
Key Bank
Burlington, Vermont

Ex Officio Members

Elizabeth Pearce
State Treasurer
Montpelier, Vermont

Jeb Spaulding
Secretary of Administration
Montpelier, Vermont

Armando Vilaseca
Commissioner of Education
Montpelier, Vermont

Douglas A. Racine
Secretary of Human Services Agency
Williston, Vermont

Appointed and Elected Members

Kenneth Gibbons
President
Union Bank
Morrisville, Vermont

Kenneth Linsley
President
Green Mountain Transformer Consultants, LLC
Danville, Vermont

Sandy Predom
Vice President
Merchants Bank
Rutland, Vermont

Neal E. Robinson
Vice President for Finance
Saint Michael's College
Colchester, Vermont

Stuart W. Weppler
Business and Financial Consultant
Morrisville, Vermont

Executive Director

Robert Giroux
Executive Director
Vermont Educational and Health
Buildings Financing Agency
20 Winooski Falls Way
Winooski, VT

Deppman & Foley, P.C., Middlebury, Vermont, is general counsel to the Agency.

Sidley Austin LLP, New York, New York, is Bond Counsel to the Agency and will submit its approving opinions with regard to the legality of the Bonds in substantially the form attached hereto as Appendix D.

Public Financial Management, Inc., Boston, Massachusetts, is the financial advisor to the Agency.

Financing Programs of the Agency

The Agency was duly created under the Act as a body corporate and politic constituting a public instrumentality of the State of Vermont. The Act empowers the Agency, among other things, to finance or assist in the financing of eligible institutions, through financing agreements, which may include loan agreements, lease agreements, conditional sales agreements, purchase money mortgages, installment sale contracts, and other types of contracts; to acquire property, both real and personal, including leasehold and other interests in land necessary or convenient for its corporate purposes; to acquire or make loans with respect to facilities, including buildings, improvements to real property, equipment, furnishings, appurtenances, utilities and other property, determined by the Agency to be necessary or convenient in the operation of any eligible institution; to lease or to make loans with respect to such facilities to any such eligible institution; and to issue refunding bonds of the Agency whether the bonds to be refunded have or have not matured.

The Agency has heretofore authorized and issued numerous series of its bonds and notes, including the following in relation to the College:

The Agency's $71,260,000 Revenue Bonds (Middlebury College Project) Series 2002A of which $64,545,000 remain outstanding and all of which will be refunded by the Bonds;

The Agency's $35,425,000 Revenue Bonds (Middlebury College Project) Series 2006A all of which remain outstanding;

The Agency's $59,445,000 Revenue Refunding Bonds (Middlebury College Project) Series 2009 all of which remain outstanding; and

The Agency's $95,035,000 Revenue Refunding Bonds (Middlebury College Project) Series 2010 all of which remain outstanding.

With the exception of the Agency issues on behalf of the College, all outstanding Agency bonds and note issues have been authorized and issued pursuant to financing documents separate from and unrelated to the Loan Agreement and the Bond Indenture for the Bonds and are payable from certain revenues other than those pledged for payment of the Bonds. Inasmuch as each series of bonds and notes of the Agency is secured separately from all other bonds and notes issued thereby, the moneys on deposit in the respective funds (including cash and securities in the respective reserve accounts) established to provide for the timely payment of the debt service requirements on the various issues of outstanding bonds and notes of the Agency cannot be commingled or be used for any purpose other than servicing the requirements of the specific series of bonds or notes in connection with which such funds were created.

The Agency under the Act may issue from time to time other bonds and notes under separate resolutions to assist certain health care and educational institutions in the acquisition, construction, financing and refinancing of their related projects payable from revenues derived by the Agency from such institutions.

Other than with respect to the description of the Agency provided herein, and the information with respect to the Agency under "ABSENCE OF MATERIAL LITIGATION" herein, the Agency has not prepared or reviewed, and expresses no opinion with respect to the accuracy or completeness of, any of the information set forth in this Official Statement.

No recourse shall be had for any claim based on the Bonds, the Loan Agreement or the Bond Indenture against any past, present or future member, officer, employee or agent, as such, of the Agency or of any predecessor or successor corporation, either directly or through the Agency or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

SECURITY FOR THE BONDS

The Bonds are being issued under the Bond Indenture pursuant to which the Agency will assign to the Bond Trustee all its right, title and interest in the Notes issued pursuant to the Loan Agreement. The Notes, in turn, are unsecured, absolute and unconditional obligations of the College, payable from any or all of its available assets or funds. Each Note is issued by the College pursuant to the Loan Agreement in consideration for the loan of proceeds of the applicable series of Bonds by the Agency to the College. The College agrees to use the proceeds for the refinancing of the Refunded Bonds and to make certain other payments in connection therewith. The College is obligated under each Note to make payments of principal, premium, if any, and interest on the applicable series of Bonds when and as the same become due and payable. The Bonds are not secured by any mortgage lien or other security interest in any property of the College.

The Bonds are limited obligations of the Agency. The Agency is not obligated to pay principal of or premium, if any, or the interest on the Bonds except from the sources described above. The Bonds do not constitute or create any debt, liability or obligation of the State or any political subdivision or instrumentality thereof (other than the Agency) or a pledge of the faith and credit of the State or any political subdivision or agency of the State, and neither the faith and credit nor the taxing power of the State or any political subdivision or any agency thereof is pledged as security for the payment of the principal of and premium, if any, and the interest on the Bonds.

THE BONDS

Description of the Bonds

The Bonds will be dated the dates of delivery thereof, and will bear interest from such date at the rates set forth on the inside cover page hereof, payable on November 1, 2012, and on each May 1 and November 1 thereafter. The Bonds will mature on the dates set forth on the inside cover page hereof. The Bonds will be issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof.

Subject to the provisions discussed under "BOOK-ENTRY-ONLY SYSTEM," principal or the redemption price of the Bonds will be payable at the corporate trust office of the Bond Trustee. Interest on the Bonds will be payable by check or draft mailed to the Bondowners of record as of the close of business on the 15th day (whether or not such day is a Business Day) of the calendar month preceding an interest payment date (the "Regular Record Date").

The Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Bonds, the Bonds will be exchangeable for other fully registered definitive Bonds in any authorized denominations. See "BOOK-ENTRY-ONLY SYSTEM" herein. The Bond Trustee may impose a charge sufficient to reimburse the Agency, the College or the Bond Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any registration of transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or registration of transfer, and any other expenses of the Agency, the College or the Bond Trustee incurred in connection therewith, will be paid by the person requesting such exchange or registration of transfer. The Bond Trustee is not required to make any exchange or registration of transfer of any Bond during the fifteen (15) days immediately preceding the date of the Bond Trustee's giving notice of redemption or after such Bond or any portion thereof has been selected for redemption.

Interest on the Bonds will be payable by check mailed to the registered owners thereof. However, upon request of the Owner, interest on the Bonds will be paid to any Owner of $500,000 or more in aggregate principal amount of the Bonds by wire transfer to any bank designated by the Owner. As long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption Prior to Maturity

Optional Redemption. The Bonds of each series are subject to redemption by the Agency, at the option of the College, on or after November 1, 2022, in whole or in part (and if in part in such order of maturity as specified by the College) on any date, upon payment of a redemption price equal to 100% of the principal amount of the Bonds of such series to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

Partial Redemption. In the event of optional redemption of less than all of any maturity of a series of the Bonds, the Bonds of such maturity and series to be redeemed will be selected by the Bond Trustee in such manner as the Bond Trustee may in its discretion determine. Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be redeemed in part must be surrendered at the place of payment in exchange for one or more new Bonds for the unredeemed portion of principal.

Notice of Redemption. Notice of each redemption of Bonds is required to be given by first class mail, postage prepaid, not less than 30 days prior to the redemption date to each registered owner of the Bonds to be redeemed at the address recorded on the bond register, but failure to mail any such notice or any defect therein shall not affect the validity of the proceedings for such redemption with respect to Owners to whom notice was duly given. Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Bond Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds to be redeemed. In the event that such notice contains such a condition and sufficient moneys are not received by the Bond Trustee on or prior to the redemption date, the redemption will not be made and the Bond Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Effect of Redemption. If notice of redemption of any Bond is given in the manner, and subject to the conditions hereinabove provided, such Bond will become due and payable on the redemption date and, if funds sufficient to pay the redemption price are deposited with the Bond Trustee on such date, will cease to accrue interest after the date fixed for redemption.

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 Bonds 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 will be issued for each maturity of each series of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

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

Purchases of the 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 (a "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 the 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 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the documents relating to the Bonds. 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 the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency 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 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 Agency or the Bond Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Bond Trustee or the Agency, 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 Agency or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as a depository with respect the Bonds at any time by giving reasonable notice to the Agency and the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, definitive Bonds are required to be printed and delivered as described in the Bond Indenture.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event also, definitive Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AGENCY BELIEVES TO BE RELIABLE, BUT NONE OF THE AGENCY, THE COLLEGE, THE BOND TRUSTEE AND THE UNDERWRITER TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY THE AGENCY, THE COLLEGE, THE BOND TRUSTEE, OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE AGENCY, THE COLLEGE, THE BOND TRUSTEE OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NONE OF THE AGENCY, THE COLLEGE, THE BOND TRUSTEE AND THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR FOR ANY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

RELEASE OF BOND INDENTURE

If (a)(i) the Bonds have become due and payable in accordance with their terms and the whole amount of the principal and premium, if any, and the interest so due and payable has been paid; or (ii) the Bond Trustee holds sufficient money or Defeasance Obligations the principal of and interest on which, when due and payable, will provide sufficient money to pay the principal of and redemption premium, if any, and the interest on all Bonds then outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof or a combination of such payment and redemption; and (b) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption have been given by the Agency to the Bond Trustee; and (c) sufficient funds have been provided or provision made for paying all other obligations payable by the Agency under the Bond Indenture, then the right, title and interest of the Bond Trustee in the Notes and the funds and accounts mentioned in the Bond Indenture shall thereupon cease, terminate and become void, and upon receipt of an opinion of counsel in accordance with the Bond Indenture, the Bond Trustee shall release the Bond Indenture.

With respect to Defeasance Obligations delivered pursuant to this provision, the Bond Trustee shall also be required in some circumstances to provide the notice to Owners as required by the Bond Indenture.

PLAN OF FINANCE

The College is issuing the Bonds to refund the Refunded Bonds and to pay costs of issuance of the applicable series of Bonds.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The proceeds to be received from the sale of the Bonds are expected to be applied as follows (rounded to the nearest dollar):

SOURCES	Series 2012A Bonds	Series 2012B Bonds	Total±
Principal Amount of Bonds	$46,150,000	$11,885,000	$58,035,000
Net Original Issue Premium	6,859,187	2,164,597	9,023,784
Total Sources of Funds±	$53,009,187	$14,049,597	$67,058,784
USES			
Redemption of Refunded Bonds	$52,459,940	$13,876,316	$66,336,256
Payment of costs of issuance (including Underwriter's discount)	549,247	173,282	722,528
Total Uses of Funds±	$53,009,187	$14,049,597	$67,058,784

± Numbers may not sum to total due to rounding.

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DEBT SERVICE REQUIREMENTS OF THE COLLEGE

The following table sets forth, for each fiscal year ending June 30, the amounts required to be made available for the payment of debt service by the College (rounded to the nearest dollar). Refer to "APPENDIX A – MIDDLEBURY COLLEGE – Long Term Debt" for a description of the obligations of the College for which debt service is shown under "Net Existing Debt Service." Net Existing Debt Service excludes debt service on the Refunded Bonds and obligations of the College related to the Cross Street Bridge Project (see "APPENDIX A – MIDDLEBURY COLLEGE – Long Term Debt – *Cross Street Bridge Project*").

Fiscal Year Ending June 30	Net Existing Debt Service	Debt Service on the Series 2012A Bonds			Debt Service on the Series 2012B Bonds			Total Debt Service Requirements
		Principal	Interest	Debt Service	Principal	Interest	Debt Service	
2012	$10,721,725	-	-	-	-	-	-	$10,721,725
2013	10,750,375	-	$2,373,709	$2,373,709	-	$435,783	$435,783	13,559,868
2014	10,748,575	-	2,242,875	2,242,875	-	594,250	594,250	13,585,700
2015	11,072,670	-	2,242,875	2,242,875	-	594,250	594,250	13,909,795
2016	11,339,458	-	2,242,875	2,242,875	-	594,250	594,250	14,176,583
2017	11,356,713	-	2,242,875	2,242,875	-	594,250	594,250	14,193,838
2018	11,370,975	$2,485,000	2,180,750	4,665,750	-	594,250	594,250	16,630,975
2019	11,317,600	2,585,000	2,086,313	4,671,313	-	594,250	594,250	16,583,163
2020	11,332,500	1,120,000	2,026,000	3,146,000	$1,560,000	555,250	2,115,250	16,593,750
2021	11,353,825	-	1,998,000	1,998,000	2,815,000	445,875	3,260,875	16,612,700
2022	11,376,163	-	1,998,000	1,998,000	2,960,000	301,500	3,261,500	16,635,663
2023	11,399,238	-	1,998,000	1,998,000	3,115,000	149,625	3,264,625	16,661,863
2024	11,422,775	1,840,000	1,952,000	3,792,000	1,435,000	35,875	1,470,875	16,685,650
2025	11,451,363	3,440,000	1,820,000	5,260,000				16,711,363
2026	11,479,588	3,615,000	1,643,625	5,258,625				16,738,213
2027	11,512,038	3,800,000	1,458,250	5,258,250				16,770,288
2028	11,548,163	3,995,000	1,263,375	5,258,375				16,806,538
2029	11,582,550	4,200,000	1,058,500	5,258,500				16,841,050
2030	11,624,650	4,415,000	843,125	5,258,125				16,882,775
2031	11,663,913	4,645,000	616,625	5,261,625				16,925,538
2032	11,714,650	4,880,000	378,500	5,258,500				16,973,150
2033	9,495,250	5,130,000	128,250	5,258,250				14,753,500
2034	9,495,250							9,495,250
2035	9,495,250							9,495,250
2036	9,495,250							9,495,250
2037	9,495,250							9,495,250
2038	9,495,250							9,495,250
2039	67,454,125							67,454,125
2040	6,523,000							6,523,000
2041	99,182,125							99,182,125
2042	1,771,250							1,771,250
2043	1,771,250							1,771,250
2044	1,771,250							1,771,250
2045	1,771,250							1,771,250
2046	1,771,250							1,771,250
2047	36,310,625							36,310,625
Total:	**$513,437,128**	**$46,150,000**	**$34,794,522**	**$80,944,522**	**$11,885,000**	**$5,489,408**	**$17,374,408**	**$611,756,058**

CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES 2012B BONDS

The Agency and the College will enter into a forward delivery contract of purchase (the "Forward Delivery Purchase Contract") for the Series 2012B Bonds with Goldman, Sachs & Co. (the "Underwriter"). Subject to the terms of the Forward Delivery Purchase Contract, the Agency expects to issue and deliver the Series 2012B Bonds on August 7, 2012, or on such later date as is mutually agreed upon by the Agency, the College and the Underwriter (the "Series 2012B Settlement Date").

The following is a description of certain provisions of the Forward Delivery Purchase Contract. The following description is not to be considered a full statement of the terms of the Forward Delivery Purchase Contract and accordingly is qualified by reference thereto and is subject to the full text thereof.

Series 2012B Settlement

The issuance of the Series 2012B Bonds and the Underwriter's obligations under the Forward Delivery Purchase Contract to purchase, accept delivery of and pay for the Series 2012B Bonds on the Series 2012B Settlement Date are conditioned upon the performance by the Agency and the College of their respective obligations thereunder, including, without limitation, the delivery of an opinion, dated the Series 2012B Settlement Date, of Bond Counsel, substantially in the form and to the effect as set forth in Appendix D-2 to this Official Statement, together with a reliance letter from Bond Counsel addressed to the Underwriter, and the delivery of written evidence satisfactory to the Underwriter that, as of the Series 2012B Settlement Date, Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), shall not have withdrawn their respective ratings on the Series 2012B Bonds. See "RATINGS" herein. The issuance of the Series 2012B Bonds is further contingent upon the delivery of certain certificates and legal opinions, and the satisfaction of other conditions as of the Series 2012B Settlement Date. The Underwriter has the right to terminate its obligations under the Forward Delivery Purchase Contract, by notifying the Agency and the College of their election to do so, if:

(a) At any time subsequent to the preliminary closing date (expected to be April 10, 2012) (the "Preliminary Closing Date") and on or prior to the Series 2012B Settlement Date, legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress of the United States by any committee of such House, or passed by either House of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the Series 2012B Bonds, as a result of which, Bond Counsel does not expect to be able to issue an opinion on the Series 2012B Settlement Date either (i) substantially in the form attached hereto as Appendix D-2, or (ii) notwithstanding a change in law from that existing on the Preliminary Closing Date which prevents Bond Counsel from issuing an opinion substantially in the form attached hereto as Appendix D-2 as of the Series 2012B Settlement Date, that interest on the Series 2012B Bonds is not subject to any then currently imposed federal income tax and is not included as a specific preference item for purposes of federal individual or corporate alternative minimum taxes;

(b) For any other reason on the Series 2012B Settlement Date, Bond Counsel cannot issue its opinion substantially in the form attached hereto as Appendix D-2;

(c) At any time subsequent to the Preliminary Closing Date and on or prior to the Series 2012B Settlement Date, legislation shall be enacted or actively considered for enactment with an effective date prior to the Series 2012B Settlement Date, or a decision of a court of the United States shall be rendered, the effect of which is, in the opinion of counsel to the Underwriter, that the Series 2012B Bonds are not exempt from registration or other requirements under the Securities Act of 1933, as amended and then in effect, or the Bond Indenture or the Resolution is not exempt from qualification or other requirements under the Trust Indenture Act of 1939, as amended and then in effect, or the offering or sale of the Series 2012B Bonds would be in violation of the Securities Exchange Act of 1934, as amended and then in effect;

(d) At any time subsequent to the Preliminary Closing Date and on or prior to the Series 2012B Settlement Date, a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter shall have been issued or made or any other event occurs the effect of which, in the opinion of counsel to the Underwriter, is that the Bond Indenture, the Resolution or the offering, issuance or sale of the Series 2012B Bonds, is or would be in violation of any provision of the federal securities laws, including without limitation the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect;

(e) At any time subsequent to the Preliminary Closing Date and on or prior to the Series 2012B Settlement Date, an Event of Default shall have occurred, technical or otherwise, under the Bond Indenture or the Loan Agreement, which has not been cured as of the Series 2012B Settlement Date; or

(f) On the Series 2012B Settlement Date, the Series 2012B Bonds are not rated by Moody's and S&P.

During the period of time between the date of this Official Statement and the Series 2012B Settlement Date (the "Forward Delivery Period"), certain information contained in this Official Statement could change in a material respect. The Agency and the College have agreed to amend or supplement this Official Statement with an updated Official Statement not more than 25 days nor less than five days prior to the Series 2012B Settlement Date. The Underwriter may not refuse to purchase the Series 2012B Bonds, and the purchasers may not refuse to purchase the Series 2012B Bonds from the Underwriter pursuant to the hereinafter referred to Forward Delivery Contract, by reason of "general market or credit changes," including, but not limited to, (a) changes in the ratings of the Series 2012B Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the Agency or the College prior to the Series 2012B Settlement Date. All purchasers of the Series 2012B Bonds are required to execute and deliver to the Underwriter a "Forward Delivery Contract" substantially in the form included in Appendix E. The Underwriter has advised the Agency and the College that the Series 2012B Bonds will be sold only to investors who execute the Forward Delivery Contract in substantially the form included in Appendix E. The proposed form of Forward Delivery Contract is attached as Appendix E at the request and for the convenience of the Underwriter. Neither the Agency or the College will be a party to the Forward Delivery Contracts, and the Agency and the College are not in any way responsible for the performance thereof or for any representations or warranties contained therein. However, the Agency and the College are third-party beneficiaries of the Forward Delivery Contracts. The rights and obligations under the Forward Delivery Purchase Contract are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Related To The Forward Delivery Period

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. Any changes in such information will not permit the Underwriter to terminate the Forward Delivery Purchase Contract or release the purchasers from their obligation to purchase the Series 2012B Bonds pursuant to the Forward Delivery Contracts unless the change reflects an event described in items (a) through (f) under "Series 2012B Settlement" herein. In addition to the risks set forth above, purchasers of the Series 2012B Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. The Series 2012B Bonds are currently rated "Aa2" and "AA" by Moody's and S&P, respectively. See "RATINGS" herein. No assurances can be given that the ratings assigned to the Series 2012B Bonds on the Series 2012B Settlement Date will not be different from those currently assigned to the Series 2012B Bonds. Issuance of the Series 2012B Bonds and the Underwriter's obligations under the Forward Delivery Purchase Contract are not conditioned upon the assignment of any particular ratings for the Series 2012B Bonds or the maintenance of the initial ratings of the Series 2012B Bonds.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market in the Series 2012B Bonds, and no assurances can be given that a secondary market will exist for the Series 2012B Bonds during the Forward Delivery Period. Purchasers of the Series 2012B Bonds should assume that the Series 2012B Bonds will be illiquid throughout the Forward Delivery Period.

Market Value Risk. The market value of the Series 2012B Bonds as of the Series 2012B Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the Series 2012B Bonds, the financial condition and business operations of Agency or the College and federal income tax and other laws. The market value of the Series 2012B Bonds as of the Series 2012B Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series 2012B Bonds and that difference could be substantial. None of the Agency, the College and the Underwriter makes any representation as to the expected market prices of the Series 2012B Bonds as of the Series 2012B Settlement Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market prices for the Series 2012B Bonds as of the Series 2012B Settlement Date or thereafter or not have a materially adverse impact on any secondary market for the Series 2012B Bonds.

Tax Law Risk. Subject to the additional conditions of settlement described under "Series 2012B Settlement" above, the Forward Delivery Purchase Contract obligates the Agency to deliver and the Underwriter to purchase the Series 2012B Bonds if the Agency delivers an opinion of Bond Counsel with respect to the Series 2012B Bonds substantially in the form and to the effect as set forth in Appendix D-2. During the Forward Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinion or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions, the promulgation of new regulations or rulings or reinterpretations or existing law might diminish the value of, or otherwise affect, the exclusion of interest on the Series 2012B Bonds for purposes of federal income taxation payable on "state or local bonds," the Agency might be able to satisfy the requirements for the delivery of the Series 2012B Bonds. In such event, the purchasers would be required to accept delivery of the Series 2012B Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

Termination of Forward Delivery Purchase Contract. The Underwriter may terminate the Forward Delivery Purchase Contract by notification to the Agency and the College on or prior to the Series 2012B Settlement Date if any of the events described above in items (a) through (f) under "Series 2012B Settlement" occurs.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Sidley Austin LLP, New York, New York, Bond Counsel, under current law and except as provided in the following sentence, interest on the Bonds is not includable in the gross income for federal income tax purposes. Interest on the Bonds will become includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds (a) in the event of a failure by the Agency or the College to comply, subsequent to the date of issue of the Bonds, with certain requirements of the Code and covenants regarding use, expenditure, and investment proceeds of the Bonds and, if required, the timely payment of certain investment earnings to the Treasury of the United States, or (b) in the event that the $150 million limitation imposed by Section 145(b) of the Code on certain outstanding, tax-exempt, nonhospital bonds is exceeded within three years of the date of issue of the Bonds. The opinion of Bond Counsel with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes may not be relied upon to the extent that such exclusion is adversely affected as a result of any action taken or not taken in reliance upon the opinion or advice of counsel other than Bond Counsel.

Bond Counsel's opinions rely on certain representations made by the College with respect to certain material facts within the knowledge of the College which Bond Counsel has not verified and upon the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, that the College is an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) of the Code, or corresponding provisions of prior law and that, to such counsel's knowledge, the College has done nothing to impair such status and that the use of property financed or refinanced with the proceeds of the Bonds does not constitute an unrelated trade or business under Section 513(a) of the Code. The tax exemption of interest on the Bonds is dependent upon, among other things, the College's status as a "Section 501(c)(3) organization" and, therefore, the conclusion of Bond Counsel that such interest is excludable from gross income for federal income tax purposes is dependent, in part, upon such opinions of Dinse, Knapp & McAndrew, P.C.

The Act provides that the bonds of the Agency and the income therefrom shall at all times be exempt from taxation in the State of Vermont, except for transfer and estate taxes.

Interest on the Bonds will not be an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which Sidley Austin LLP renders no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Bonds owned by a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Bonds with original issue discount (a "Discount Bond") will be excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In general, the issue price of a maturity of the Bonds is the first price at which a substantial amount of Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes.

A portion of the original issue discount that accrues in each year to an owner of a Discount Bond which is a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability. In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such Bond is sold to the public may be determined according to rules that differ from those described above. An owner of a Discount Bond should consult his tax advisor with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local income tax consequences of owning and disposing of such Discount Bond.

Bond Premium

The excess, if any, of the tax basis of the Bonds purchased as part of the initial public offering by a purchaser (other than a purchaser who holds such Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "Bond Premium." Bond Premium is amortized over the term of such Bonds for federal income tax purposes (or, in the case of a bond with Bond Premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). No deduction is allowed for such amortization of Bond Premium; however, Bond Premium is treated as an offset to qualified stated interest received on the Bonds. An owner of such Bonds is required to decrease his adjusted basis in such Bonds by the amount of amortizable Bond Premium attributable to each taxable year such Bonds are held. An owner of such Bonds should consult his tax advisor with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption or other disposition of such Bonds and with respect to state and local income tax consequences of owning and disposing of such Bonds.

Backup Withholding

Interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest on the Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Other Tax Consequences

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding any future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

For example, based on a proposal by the President, the Senate Majority Leader introduced a bill, S. 1549 (the "Proposed Legislation"), which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of thresholds specified in the Proposed Legislation in tax years beginning after December 31, 2012. The Proposed Legislation would also provide special rules for such bondholders that are also subject to the alternative minimum tax. It is unclear if the Proposed Legislation will be enacted, whether in its current or an amended form, or if other legislation that would subject interest on the Bonds to a tax or cause interest on the Bonds to be included in the computation of a tax, will be introduced or enacted. Prospective purchasers should consult their tax advisors as to the effect of the Proposed Legislation, if enacted, in its current form or as it may be amended, or such other legislation on their individual situations.

Forward Delivery of the Series 2012B Bonds

Assuming no change in current law, it is expected that Bond Counsel will be able to render the opinion substantially in the form appearing in Appendix D-2 to this Official Statement on the date of delivery of the Series 2012B Bonds.

RATINGS

S&P and Moody's have assigned ratings of "AA" with a stable outlook and "Aa2" with a stable outlook, respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P, 55 Water Street, New York, New York 10041 and Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Certain information and materials not included in this Official Statement were furnished to the rating agencies by the College. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. Furthermore, there is no assurance that the ratings on the Series 2012B Bonds on the Series 2012B Settlement Date will not be different from the ratings described above. A rating downgrade does not terminate the Forward Delivery Contract or release the Underwriter from its obligation to purchase the Series 2012B Bonds. Without regard to the level of such ratings, letters of confirmation of such ratings shall be made available on the Series 2012B Settlement Date; provided, however, if one or more of such rating agencies are no longer in business or no longer provide ratings as of the Series 2012B Settlement Date, then the requirement to provide a rating by such rating agency shall be waived by the Underwriter. The Underwriter has undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or to oppose any such proposed revision or withdrawal. The College has, however, undertaken, as part of its continuing disclosure obligation (see "CONTINUING DISCLOSURE" below) to file with the Municipal Securities Rulemaking Board (the "MSRB") all rating changes relating to the Bonds, and S&P has agreed with the MSRB to file all such rating changes it may adopt relating to the College directly with the MSRB. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Bonds.

LEGALITY OF BONDS FOR INVESTMENT

The Act provides that the bonds of the Agency are securities in which all public officers and bodies of the State of Vermont and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees and other fiduciaries in the State of Vermont may properly and legally invest funds in their control.

STATE NOT LIABLE ON BONDS

The State of Vermont is not liable for the payment of the principal of and premium, if any, and interest on the Bonds, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Agency, and neither the Bonds nor any of the Agency's agreements or obligations shall be construed to constitute an indebtedness of the State within the meaning of any constitutional or statutory provision whatsoever, nor shall the Bonds directly or indirectly or contingently obligate the State or any municipality or political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

COVENANT BY THE STATE

Under the Act, the State of Vermont does pledge to and agree with the holders of the Bonds that the State will not limit or alter the rights vested in the Agency until the Bonds, together with interest thereon, with interest on any unpaid installment of interest, and of all costs and expenses incurred by the Agency in connection with the facilities or in connection with any action or proceedings by or on behalf of the Owners, are fully met and discharged.

UNDERWRITING

The Bonds will be purchased for reoffering by the Underwriter. The Underwriter will agree to purchase the Series 2012A Bonds at a purchase price equal to $52,769,106.52 (representing the principal amount of the Series 2012A Bonds plus the net original issue premium less an underwriter's discount in the amount of $240,080.13) and to purchase the Series 2012B Bonds at a purchase price equal to $13,982,699.58 (representing the principal amount of the Series 2012B Bonds plus the net original issue premium less an underwriter's discount in the amount of $66,897.87), and to reoffer such Bonds at the initial reoffering yields set forth on the inside cover page hereof. The Underwriter will agree to accept delivery of and pay for all of the Series 2012A Bonds if any are delivered and the Underwriter will agree to accept delivery of and pay for all of the Series 2012B Bonds if any are delivered. Delivery of the Series 2012A Bonds, however, is not conditioned upon the delivery of the Series 2012B Bonds. Similarly, delivery of the Series 2012B Bonds is not conditioned upon the delivery of the Series 2012A Bonds. See "CERTAIN FORWARD DELIVERY CONSIDERATION WITH RESPECT TO THE SERIES 2012B BONDS" herein. The obligations of the Underwriter will be subject to certain terms and conditions set forth in the separate purchase contracts relating to the applicable series of Bonds. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES 2012B BONDS" herein. The College will agree to indemnify the Underwriter and the Agency against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriter may allow concessions from the public offering price to certain dealers, banks and others.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and certain of its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Agency and/or the College, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency and/or the College.

The following two sentences have been provided by the Underwriter. The Underwriter has entered into a master dealer agreement (the "Master Dealer Agreement") with Incapital LLC ("Incapital") for the distribution of certain municipal securities offerings, including the Bonds, to Incapital's retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase Bonds from the Underwriter at the initial public offering price less a negotiated portion of the selling concession applicable to any Bonds that Incapital sells.

FINANCIAL ADVISOR

Public Financial Management, Inc. ("PFM") has served as financial advisor to the Agency for the issuance of the Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants will deliver to the Agency and the Underwriter on or before the date of delivery of the Series 2012A Bonds its verification report indicating that it has verified, in accordance with the standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of certain computations showing the adequacy of the cash, including a portion of the proceeds of the Series 2012B Bonds, and the maturing principal of and interest on certain government obligations to be acquired on April 11, 2012 and held in the escrow fund to provide for the payment of the principal of and interest on the Refunded Bonds up to and including November 1, 2012, the redemption date of the Refunded Bonds.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Agency are subject to the approval of Sidley Austin LLP, New York, New York, Bond Counsel, whose approving opinions, in substantially the form set forth in Appendix D-1 and Appendix D-2 hereto, will be delivered with the Series 2012A Bonds and the Series 2012B Bonds, respectively. See "TAX MATTERS – Forward Delivery of the Series 2012B Bonds." Certain legal matters will be passed upon by Deppman & Foley, P.C., Middlebury, Vermont, counsel to the Agency, by Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College and by Greenberg Traurig, LLP, Boston, Massachusetts, counsel to the Underwriter.

ABSENCE OF MATERIAL LITIGATION

There is not now pending any litigation against the Agency seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the Agency to their respective offices, is being contested. There is no litigation pending against the Agency which in any manner questions the right of the Agency to make the loan to the College contemplated by the Loan Agreement.

See Appendix A with respect to any material litigation affecting the College.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the College has undertaken in the Loan Agreement, for the benefit of the beneficial owners of the Bonds, to file certain annual financial and other information and notices required to be provided by Rule 15c2-12 with the MSRB in an electronic form specified by the MSRB (the "Undertaking"). The proposed form of the Undertaking is set forth in Appendix C hereto under the heading "Secondary Market Disclosure." The Undertaking may be amended or modified under certain circumstances set forth therein. The Agency has not committed to provide any continuing disclosure to the beneficial owners of the Bonds or to any other person. The College has made similar undertakings in connection with prior bond issuances, and has complied in all material respects with such undertakings, except as hereinafter noted. The College's annual financial and operating information for the fiscal year ended June 30, 2011 was filed three months after the applicable filing deadline

MISCELLANEOUS

The references herein to the Act, the Notes, the Loan Agreement, and the Bond Indenture are brief descriptions of certain provisions thereof. Such descriptions do not purport to be complete and reference is made to such statute and documents for full and complete statements thereof. The agreements of the Agency with the owners of the Bonds are fully set forth in the Bond Indenture, and neither any advertisements of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the principal trust office of the Bond Trustee.

The consolidated financial statements of the College and its affiliates as of June 30, 2011 and 2010 and for the years then ended, included in this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein. Such financial statements are set forth in this Official Statement as Appendix B.

The Agency has furnished the information contained herein which relates to the Agency. The College has reviewed the information contained herein which relates to the College and has approved all such information for use in this Official Statement.

The execution and delivery of this Official Statement by its Executive Director have been duly authorized by the Agency and approved by the College.

VERMONT EDUCATIONAL AND HEALTH
BUILDINGS FINANCING AGENCY

By: /s/ Robert Giroux
Executive Director

Approved:

THE PRESIDENT AND FELLOWS
OF MIDDLEBURY COLLEGE

By: /s/ Patrick J. Norton
Vice President for Finance and Treasurer

APPENDIX A

MIDDLEBURY COLLEGE

General

The President and Fellows of Middlebury College ("Middlebury" or the "College") is a private, non-profit institution of higher education offering bachelor's degrees in the humanities, social sciences, foreign languages and the natural sciences, master's degrees in biology and English, and master's degrees and doctorates in several foreign languages. Located in the Champlain Valley of Vermont, Middlebury is one of the oldest residential, liberal arts colleges in New England. Founded in 1800, Middlebury was one of the first colleges in New England to become co-educational by admitting women in 1883.

Middlebury offers several distinctive academic programs. Every summer the main campus is devoted to the study of ten foreign languages and cultures. On Middlebury's Bread Loaf Campus, the six-week School of English is in session each summer, followed by the two-week Writers' Conference. In addition, Middlebury operates numerous Language Schools abroad and the Monterey Institute of International Studies (the "Monterey Institute") in Monterey, California.

Governance and Administration

Board of Trustees

The College is governed by a Board of Trustees, referred to in its Charter as "The President and Fellows". The Board is comprised of the President of the College, up to eight Charter Trustees, six Alumni Trustees, and up to 20 Term Trustees. All trustees, except Alumni Trustees, are elected by the Board from nominations submitted by a committee of the Board. Alumni Trustees are elected by the Board from nominations made jointly by a committee of the board and the Alumni Association. Alumni Trustees and Term Trustees serve no more than two five-year terms, unless they are thereafter appointed to be Charter Trustees. Charter Trustees serve a maximum term of fifteen years. No Trustee except the President of the College may serve a total of more than 15 years. Regular meetings of the Board are held quarterly.

Currently, there are 30 members of the Board of Trustees including the President of the College, who serves ex-officio. Their names, affiliations and terms of office are as follows:

Middlebury College Board of Trustees

Name	Initial Year Elected	Term Expires	Principal Affiliation
Ronald D. Liebowitz	2004	ex officio	President, Middlebury College Middlebury, VT
Charter Trustees			
Frederick M. Fritz	1999	2014	Former Chair, BancBoston Capital, Inc. Boston, MA
Michael C. Obel-Omia	1997	2012	English Teacher, William Penn Charter School Philadelphia, PA
Kimberly C. Parizeau	2003	2018	Volunteer, Wellesley, MA

Elisabeth B. Robert	2004	2014	Chief Executive Officer, Terry Precision Cycling Burlington, VT
Susan J. Scher	2006	2016	Managing Director, Goldman, Sachs & Co.* New York, NY
Jed A. Smith	2003	2013	Managing Partner, Catamount Ventures San Francisco, CA
Deborah G. Thomas	2004	2014	Lecturer, African and American Studies, Yale University New Haven, CT
James Edward Virtue	2005	2015	Chief Executive Officer, MidOcean Partners New York, NY
Linda F. Whitton	2004	2014	Volunteer, Fundraiser, Wilton, CT

Alumni Trustees

Adrian Benepe	2009	2014	Commissioner, New York City of Parks and Recreation New York, NY
Allan R. Dragone, Jr.	2008	2013	Chief Executive Officer, Unisource Worldwide Inc. Norcross, GA
Ann W. Jackson	2007	2012	Former Executive Vice President, Global Business Development Sotheby's New York, NY
Catherine Lee	2011	2016	Private Strategy Advising and Leadership Coaching, Seoul, South Korea
Russell J. Leng	2010	2015	James Jermain Professor Emeritus of Political Economy and International Law, Middlebury College Middlebury, VT
S. Carolyn Ramos	2009	2014	Attorney, Shareholder & Director, Butt Thornton & Baehr PC Albuquerque, NM

*Goldman, Sachs & Co. is serving as the Underwriter in connection with the issuance of the Bonds. The College believes that the participation of Goldman, Sachs & Co. in the offering is on terms no less favorable to the College than could be obtained from other parties.

Administrative Officers

The Board appoints the President who is the chief executive officer of the College. Middlebury's present senior administrative officers are:

Ronald D. Liebowitz was appointed as the 16th president of Middlebury College in April 2004. Mr. Liebowitz had previously served as Provost and Executive Vice President of the College from 1997 until his appointment as President in 2004. From 1993-95, he was Dean of the Faculty, and from 1995-97, he was Vice President of the College. From February to June 2002, Mr. Liebowitz served as Acting President.

President Liebowitz joined the Middlebury faculty in 1984 as an instructor of geography and was promoted to associate professor in 1988 and full professor in 1993. He is a graduate of Bucknell University in Lewisburg, Pennsylvania, where he majored in economics and geography, and competed as a varsity swimmer. He received his doctorate in geography from Columbia University in 1985.

Recognized as an authority on Russian economic and political geography, Mr. Liebowitz has authored scholarly articles related to Soviet and Russian regional economic policy, is the editor of three books, and is the recipient of a number of national fellowships, including fellowships from: the National Council on Soviet and East European Research, the International Research and Exchange Board (IREX), the Social Science Research Council (SSRC), the George F. Kennan Institute, and the Woodrow Wilson Center for International Scholars. Mr. Liebowitz spent two summers studying at Middlebury's Russian Language School, and served as the first board chair for the National Institute for Technology and Liberal Education (NITLE), an Andrew W. Mellon Foundation-supported consortium of 81 liberal arts colleges that serves as a catalyst for innovation and collaboration for national liberal arts colleges.

Alison R. Byerly, Provost and Executive Vice President since 2003 and Professor of English and American Literatures, has taught at Middlebury since 1989, and has served in a variety of administrative positions at the College. She received her B.A. from Wellesley College (1983), and her Ph.D. from the University of Pennsylvania (1989). She is the author of numerous articles and two books on Victorian literature, culture, and media. *Realism, Representation, and the Arts in Nineteenth-Century Literature* was published by Cambridge University Press in 1998. Her book, *Are We There Yet? Virtual Travel and Victorian Realism,* is forthcoming from the University of Michigan Press. She has spoken widely on the subject of the impact of technology on the humanities in venues including MIT's Communications Forum and the Modern Language Association's annual conference. Professor Byerly continues to teach regularly as Provost, most recently a multimedia course entitled "Fictional Worlds".

Ms. Byerly will conclude her term as Provost on June 30, 2012 and go on academic leave next year, returning to the faculty in 2013-2014 as College Professor. The position of Provost is being replaced by the position of Vice President for Academic Affairs, which will be filled by Timothy Spears (biography below).

Shirley M. Collado, Dean of the College and Chief Diversity Officer and Associate Professor of Psychology rejoined the administration on July 1, 2010. She first came to Middlebury in January 2007 from The Posse Foundation, where she was Executive Vice President. At Middlebury, she served first as Dean for Institutional Diversity and then as Vice President for Institutional Planning and Diversity. As Dean of the College and Chief Diversity Officer, Ms. Collado serves as the Chief Student Affairs Officer and oversees and supports a diversifying student body and academic community. As Middlebury's Chief Diversity Officer in 2007, Ms. Collado served as the College's senior planning officer and was responsible for creating a vision and overall plan for diversity and inclusion. She led the development of a new academic center focused on the comparative study of race and ethnicity and oversaw institutional research, international student and scholar services, the Americans with Disabilities Act office, and other administrative areas.

Ms. Collado earned an M.A. and Ph.D. in clinical psychology from Duke University, and did her undergraduate work at Vanderbilt University, where she earned a B.S. in human and organizational development and psychology. She has taught at a number of colleges and universities, including New York University, Georgetown University, George Mason University and The New School University. She has also worked as a clinical psychologist with a specialty in trauma among multicultural populations.

Starting in academic year 2012-2013, the Vice President of Administration position is being eliminated and athletics will report to Ms. Collado.

David A. Donahue (Middlebury '91), Special Assistant to the President, was appointed Secretary of the College in 2009. Mr. Donahue holds a Masters in Education Leadership and Administration from the University of Vermont and a B.A. from Middlebury College. In 1997 he returned to his alma mater after working for Andersen Consulting (Accenture). Since his return, Mr. Donahue has served in a variety of capacities, including Assistant Dean of Students, Project Manager for a large scale enterprise application implementation, Associate Dean of Library and Information Services and Associate Vice President for College Advancement Operations.

Michael E. Geisler, C.V. Starr Professor of Linguistics and Languages, was appointed Vice President for Language Schools, Schools Abroad and Graduate Programs in September of 2007, after serving as Dean of Language Schools and Schools Abroad since January of 2005. Since 2010, he has also been serving as Chief Language Officer of Middlebury Interactive Languages LLC, the College's for profit joint venture. He received his *Staatsexamen* (M.A. equivalency) from the University of Mannheim, Germany, and his Ph.D. from the University of Pittsburgh in 1981. He joined the Middlebury faculty in 1992 as Associate Professor of German. In 1995 he was promoted to full professor.

Before assuming his current office, he served as chair of the German Department, chair of the Foreign Language Division and Associate Dean of the Faculty for Arts, Humanities, Languages and Literature. He has published two books and numerous articles on German media studies, German literature and on nationalism and national symbols. He is also co-editor of a special issue of *New German Critique* on German media culture. In January of 2008, in cooperation with Clara Yu, President of the Monterey Institute of International Studies, he organized "ConnectEd", a conference on issues in international education at Monterey, California, attended by more than 400 higher education professionals and administrators from 24 different countries.

James R. Keyes, Vice President for College Advancement, joined College Advancement in June 2011. A 1971 Middlebury graduate, Mr. Keyes is a former member of the Board of Trustees and chair of the Audit and Nominating Committees, also serving as a member of the Prudential, Buildings and Grounds, and Educational Affairs Committees, and a former board member of the Middlebury College Alumni Association. He is responsible for leading the College's effort to complete the Middlebury Initiative, a fundraising campaign with a goal of $500 million that began in 2007, and for managing alumni operations of the undergraduate college, the Language Schools, the C.V. Starr-Middlebury Schools Abroad, and the Bread Loaf programs.

Mr. Keyes is the former president of Citizens Bank of Vermont and First Vermont Bank. He also served in senior leadership roles at Berkshire Bank and The First National Bank of Boston. Along with his Bachelor of Arts from Middlebury, he holds an M.B.A. from Northeastern University.

Patrick J. Norton, Vice President for Finance and Treasurer since 2009, is the chief financial officer of the College and oversees the financial and business operations of the College. Mr. Norton was appointed Vice President and Chief Financial Officer in 2008, was appointed Associate Vice President for Finance and Controller in 2006, and was appointed Controller in 2003. Mr. Norton is also a member of the board of directors of Middlebury Interactive Languages LLC. A graduate of The University of Texas at Austin, Mr. Norton is a certified public accountant licensed to practice public accounting in Vermont, and a certified treasury professional with a M.A. from Columbia University. Mr. Norton has over 24 years of experience in finance and accounting, focused in higher education, healthcare, and social services. Mr. Norton is a member of the American Institute of Certified Public Accountants, The Vermont Society of Certified Public Accountants, The Association of Financial Professionals, the Institute of Internal Auditors, and the National Association of College and University Business Officers (NACUBO).

Sunder Ramaswamy has been President and Frederick C. Dirks Professor of International Economics at the Monterey Institute of International Studies since January 1, 2009. Prior to this, he held faculty and academic administrative positions at Middlebury College, and the Madras School of Economics (Chennai, India).

He is recognized for his scholarly work in Development and International Economics. His academic work has been supported by the World Bank, S.W. Davis Foundation, Ford Foundation, and the Kellogg Foundation. He has also been a consultant to UNCTAD, UNIDO and United Nations University on specific development economics projects. He has published scores of scholarly articles pertaining to development issues, co-authored and co-edited 4 books, and given over a hundred talks all over the world on a wide range of contemporary economics issues.

Michael D. Schoenfeld (Middlebury '73), Senior Vice President and Chief Philanthropic Advisor, is a former high school science and math teacher who returned to his alma mater in 1981 to coach the alpine ski team. In 1985, he gave up his coaching responsibilities to work full-time in the College's Development Office on "The Campaign for Middlebury", a $60 million capital fund drive. After the successful completion of the Campaign in 1990, he assumed the position of Director of Development, with oversight of Alumni Relations, Development, and Public Affairs. In 1995, he moved to the position of Dean of Enrollment Planning, with management responsibilities for Admissions and Financial Aid. Mr. Schoenfeld returned to fundraising in 2004 to lead Middlebury's $500 million comprehensive fund raising campaign, "The Middlebury Initiative". In June 2011, Mr. Schoenfeld was promoted to Senior Vice President and Chief Philanthropic Advisor allowing him to work closely with the President and many of the College's most generous supporters, while devoting more time to fundraising and special projects directly related to the College's major strategic objectives.

Timothy B. Spears, Vice President for Administration since 2010 and Professor of American Studies, has served in a variety of administrative capacities, including Dean of College, a position he occupied before assuming his current responsibilities.

He has been a member of the Middlebury faculty since 1990. He received his B.A. from Yale University in 1980 and did his graduate work at Harvard University in the History of American Civilization, receiving his Ph.D. in 1989. Professor Spears has taught a wide range of classes, including courses on consumer culture, Chicago, regional and Southern literature, and football and higher education. He is the author of *100 Years on the Road: The Traveling Salesman in American Culture* (1995), and *Chicago Dreaming: Midwesterners and the City, 1871 to 1919* (2005). He was also a Senior Consulting Editor for *The American Midwest: An Interpretive Encyclopedia*, a large public history reference guide that Indiana University Press published in 2006. Currently, he is working on a history of college football, based on his family's participation in the sport.

The Vice President for Administration position will be eliminated next year and Mr. Spears will become Vice President for Academic Affairs, a new position that will replace the Provost position.

Mission Statement

The Middlebury College Board of Trustees adopted the following Mission Statement on March 2, 2006:

> *At Middlebury College we challenge students to participate fully in a vibrant and diverse academic community. The College's Vermont location offers an inspirational setting for learning and reflection, reinforcing our commitment to integrating environmental stewardship into both our curriculum and our practices on campus. Yet the College also reaches far beyond the Green Mountains, offering a rich array of undergraduate and graduate programs that connect our community to other places, countries, and cultures. We strive to engage students' capacity for rigorous analysis and independent thought within a wide range of disciplines and endeavors, and to cultivate the intellectual, creative, physical, ethical, and social qualities essential for leadership in a rapidly changing global community. Through the pursuit of knowledge unconstrained by national or disciplinary boundaries, students who come to Middlebury learn to engage the world.*

This mission statement reflects a significant goal of President Liebowitz's presidency in recognizing more prominently, and capitalizing more fully on, the unique strengths of the College that have gradually emerged over the last century. Middlebury College is not simply an undergraduate institution of approximately 2,500 students. It also encompasses several graduate and specialized programs that take place during the summer and the academic year, in the United States and in other countries. It includes ten intensive Language Schools that enroll approximately 1,500 students each summer, taught by approximately 300 faculty members; Middlebury at Mills, launched in 2009, which offers undergraduate instruction in Arabic, French, Japanese, and Spanish; the C.V. Starr-Middlebury Schools Abroad, which enroll approximately 85 graduate students and 475 undergraduates yearly; the Bread Loaf School of English, which enrolls approximately 500 students at four sites; the prestigious Bread Loaf Writers' Conference, with its approximately 230 attendees each summer at the Bread Loaf campus; and The Monterey Institute of International Studies, which enrolls approximately 750 students and includes the Graduate School of International Policy Management, the Graduate School of Translation and Interpretation and Language Education, the internationally renowned James Martin Center for Nonproliferation Studies, and the Center for East Asian Studies.

These programs offer great advantages, both educational and logistical, to the College. The Language Schools and Schools Abroad have solidified Middlebury's dominance in language learning and strength in international studies. The Bread Loaf programs embody a proud tradition in literature that is crucial to the College's traditional liberal arts identity. The College's affiliation with the Monterey Institute of International Studies, which commenced in 2005, and the subsequent merger of the Monterey Institute into the College on June 30, 2010 has expanded Middlebury's commitment to language study to graduate professional programs that demonstrate the importance of language mastery to many careers and forms of public service.

Facilities

Middlebury College is located on a hill overlooking a small Vermont town and the Champlain Valley, with the Green Mountains visible to the east and Adirondacks to the west. Most of the College's buildings are constructed of gray limestone or white marble in colonial architecture.

The main campus in Middlebury comprises over 100 buildings on approximately 300 acres of land. The buildings provide laboratories and classrooms, faculty and administrative offices, a language center, an auditorium, a conference center, an art building, a theater, an observatory, a science center, guest houses, an infirmary, a chapel, a student center, a fine arts center, and 55 student residences. The College also includes athletic grounds, a natatorium, a hockey arena, a golf course and a three and one-half kilometer lighted cross-country ski trail. The Bread Loaf Campus is located 12 miles from the main campus near Bread Loaf Mountain. The mountain campus of 1,700 acres includes a residential building with a dining hall, the Davidson Library, a theater, 19 cottages and a large barn containing eight classrooms and a large social room. The Bread Loaf Campus is the site of the Carroll and Jane Rikert Ski Touring Center, a scenic and advanced trail system of over 35 kilometers for cross-country skiing. Located a short distance from the Bread Loaf Campus is the Middlebury College Snow Bowl with three chair lifts, a ski shelter and 14 alpine trails and slopes on 763 acres of land.

The Monterey Institute is located near the "Old Town" section of Monterey, California, a community described as the "Language Capital of the World" given the presence of the Institute as well as the Defense Language Institute and Naval Post-Graduate School. The Institute's campus consists of 16 buildings aggregating over 150,000 square feet of space including the Lara Soto Adobe where John Steinbeck resided while writing *The Pearl.*

Academic Facilities

The Davis Family Library system has over three-quarters of a million holdings, comprised of books, periodicals, government documents, music and video recordings, microfilm and microfiche, and also provides access to digital books, online music and periodical subscriptions. Access to the library's online catalog and circulation system is available from the internet and campus network, including every residence hall room and faculty office. The College provides access to over 80,000 periodicals, most now available online. Special collections include the Abernethy American Literature Collection, containing many first editions and manuscripts and a collection of works by Robert Frost; the College Archives; and many other specialized collections, including the recently acquired Phelps collection of Civil War materials. Middlebury has been a selective depository for U.S. Government documents since 1884, currently collecting at roughly 25 percent of the available government publications. The College's 143,000 square foot main library opened in June 2004, a state-of-the-art, environmentally sustainable facility with a total of 623 study seats, including 347 individual study carrels for students and faculty, 23 media viewing stations, 5 classroom spaces complete with computer and audio-visual presentation systems, 10 group study rooms, 2 media viewing rooms, 8 faculty offices, a periodical reading room that doubles as a lecture area, two large reading rooms on the upper level providing magnificent views of the campus and the surrounding town and countryside, 73 laptops and a variety of digital cameras, projectors, and other A/V equipment that may be borrowed from the circulation desk, over 100 computers available for use throughout the building, 1,800 network jacks for public and staff use throughout the facility, and 100% wireless computer/internet access throughout the building. In 2012, the formerly separate Music Library facility was integrated into the Davis Family Library building, including almost 60,000 recordings, scores, books, and music reference works. The Armstrong Science Library has over 100,000 volumes, including about 300 journals in biology, chemistry, geology and physics, 35,000 microforms, and 81,000 maps.

The Mahaney Center for the Arts, completed in 1992, provides needed space and facilities for the Middlebury Museum, the music department, a 400-seat concert hall, a dance-studio auditorium and the Seeler Studio Theater, a black box theater. During the summer of 2011, the Music Library was relocated from the Mahaney Center for the Arts to the Davis Family Library. The vacated space was renovated for use by the Department of History of Art and Architecture which, in turn, was relocated from the Johnson Memorial Arts Building.

The Sunderland Language Center contains a computer lab and classroom, as well as three interactive learning centers with multi-media workstations for the delivery of interactive language programs and word processing in ten languages including Arabic, Russian, Japanese and Chinese. Satellite broadcasts of news and cultural programs from all over the world are received by the College and made available in many locations around the campus.

In fall 1999, the College opened McCardell Bicentennial Hall, an approximately 218,000 gross square foot state-of-the-art facility for the sciences. The structure houses the departments of biology, chemistry and biochemistry, computer science, geography, geology, physics and psychology. The building includes lecture halls, classrooms, laboratories, a science library, offices, and student/faculty research space. McCardell Bicentennial Hall's environmentally sensitive features are meant to be a fitting tribute to the study of the natural environment and related subjects that take place there.

The Franklin Environmental Center was completed in June 2007 and is housed in a renovated farmhouse that formerly served as a residence hall and then an office and classroom building. Hillcrest was renovated with sustainability as a primary focus, and is Middlebury's first LEED Platinum certified project. The building houses 14 faculty and staff offices, a 100-seat "smart" classroom, studio space for Environmental Studies student projects, a student lounge area, and meeting rooms.

The Axinn Center at Starr Library, completed in spring 2008, provides an array of classrooms, 52 faculty offices, 4 staff offices and 4 departmental common areas. Teaching spaces include 3 regular classrooms, 3 seminar rooms, 2 screening rooms and the Abernethy Room, a grand historic space that can be used as a classroom or as a space for speaking engagements and receptions.

Athletic Facilities

Memorial Field House contains the Pepin Gymnasium for basketball, volleyball and badminton, as well as the Nelson Recreation Center, a modern fitness center, and training rooms. An energy-efficient natatorium with 50-meter pool and the Chip Kenyon '85 Arena, a 2,200 seat hockey arena that opened in January 1999 are adjacent to Memorial Field House.

Outdoor facilities include 60 acres of playing fields for intramural and intercollegiate competition, as well as 16 outdoor tennis courts and three platform tennis courts. An 18-hole golf course is on campus, as well as a lighted 3.5 kilometer cross-country ski trail that is also used for running and jogging. Middlebury has its own alpine and Nordic skiing areas at the Snow Bowl and on the Bread Loaf Campus.

The College is in the design phase for a new Field House and Squash Center at the Athletic Complex. These new facilities will replace an air-supported structure (the Bubble) which is reaching the end of its useful life. A construction start date has not been established but relocation of site utilities and parking could begin as early as the fall of 2012 depending on permits and finances. The estimated cost of the project is $46 million. At this time, the College does not intend to commence work on the Field House until $38 million in gift funding committed to the project has been secured and 65% of those funds is in hand. Work on the squash facility is also not expected to commence until $8 million in gift funding committed to the project has been secured and 65% of those funds is in hand.

Residence Halls, Dining Facilities, Student Center and Biomass Plant

Nearly all undergraduates attending Middlebury reside in College-owned buildings. As of Fall 2011, approximately 2,500 students attend Middlebury, and more than 95% of them is accommodated in 27 residence halls and 33 residence houses that house from three to 250 students. In addition, a small number of students reside in off-campus housing. Some students choose special-interest houses such as the language houses. There are three dining halls on campus which operate on varied schedules. McCullough Student Center houses the offices of Campus Activities and Leadership and provides space for a large social hall, the Grille, the MiddXpress convenience store, the post office, a game room, and the mail room.

In 2002, the College completed the construction of Ross Commons, a commons facility that includes both a residence hall and dining facilities on the site which lies to the south of Hadley/Milliken dormitory and to the west of Adirondack. The residence hall provides 67 bedrooms in suites of four and single rooms. This building, which is five stories tall, lies along Route 125 at the southern edge of the site. The Commons facility contains a variety of program spaces, but primarily provides a kitchen and dining room for up to 300 and administrative offices.

In 2004, the College completed the construction of Atwater Commons, which consists of two residence halls totaling 155 beds in suite arrangements and a new dining hall seating 225 people. Atwater Commons was formerly composed of three buildings – Coffrin Hall, Le Chateau and Allen Hall. The buildings completed in 2004 complement the existing structures and affirm Le Chateau as the "front door" of Atwater Commons.

In 2008, the College refocused its Commons program, establishing a "4/2" system that houses first and second year students in their Commons neighborhoods and gives juniors and seniors the opportunity to draw rooms across the campus. In this system, all students are members of the same Commons for all four years.

Fletcher House, formerly a fraternity and located in the town of Middlebury, was used for student housing until 2011. The building was renovated and converted into five faculty rental apartments during the summer and fall of 2011.

Forest Hall, a 140-bed, student residence hall which opened in 1937, underwent an extensive renovation during the summer of 2011. The scope of work included a new heating system, new electrical and lighting systems, new plumbing fixtures and piping, installation of air conditioning, new windows, new interior finishes, roof and attic insulation and many other improvements to the interior and exterior of the building.

Construction of a Biomass (wood chip powered) gasification facility was completed in 2008 and began operation in January 2009. The plant was constructed adjacent to the existing Central Heating Plant at the Service Building and has reduced the College's carbon emissions by 12,500 metric tons annually since achieving full capacity operation in July of 2009.

Academic Programs

The College offers a broad curriculum during the academic year, as well as language programs abroad, summer language programs, and summer programs in English and writing. During each academic year, the College enrolls full-time students in programs leading to the Bachelor of Arts degree and a few M.A. degrees in the sciences. Many students in the Bread Loaf School of English, the C.V. Starr-Middlebury Schools Abroad, and the summer language programs pursue Master of Arts, Master of Letters, or Doctor of Modern Languages degrees. Other students in the Language Schools earn undergraduate or graduate credits.

The Undergraduate Curriculum

The purpose of a liberal arts education at Middlebury is to give every student a broad understanding of human thought and experience and detailed knowledge of at least one area of intellectual inquiry. In keeping with this purpose, students work intensively in one or more departments and complete requirements and electives in fields outside their area of specialization. All students must complete a set of distribution requirements that encompass seven academic categories and four courses in different cultures and civilizations. Students must also complete two writing-intensive courses before the end of their junior year. One of these is a first-year seminar, taken in the student's first semester at Middlebury, with a faculty member who also serves as the academic advisor for the students enrolled in the seminar.

Students choose a major no later than the end of their third semester in one of the College's 45 established majors in academic departments and in interdisciplinary programs. The requirements for the baccalaureate degree are generally completed within eight semesters. The annual calendar of the College consists of a 13-week Fall Term, a four-week Winter Term, and a 13-week Spring Term, plus two one and one-half week final examination periods. Students take four courses in each 13-week term and a single course during the Winter Term. A total of 36 course credits is required for graduation, of which at least 18 must be Middlebury courses. Courses taken at the Language Schools or C.V. Starr-Middlebury Schools Abroad count towards this total.

In part because Middlebury attracts students interested in its strong language programs, international academic programs have been developed. The International Studies major includes programs in East Asian Studies, Russian and East European Studies, Latin American Studies, African Studies, Middle East Studies, and European Studies. This major has a strong foreign language element, and requires study abroad. Students from each area of study come together for senior work in a team-taught senior seminar. Other areas of special academic emphasis in the undergraduate curriculum include environmental studies and literature.

Languages at Middlebury

Since the summer of 1915, the main campus has been devoted each summer to the intensive study of languages ranging from beginning to graduate and post-graduate levels. The summer Language Schools offer intensive immersion programs in German, French, Spanish, Italian, Russian, Chinese, Japanese, Arabic, Portuguese, and Hebrew (in collaboration with Brandeis University). All programs of study at the summer Language Schools emphasize the development of language skills and the understanding of other cultures. All classes, from beginning courses through the doctoral level, are taught in the foreign language. Advanced programs feature courses in area studies, culture, history, language pedagogy, linguistics, literature, music, and theater.

C.V. Starr-Middlebury Schools Abroad

During the academic year, the Middlebury College Schools in Argentina (Buenos Aires, Córdoba, and Tucumán), Brazil (Belo Horizonte, Florianópolis, and Niterói), Cameroon (Yaoundé), Chile (Concepción, La Serena, Santiago, Temuco, Valdivia, and Valparaíso), China (Beijing, Hangzhou, and Kunming), Egypt (Alexandria), France (Bordeaux, Paris, and Poitiers), Germany (Berlin and Mainz), Israel (Beer Sheva), Italy (Ferrara, Florence, and Rome), Japan (Tokyo), Jordan (Amman), Mexico (Guadalajara and Xalapa), Russia (Irkutsk, Moscow, and Yaroslavl), Spain (Córdoba, Getafe, Logroño, and Madrid), and Uruguay (Montevideo) offer courses appropriate to the undergraduate degree program, and in Berlin, Florence, Irkutsk, Madrid, Mainz, Moscow, and Paris to graduate degree programs.

Most Middlebury students engaged in the study of a modern language, either as part of a language and literature or culture major, or in conjunction with an international studies major, spend part or all of their junior year in one of the Schools Abroad. Study abroad allows students to profit from a rich cultural experience and to achieve a level of academic and personal growth not easily attained in familiar surroundings. The Schools Abroad offer varied intellectual challenges, often in conjunction with foreign university systems, while emphasizing as high a degree of academic and social immersion as is possible and encouraging student independence, all of which, it is hoped, will make possible an experience that will impart special meaning and depth to the understanding of foreign languages and cultures.

The Monterey Institute of International Studies

The Monterey Institute of International Studies, located in Monterey, California, includes the Graduate School of International Policy Management, the Graduate School of Translation and Interpretation and Language Education, and enrolls approximately 750 students. The Monterey Institute also includes the internationally renowned James Martin Center for Nonproliferation Studies. The Center for the Blue Economy, a new research center launched in 2012, focuses on sustainable management of the world's oceans and coasts. The Institute is also home to the Summer Intensive Language Program and Custom Language Services, which provide instruction in a wide variety of languages.

The Monterey Institute became affiliated with Middlebury College on December 2, 2005 and was merged into the College on June 30, 2010. This merger has allowed Middlebury and the Monterey Institute to be at the forefront of shaping international education, based on language proficiency and cultural understanding. It also has provided additional networking opportunities for students and alumni, and has provided innovative research and teaching opportunities for faculty. In the fall of 2010, integrated degree programs in Nonproliferation and Terrorism Studies and International Policy Studies were added and enable students to complete both a B.A. and a M.A. degree in five years; additional 4+1 programs in Teaching Foreign Languages and Environmental Policy became available in 2011. An M.A degree program in Arabic was also established in 2011.

Graduate Programs

Middlebury College awards the Master of Arts and Doctor of Modern Languages degrees in Chinese, French, Spanish, German, Italian, and Russian. The Master of Arts and Master of Letters are awarded to students completing degree programs in the Bread Loaf School of English. In addition, the College awards the Master of Science degree in biology.

Middlebury Interactive Languages

In April 2010, the College entered into a joint venture arrangement with K^{12}, Inc. ("K^{12}"), a publicly held company not affiliated with the College, which focuses on providing online education programs to students in kindergarten through high school. The joint venture is known as Middlebury Interactive Languages LLC and its goal is to develop online foreign language courses. The College contributed certain intangible assets with a fair value of approximately $14 million (namely, a license to use its school name and its Middlebury-Monterey Language Academy ("MMLA") business) and $4 million in cash for a 40% interest in the joint venture. K^{12} contributed substantially all of the assets in its Power-Glide Language Courses, Inc. (Power-Glide) subsidiary, along with certain intellectual property licenses and $4 million in cash for a 60% interest in the joint venture. In addition to online learning, the joint venture also plans to expand the MMLA, a residential language immersion summer program for middle and high school students. The MMLA offers Arabic, Chinese, French, German and Spanish at its summer four-week residential session at four college campuses in Vermont, California, Massachusetts and Ohio.

Middlebury College Faculty and Staff

Faculty

For the academic year starting Fall 2011 the undergraduate faculty had a full-time teaching equivalent of 286. Approximately 94% of the full-time faculty holds doctorates or terminal degrees, and although the primary focus of their work is on teaching, the faculty is active in scholarly research and writing.

The following table provides data pertaining to fall undergraduate enrollment and the Middlebury faculty (excluding the summer Language Schools and the Monterey Institute) for the past five years, including the student/faculty ratio expressed per full-time equivalent ("FTE").

	2011-12	2010-11	2009-10	2008-09	2007-08
Full-time faculty	267	261	260	249	249
Part-time faculty	56	49	51	62	56
Faculty FTE*	286	277	277	270	268
Full-time students	2,480	2,505	2,456	2,430	2,475
Part-time students	27	25	26	25	25
Student FTE*	2,489	2,513	2,465	2,438	2,483
Student/Faculty ratio	9:1	9:1	9:1	9:1	9:1

* Part-time faculty members and students count as one-third of a full-time faculty member or student.

In 2011, the summer Language Schools had a faculty of 296 (including the ten Directors), most of whom taught their native language.

The Monterey Institute has 66 full-time and 50 part-time faculty members.

Staff

As of June 30, 2011 the College had 814 full-time equivalent staff employees, consisting of 748 full-time employees and 198 part-time staff employees. These figures include administrative staff and officers not on faculty appointment. The College's employees are not unionized.

As of June 30, 2011 the Monterey Institute had 120 full-time and 30 part-time employees.

Student Enrollment

Undergraduate applications increased 19% between since 2007-08 and 2011-12. Early decision applications have exceeded 900 each year over this period, suggesting that Middlebury is a first choice college for many students. The College received 8,922 applications for the upcoming 2012-2013 academic year.

The following table presents fall undergraduate enrollment data for the past five years.

	Fall 2011	Fall 2010	Fall 2009	Fall 2008	Fall 2007
	2011-12	2010-11	2009-10	2008-09	2007-08
Number of full-time students[1]	2,480	2,505	2,456	2,430	2,475
Number of applications	8,533	7,984	6,904	7,823	7,180
Number of acceptances....................	1,563	1,375	1,413	1,316	1,479
Number of matriculants	602	577	604	576	644
Graduation rates[2]	91%	92%	93%	91%	94%
SAT 1 Mid-50% range[3]	1,940-2,240	1,940-2,230	1,938-2,210	1,910-2,220	1,950-2,220
ACT Mid-50% range[3]	30-33	30-33	30-33	29-33	29-33

[1] Fall semester, on campus

[2] % of matriculated first-year students who received a bachelor's degree from the College within six years. Rate for Fall 2011-12 is based on Fall 2004 cohort.

[3] Previous versions of Appendix A showed freshmen in top 10% of their high school class. This statistic is no longer commonly reported, so SAT and ACT statistics are being used instead.

The summer Language Schools have enrolled over 50,000 students since being founded in 1915. The table below sets forth the enrollment figures for the summer Language Schools:

	Summer 2011	Summer 2010	Summer 2009	Summer 2008	Summer 2007
Summer Language Schools	1,514	1,518	1,483	1,354	1,345

The Monterey Institute has an enrollment of approximately 750 students.

Tuition and Fees

Middlebury students are normally required to live on campus and dine in College facilities. The College charges a single comprehensive fee for undergraduates which includes room and board, tuition and other fees. The current goal of the College is to limit the rate of increase in the comprehensive fee to inflation plus one percent. The comprehensive fee (including the mandatory student activity fee) for the past five years was as follows:

2011-2012	$53,800
2010-2011	52,500
2009-2010	50,780
2008-2009	49,210
2007-2008	46,910

In addition, the College collects fees, including tuition and room and board fees, in connection with the summer programs and the Schools Abroad. For summer 2011, the aggregate fees charged to each student enrolled in the summer program ranged from $2,852 (three-week session) to $9,911 (eight-week session), depending on the language and length of the program. The 2011-2012 program fee for a full year of study at the Schools Abroad ranged from $20,500 to $36,200. For 2011, the aggregate fee charged to each student enrolled in the Summer Intensive Language Program at the Monterey Institute was $3,500. The 2011-2012 tuition for the Monterey Institute is $32,800 and the total attendance cost is $50,421.

Financial Aid

Middlebury's policy is to admit the most highly qualified students regardless of their families' finances and the College meets the full demonstrated financial need of all of its undergraduate students. Admissions decisions for domestic students at Middlebury are not influenced by applications for financial aid. However, the College may choose to consider financial need when deciding to admit prospective students off the wait list. The Board of Trustees can amend this policy at any time in the future if it is required financially.

Middlebury administered nearly $48 million in institutional grant aid in 2010-11 for its undergraduate, graduate and summer program aid populations. About 42 percent of all Middlebury undergraduate students receive need-based financial aid. The following table indicates the distribution of Middlebury College financial aid:

	2010-11	2009-10	2008-09	2007-08	2006-07
Undergraduate on-campus & students abroad	$35,501,000	$35,657,000	$33,770,000	$30,900,000	$28,221,000
Summer programs (Language Schools & Bread Loaf)	4,576,000	4,363,000	4,300,000	3,495,000	3,147,000
Monterey Institute of International Studies graduate programs	6,968,000	6,968,000	6,370,000	5,462,000	4,148,000
Other*	868,000	2,002,000	1,754,000	1,006,000	1,283,000
TOTAL	$47,913,000	$48,990,000	$46,194,000	$40,863,000	$36,799,000

*Includes financial aid for graduate students abroad, federal awards and other assistance.

In fiscal 2012, it is anticipated that approximately $47,400,000 of financial aid will be distributed by Middlebury.

Financial Activities

Middlebury's financial statements are prepared on the accrual basis of accounting and are in accordance with the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Organizations.*

The tables below set forth summaries of the College's financial information for the last five years. The Monterey Institute's financial information is included for all periods.

Operating Revenues and Expenses

	Year Ended June 30				
	2011	2010	2009	2008	2007
REVENUES					
Net comprehensive and other student fees	$132,055,000	$126,053,000	$119,742,000	$115,489,000	$106,971,000
Contributions	18,275,000	22,978,000	21,155,000	23,377,000	23,053,000
Sponsored activities	9,575,000	10,228,000	9,752,000	8,511,000	10,014,000
Investment return	52,738,000	56,562,000	54,072,000	45,270,000	56,749,000
Other	11,893,000	13,657,000	12,146,000	12,630,000	12,202,000
	$224,536,000	$229,478,000	$216,867,000	$205,277,000	$208,989,000
EXPENSES AND CHARGES					
Instruction	$70,952,000	$72,504,000	$70,943,000	$67,287,000	$61,771,000
Other educational and general	109,028,000	107,818,000	113,632,000	107,138,000	104,169,000
Auxiliary	37,337,000	37,207,000	37,082,000	38,152,000	35,893,000
Other	149,000	80,000	105,000	109,000	96,000
	$217,466,000	$217,609,000	$221,762,000	$212,686,000	$201,929,000

Change in Net Assets

	Year Ended June 30				
	2011	2010	2009	2008	2007
Change in net assets	$127,248,000	$65,174,000	($210,313,000)	($68,587,000)	$201,772,000

Net Assets by Type

	Year Ended June 30				
	2011	2010	2009	2008	2007
Unrestricted	$324,200,000	$292,366,000	$280,918,000	$707,031,000	$771,441,000
Temporarily restricted	444,835,000	364,342,000	322,819,000	107,621,000	118,808,000
Permanently restricted	287,104,000	272,183,000	259,980,000	259,378,000	252,368,000
Total	$1,056,139,000	$928,891,000	$863,717,000	$1,074,030,000	$1,142,617,000

As discussed in the notes to its fiscal year 2011 audited financial statements, the College has restated its fiscal year 2010 financial statements to correct certain errors related to net asset classification. For further detail refer to "Appendix B – Consolidated Financial Statements of the College", herein.

Budgeting Procedures

Middlebury's annual budget is based on detailed budgets submitted by each of Middlebury's departments and reviewed and amended by the President and other senior officers prior to final approval by the Board. Responsibility for controlling expenditures within a department rests with a dean, department head, or budget administrator. All budgets are reviewed and monitored centrally by the Budget Director and/or Controller to assure conformance with Middlebury's fiscal policies, contractual obligations to program sponsors and restrictions of donors. Capital facilities requirements of Middlebury are reviewed in depth by the administration.

Gifts, Grants, and Bequests

Middlebury has seen continued success in its fund-raising programs. The College completed its $200 million Bicentennial Campaign in 2001, raising $213 million for a state-of-the-art interdisciplinary academic building, new athletics facilities, and curricular and program development funds, including endowments to enhance financial aid, enabling the College to continue to offer admission to qualified students regardless of their ability to pay. It followed this campaign with a successful effort to meet a $40 million challenge to increase endowment for key objectives and current operations.

In May 2007, the Middlebury College Board of Trustees unanimously approved a $500 million goal for a comprehensive capital campaign called "The Middlebury Initiative" to meet the objectives outlined in the strategic plan to make Middlebury the premier global liberal arts college. The principal objectives of this initiative are to support international initiatives and environmental leadership, while enhancing financial aid and faculty support. The public phase of the campaign was launched in the fall of 2007, and a total of $388 million has been raised as of January 31, 2012. Middlebury continues to make progress toward its goals despite an uneven economy. These results are based on broad support, with 57% of undergraduate alumni making gifts this past year.

The following table shows the annual totals of the gifts and bequests received for the past five years.

Gifts and Bequests

	Year Ended June 30				
	2011	2010	2009	2008	2007
Unrestricted	$13,585,000	$18,037,000	$17,535,000	$17,903,000	$29,089,000
Temporarily restricted	13,023,000	8,124,000	7,571,000	17,220,000	20,997,000
Permanently restricted	11,090,000	8,461,000	5,579,000	13,240,000	44,240,000
Total	$37,698,000	$34,622,000	$30,685,000	$48,363,000	$94,326,000

In addition, in the past five years, the College has received the following government, corporate and foundation grant amounts (excluding federally funded financial aid):

Grant Amounts

	Year Ended June 30				
	2011	2010	2009	2008	2007
Grants	$9,575,000	$10,228,000	$9,752,000	$8,511,000	$10,014,000

Endowment and Investments

The Investment Committee of the Board of Trustees is responsible for oversight of the endowment. The endowment's financial and investment objectives are to provide a stream of resources in support of the Middlebury College mission, to enhance its real (inflation-adjusted) purchasing power, and to provide support for Middlebury College capital investment needs as they arise. The Investment Committee exercises its oversight responsibility through an investment policy and regular review of endowment performance.

The College believes that the long-term, spending rate from the endowment should not exceed 5% of the 12-quarter average market value of the spendable base of the endowment. While the 5% spending rule is a long-term objective, the spending rate has exceeded the 5% threshold for certain periods. For example, in February 2002, the College's Board of Trustees approved investments in facilities and authorized spending in excess of the 5% guideline through fiscal year 2009. Since then, the College has been focused on bringing the total spending rate back to 5%, with the actual spend rate of 5.7% in fiscal 2010 and 5.8% in fiscal 2011.

In light of the endowment's growing size and importance to the College, as well as the rising number and complexity of the investment strategies that well-managed endowments are increasingly employing, the College embarked on a comprehensive endowment management review starting in late 2004. In June 2005, the Investment Committee completed its comprehensive review of Middlebury's endowment management process and elected to hire Investure, LLC ("Investure") to serve as the external investment office charged with the investment management of the endowment. In conjunction with College finance staff, Investure is responsible for implementing and administering the investment policy and ensuring compliance with all investment policy guidelines and standards.

Investure was started in 2004 by former University of Virginia Chief Investment Officer Alice Handy and several colleagues who have extensive investment experience, particularly in alternative investments. The Investment Committee retains full fiduciary responsibility for the endowment and is actively involved in the decision-making process for asset allocation and manager selection. Middlebury staff manages the day-to-day relationship with Investure and other investment service providers.

A summary of investments at the end of the last two fiscal years is shown in the table below. As of June 30, 2011, the $952 million in total investments was comprised of the $883 million commingled investment pool and $69 million in charitable trusts and other separately invested assets.

Net returns for commingled investment pool ending June 30, 2011 were 18.1% for one year, 5.3% for three years, 7.0% for five years, and 7.9% for ten years. As of February 29, 2012 the unannualized net return for the first eight months of fiscal year 2012 was 1.2%.

	Total Investments Asset Allocation			
	End of Fiscal Years 2011 and 2010			
	June 30, 2011	%	June 30, 2010	%
Money market funds	$41,925,000	4.4%	$28,484,000	3.4%
Due from broker (receivable)*	5,669,000	0.6%	5,223,000	0.6%
Equity securities	306,816,000	32.2%	276,872,000	33.0%
Absolute return	206,070,000	21.6%	189,566,000	22.6%
Debt securities	50,462,000	5.3%	55,098,000	6.6%
Real estate & mortgages	22,402,000	2.4%	20,717,000	2.5%
Private equity partnerships	308,338,000	32.4%	252,069,000	30.0%
Other investments	10,565,000	1.1%	12,185,000	1.5%
Total	$952,247,000		$840,214,000	

* These represent proceeds from investment redemptions that were payable to the College as of June 30, 2011 and 2010.

As of February 29, 2012, the market value of the College's total investments was approximately $938 million.

As of February 29, 2012, the College had $135 million in unfunded commitments to private partnerships and estimates that approximately 50% will be called within the next 12 months.

Neither principal nor income of funds currently on hand or received in the future that are restricted by the donor for purposes other than the general purposes of Middlebury College or the support of building projects may be used to make payments to Vermont Educational and Health Buildings Financing Agency ("VEHBFA") pursuant to the Note or the Loan Agreement. Only unrestricted funds are available to be applied to debt service on the Bonds, other revenue bonds issued for the benefit of the College by the Agency, or to meet the claims of general creditors.

Long Term Debt

The amount of the College's long-term debt at June 30, 2011 totaled $277,868,000. The College's long term debt included the following

- $95,035,000 outstanding principal amount of VEHBFA Series 2010 bonds due on November 1, 2040 (fixed rate)

- $59,445,000 outstanding principal amount of VEHBFA Series 2009 bonds due on November 1, 2038 (fixed rate)

- $35,425,000 outstanding principal amount of VEHBFA Series 2006A bonds due on November 1, 2046 (fixed rate)

- $65,515,000 outstanding principal amount of VEHBFA Series 2002A term bonds due in installments through November 1, 2032 (fixed rate)

- $21,525,000 outstanding principal amount of California Statewide Communities Development Agency bonds, due on July 1, 2031 (fixed rate)

- $923,000 outstanding principal amount of other debt, mainly the Series 1968 issue (fixed rate)

The proceeds of the Bonds will be used to refund all or a portion of the Series 2002A bonds described above.

Future Borrowing Plans

The College does not plan any long-term capital borrowing or major debt-financed construction projects in the near term.

Cross Street Bridge Project

In 2011, the Town of Middlebury (the "Town") completed a bridge and road construction project known as the "Cross Street Bridge Project." The Cross Street Bridge Project involved the construction of a second highway bridge over Otter Creek intended to improve, among other things, emergency response for students, faculty, staff and facilities. The College has agreed to pay the Town the sum of $300,000 twice per year commencing November 9, 2010 and continuing until May 15, 2040 to assist in the payment for the new bridge.

Liquidity

The College had $324,200,000 of unrestricted net assets as of June 30, 2011. As of February 29, 2012, the College could liquidate approximately $42,000,000 of its endowment investments within one day and approximately $139,000,000 within one month. The College also has a $50 million line of credit available to fund short term working capital needs.

Real Estate

The College has long maintained a policy of acquiring land adjacent to the main campus and the Bread Loaf campus to preserve a rural and natural environment. The College owns over 2,900 acres of land near the towns of Ripton and Hancock, including the Bread Loaf campus and the Snow Bowl. The College also owns 2,800 acres of contiguous land in Middlebury, Weybridge, Cornwall, and New Haven and an additional 300 acres of woodlands elsewhere in Vermont. In December 2011, the College received a gift of 269 acres of land in Cornwall, bordering its historic campus. The property is the largest and most significant that the College has received since Joseph Battell bequeathed 30,000 acres on Bread Loaf Mountain in Ripton in 1915. Delineation Corporation, an affiliate of the College, owns 865 acres of mainly farmland in the towns of Middlebury, Weybridge, Cornwall, and New Haven.

The real estate is carried at cost on the College's financial statements.

Retirement Plan

Retirement benefits for substantially all full-time employees of the College, including, as of January 1, 2011 the Monterey Institute, are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA/CREF). Under this program, comprised of three separate plans (Core, Voluntary, and 457b Salary Deferral), the College makes contributions into employee accounts based upon investment allocations exercised by the employee. The College's retirement contributions, other than for employees of the Monterey Institute, in fiscal year 2011 were $9,097,000. Total employer contributions for Monterey Institute employees in fiscal year 2011 were $1,182,000. TIAA-CREF serves as the sole record keeper for all program assets except for a residual balance which, under the previous Monterey Institute plans, had been invested with Variable Annuity Life Insurance Company (VALIC), and which could not be transferred in a lump sum. This balance is being transferred to TIAA-CREF over a five year period.

Insurance

The College carries general liability insurance and casualty insurance policies covering property damage and loss in amounts which the College believes to be customary and adequate for a college of its size and character.

Litigation and Certain Proceedings

The College is subject to various claims and lawsuits in the normal course of its operations. No litigation or proceedings are pending or, to the knowledge of the College, threatened which would materially and adversely affect the financial condition, operations, or cash flows of the College or its ability to make timely payment of all sums required under the Loan Agreement.

APPENDIX B

Middlebury College

Consolidated Financial Statements
June 30, 2011 and 2010 (as restated)

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Report of Independent Auditors

To the President and Fellows of
Middlebury College

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the financial position of Middlebury College (the "College") at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2, the College has restated its 2010 financial statements to correct certain errors related to net asset classification.

PricewaterhouseCoopers LLP

October 31, 2011

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Middlebury College
Consolidated Statements of Financial Position
June 30, 2011 and 2010 (as restated)

(in thousands)	2011	2010 (as restated)
Assets		
Cash and cash equivalents	$ 26,507	$ 25,712
Accounts receivable, net	7,448	5,888
Contributions receivable, net	33,980	38,982
Inventories, prepaid expenses and other assets	4,999	4,281
Deposits with bond trustees	1,045	1,062
Student loans receivable, net	23,310	24,559
Investments	952,247	840,214
Contributions receivable from remainder trusts	3,146	2,434
Beneficial interest in perpetual trusts held by others	25,872	21,708
Land, buildings and equipment, net	364,336	361,347
Total assets	$ 1,442,890	$ 1,326,187
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 44,781	$ 53,405
Funds held for others	4,793	4,403
Deferred revenues	17,175	18,767
Annuities and other split interest obligations	18,774	16,876
Refundable government loan funds	13,798	13,606
Long-term debt	287,430	290,239
Total liabilities	386,751	397,296
Commitments and contingencies (Note 12)		
Net assets		
Unrestricted, as restated	324,200	292,366
Temporarily restricted, as restated	444,835	364,342
Permanently restricted	287,104	272,183
Total net assets	1,056,139	928,891
Total liabilities and net assets	$ 1,442,890	$ 1,326,187

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

Middlebury College
Consolidated Statement of Activities
Year Ended June 30, 2011, with Comparative Totals for the Year Ended June 30, 2010 (as restated)

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Operating revenues and other support					
Comprehensive and other student fees	$ 179,968	$ -	$ -	$ 179,968	$ 175,043
Less: Financial aid	(47,913)	-	-	(47,913)	(48,990)
Net comprehensive and other student fees	132,055	-	-	132,055	126,053
Contributions	12,712	5,563	-	18,275	22,978
Sponsored activities	9,575	-	-	9,575	10,228
Investment return					
Endowment distribution	45,203	3,436	-	48,639	52,262
Other investment income	926	3,173	-	4,099	4,300
Other sources	11,789	104	-	11,893	13,657
Net assets released from restrictions	11,441	(11,441)	-	-	-
Total operating revenues and other support	223,701	835	-	224,536	229,478
Operating expenses					
Educational and general					
Instruction	70,952	-	-	70,952	72,504
Academic support	30,156	-	-	30,156	32,431
Student services	29,166	-	-	29,166	28,354
Institutional support	40,131	-	-	40,131	36,805
Sponsored activities	9,575	-	-	9,575	10,228
Total educational and general	179,980	-	-	179,980	180,322
Auxiliary enterprises	37,337	-	-	37,337	37,207
Other deductions	149	-	-	149	80
Total operating expenses	217,466	-	-	217,466	217,609
Change in net assets from operations	6,235	835	-	7,070	11,869
Nonoperating activities					
Endowment return, net of distribution	29,396	74,063	431	103,890	63,674
Contributions	873	7,460	11,090	19,423	11,644
Other investment income	423	252	28	703	225
Change in value of deferred gifts	1	1,131	3,150	4,282	953
Realized and unrealized loss on interest rate swap	(2,182)	-	-	(2,182)	(1,176)
Campaign expenditures	(1,200)	-	-	(1,200)	(1,200)
Early retirement expense	(79)	-	-	(79)	(5,730)
Adjustment for funds underwater - fair value less than historic dollar value	1,430	(1,430)	-	-	-
Other	(3,063)	(1,818)	222	(4,659)	(15,085)
Total nonoperating activities	25,599	79,658	14,921	120,178	53,305
Increase (decrease) in net assets	31,834	80,493	14,921	127,248	65,174
Net assets					
Beginning of year, as restated	292,366	364,342	272,183	928,891	863,717
End of year	$ 324,200	$ 444,835	$ 287,104	$ 1,056,139	$ 928,891

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

Middlebury College
Consolidated Statement of Activities
Year Ended June 30, 2010 (as restated)

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total
Operating revenues and other support				
Comprehensive and other student fees	$ 175,043	$ -	$ -	$ 175,043
Less: Financial aid	(48,990)	-	-	(48,990)
Net comprehensive and other student fees	126,053	-	-	126,053
Contributions	14,855	8,123	-	22,978
Sponsored activities	10,228	-	-	10,228
Investment return				
Endowment distribution	47,118	5,144	-	52,262
Other investment income	1,625	2,675	-	4,300
Other sources	13,538	119	-	13,657
Net assets released from restrictions	9,844	(9,844)	-	-
Total operating revenues and other support	223,261	6,217	-	229,478
Operating expenses				
Educational and general				
Instruction	72,504	-	-	72,504
Academic support	32,431	-	-	32,431
Student services	28,354	-	-	28,354
Institutional support	36,805	-	-	36,805
Sponsored activities	10,228	-	-	10,228
Total educational and general	180,322	-	-	180,322
Auxiliary enterprises	37,207	-	-	37,207
Other deductions	80	-	-	80
Total operating expenses	217,609	-	-	217,609
Change in net assets from operations	5,652	6,217	-	11,869
Nonoperating activities				
Endowment return, net of distribution, as restated	13,787	49,690	197	63,674
Contributions	3,182	1	8,461	11,644
Other investment income	12	213	-	225
Change in value of deferred gifts	(38)	381	610	953
Unrealized loss on interest rate swap	(1,176)	-	-	(1,176)
Campaign expenditures	(1,200)	-	-	(1,200)
Early retirement expense	(5,730)	-	-	(5,730)
Adjustment for funds underwater - fair value less than historic dollar value	7,021	(7,021)	-	-
Other	(10,062)	(7,958)	2,935	(15,085)
Net assets released from restrictions	-	-	-	-
Total nonoperating activities	5,796	35,306	12,203	53,305
Increase (decrease) in net assets	11,448	41,523	12,203	65,174
Net assets				
Beginning of year, as restated	280,918	322,819	259,980	863,717
End of year	$ 292,366	$ 364,342	$ 272,183	$ 928,891

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

Middlebury College
Consolidated Statement of Cash Flows
Years Ended June 30, 2011 and 2010

(in thousands)	2011	2010
Cash flows from operating activities		
Change in net assets	$ 127,248	$ 65,174
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	21,758	21,625
Contributions restricted for long-term investments	(15,040)	(6,858)
Receipt of contributed securities	(7,068)	(7,724)
Amortization of bond issuance costs	91	93
Loss on defeasance of debt	572	1,971
Amortization of bond discount and premium, net	(243)	-
Bond premium	6,757	-
Loss on disposal of buildings and equipment	849	61
Contributions receivable bad debt expense	302	697
Change in value of deferred gifts	1,898	318
Realized and unrealized (gain) on investments	(149,121)	(119,225)
Payment on interest rate swap	(12,854)	-
Unrealized loss on interest rate swap	1,421	1,176
Unrealized loss (gain) on contributions receivable from remainder trusts	(712)	(149)
Unrealized (gain) on beneficial interest in perpetual trusts	(4,164)	(1,119)
Changes in operating assets and liabilities		
Accounts receivable	(1,560)	(1,297)
Contributions receivable	4,700	(2,299)
Inventories, prepaid expenses and other assets	(586)	(354)
Accounts payable and accrued expenses	(491)	15,030
Deferred revenues	(1,592)	(1,249)
Funds held for others	390	516
Other	192	100
Gifts in kind	(102)	(532)
Net cash used in operating activities	(27,355)	(34,045)
Cash flows from investing activities		
Proceeds from sales of investments	87,532	124,887
Purchases of investments	(50,444)	(88,804)
Sale of contributed securities	7,068	7,724
Purchases of property and equipment	(22,194)	(8,970)
Student loans granted	(2,404)	(3,181)
Student loans repaid	3,653	3,370
Net cash provided by investing activities	23,211	35,026
Cash flows from financing activities		
Contributions restricted for long-term investments	15,040	16,176
Use of deposit with bond trustees, net of earnings	17	496
Proceeds from long-term debt	95,035	62,014
Payments on bonds and notes payable	(104,358)	(63,654)
Bond issue costs	(795)	(566)
Net cash (used in) provided by financing activities	4,939	14,466
Net increase in cash and cash equivalents	795	15,447
Cash and cash equivalents		
Beginning of year	25,712	10,265
End of year	$ 26,507	$ 25,712
Supplemental data		
Interest paid, net of interest capitalized	$ 11,827	$ 10,144
Assets acquired and included in accounts payable	3,826	552

During 2011, donor payments on pledges made with contributed securities were $1,950

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

(in thousands)

1. Background

Middlebury College is a liberal arts college located in Middlebury, Vermont. The College was founded in 1800 and is a leading liberal arts college with an emphasis on literature, languages, international studies and environmental studies. Approximately 2,450 undergraduate students come from throughout the United States and seventy countries. Approximately 70% of the students are from outside of New England.

Over one-half of the students spend at least one semester off campus, primarily outside of the United States of America. In addition to the Middlebury campus, the College has schools located in France, Germany, Italy, Russia, Spain, Latin America, China, Japan, and the Middle East.

The College's summer program, enrolling more than 2,000 students, consists of ten language schools and the Bread Loaf School of English. Programs in French, German, Italian, Russian and Spanish are offered at both the undergraduate and graduate levels, with undergraduate courses offered in Arabic, Chinese, Japanese, Portuguese, and Hebrew. In addition to the summer courses offered in Vermont, the Bread Loaf School of English offers summer sessions in New Mexico, North Carolina, and at Oxford in the United Kingdom.

The College's graduate school, The Monterey Institute of International Studies, the "Institute", is located in Monterey, California. The Institute provides higher education in international policies, international business, translation and interpretation, and language education. In addition, there are two research centers on campus, the James Martin Center for Nonproliferation Studies and the Center for East Asian Studies. Also, the Institute has a research center located in Vienna, Austria, the Vienna Center for Disarmament and Nonproliferation.

Tax-Exempt Status
The College is a tax-exempt organization as described in Section 501(c) (3) of the Internal Revenue Code.

2. Restatement of Previously Issued Financial Statements

In 2011 the College determined that a correction to prior period financial statements was required. Total net assets were not impacted; however, the College believes the impact is material and has reflected the change as a restatement. Certain statement of activities line items and net asset classifications were impacted as detailed in the following tables.

(in thousands)

At July 1, 2009 and 2010, unrestricted net assets were understated by $4,448 and overstated by $102,618, respectively. Temporarily restricted net assets were overstated and understated by the same amounts. This restatement was necessary because a detailed analysis of the components of both temporarily and unrestricted net assets showed that the allocation of endowment gains and losses was misclassified in prior periods.

	As Previously Reported 6/30/2010	Restatement	As Restated 6/30/2010
Endowment return, net of distribution, unrestricted	$ 122,892	$ (109,105)	$ 13,787
Endowment return, net of distribution, temporarily restricted	(59,415)	109,105	49,690
Endowment return, net of distribution, permanently restricted	197	-	197
Total endowment return	$ 63,674	$ -	$ 63,674
Other nonoperating activities, unrestricted	$ (12,102)	$ 2,040	$ (10,062)
Other nonoperating activities, temporarily restricted	(5,918)	(2,040)	(7,958)
Other nonoperating activities, permanently restricted	2,935	-	2,935
Total other nonoperating activities	$ (15,085)	$ -	$ (15,085)
Increase (decrease) in net assets, unrestricted	$ 118,513	$ (107,065)	$ 11,448
Increase (decrease) in net assets, temporarily restricted	(65,542)	107,065	41,523
Increase (decrease) in net assets, permanent restricted	12,203	-	12,203
	$ 65,174	$ -	$ 65,174
Net assets, beginning of year, unrestricted	$ 276,470	$ 4,448	$ 280,918
Net assets, beginning of year, temporarily restricted	327,267	(4,448)	322,819
Net assets, beginning of year, permanently restricted	259,980	-	259,980
Total net assets, beginning of year, June 30, 2009	$ 863,717	$ -	$ 863,717
Net assets, end of year, unrestricted	$ 394,983	$ (102,617)	$ 292,366
Net assets, end of year, temporarily restricted	261,725	102,617	364,342
Net assets, end of year, permanently restricted	272,183	-	272,183
Total net assets, end of year, June 30, 2010	$ 928,891	$ -	$ 928,891

3. Summary of Significant Accounting Policies

Basis of Presentation

Middlebury College has three affiliated entities, Delineation Corporation (the "Corporation"), the President and Friends of Middlebury College, and International Philanthropy. The Corporation is a nonprofit organization founded for the purpose of holding property for the College. The College advances funds to the Corporation for expenses incurred for the maintenance of real property. The President and Friends of Middlebury College is a nonprofit organization formed for the purpose of providing catering and retail dining operations of the College. International Philanthropy is a nonprofit established for the purpose of receiving international contributions from international sources.

The consolidated financial statements include Middlebury College and its affiliated entities, herein referred to as the "College". All interentity transactions have been eliminated in consolidation.

(in thousands)

Basis of Accounting
The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, on the accrual basis of accounting and present net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets
Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets
Net assets subject to donor-imposed stipulations that will be met by actions of the College and/or passage of time, as well as unspent appreciation on permanently restricted endowment funds.

Unrestricted Net Assets
Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by donor or by-law. Expirations in subsequent years of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from restrictions between the applicable classes of net assets.

The College charges undergraduate students attending the Vermont campus a comprehensive fee which includes the cost of tuition, room and board, and fees. The Institute charges its graduate students tuition and related fees.

Auxiliary enterprises include the operations of the dining services, residential halls, College bookstore, Snowbowl and the golf course. Revenues from auxiliary enterprises, except for the revenue from residential and dining halls, are included in other sources of operating revenues in the statement of activities. The revenues derived from residential and dining halls are included in the comprehensive fee.

Nonoperating activities include net realized and unrealized gains and losses on investments, less amounts distributed for operating purposes, permanently restricted contributions for long-term investment, temporarily restricted and unrestricted contributions for nonoperating activities, retirement expense for past service, adjustments for funds underwater, campaign expenditures, net assets released from restriction for nonoperating purposes and the change in value of deferred gifts.

(in thousands)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The College's significant estimates include the valuation of its investments and derivative instruments as well as the estimated net realizable value of receivables for contributions, gifts, pledges, student loans and accounts receivable, the estimated useful lives of buildings and equipment and its liabilities for its asset retirement obligation and its split interest agreements. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents include interest-bearing money market accounts not held for investment purposes. Cash equivalents have maturities of three months or less at the date of purchase.

Contributions
Contributions, including interests in perpetual trusts held by others, are recognized as revenue in the period received at the fair value on the date of the contribution. Gifts of noncash assets are recorded at their fair value on the date of the contribution. Conditional promises to give are not recorded as revenue until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted operating or nonoperating revenue depending on the use of the proceeds.

Contributions of land, buildings and equipment without donor stipulations are reported as unrestricted nonoperating revenue. Contributions of cash or other assets which a donor has stipulated be used to acquire land, building and equipment are reported as temporarily restricted nonoperating revenue. The temporary restrictions are considered to be released when assets are placed in service.

Contributions Receivable
Contributions receivable include pledges that are recorded at their present value using discount rates ranging from approximately 3.0% to 5.5% through the year ended June 30, 2010. For 2011, the present value is calculated using a risk-free rate of return, adjusted for the credit risk the College assumes for uncollectible pledges which is 3.8%. An allowance is made for potentially uncollectible contributions based upon management's past collection experience and other relevant factors.

Inventories
Inventories are stated at lower of cost, utilizing the first-in, first-out method, or market.

(in thousands)

Fair Value Measurements

The fair value accounting standard defines fair value and establishes a framework for measuring fair value. The framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this principle are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value of the College's investments is determined in the following manner:

Investment Type	Value
Short-term investments, consisting principally of money market funds and short-term notes	At quoted market value which approximates cost
Equity securities and debt securities	At quoted market value or as determined by investment managers
Private equity partnerships	Estimated fair value determined by the general partner
Real estate, mortgages and other	Estimated fair value determined by the real estate partnership
Absolute return funds	Estimated fair value determined by the fund manager

(in thousands)

The College utilizes the fund's net asset value ("NAV") as its estimate of fair value for those funds whose value is determined by the fund manager or general partner.

These valuations may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Because of the inherent uncertainty of valuations, the estimated values as determined by general partners and fund managers may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Derivatives
The College accounts for all derivatives except those qualifying for the normal purchase/normal sale exception on the balance sheet at fair value. Fair value is determined using a valuation model utilizing market observable inputs. The College has entered into forward oil purchase contracts with certain suppliers for the purchase of oil for their heating and cooling plant to hedge the price exposure for the College's major fuel source. These agreements meet the normal purchase/normal sale exception and, therefore, have not been recorded on the College's statement of financial position. The College has also entered into foreign currency contracts and an interest rate swap which have been recorded on the College's statement of financial position. The swap was terminated on November 1, 2010.

Endowment
Vermont and California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requires unspent accumulated earnings on donor-imposed permanently restricted endowments to be maintained as temporarily restricted funds.

Contributions Receivable from Remainder Trusts
Donors have established irrevocable trusts under which the College is a beneficiary but not the trustee. The present value of the portion of the trust to be distributed to the College upon the termination of the trust is recorded as contributions receivable from remainder trusts.

Interest in Perpetual Trusts Held by Others
Interest in perpetual trusts held by others includes irrevocable trusts established for the benefit of the College whereby the principal is held in perpetuity by others and the earnings are remitted to the College. The interest in perpetual trusts is recorded at fair value as of the date of the gift, and adjusted to fair value at year-end.

(in thousands)

Land, Buildings and Equipment
Land, buildings, equipment, arts and antiques are recorded at cost at date of acquisition or fair value at date of gift. Depreciation is computed utilizing the straight-line method over the estimated lives of the depreciable.

Category	**Range of Estimated Useful Lives (Years)**
Land improvements	20
Buildings	20–60
Equipment	4–10

Arts and antiques are maintained as collections and, accordingly, are not depreciated.

Joint Venture
In May, 2010, the College entered into a joint venture arrangement with K12, Inc., ("K12"), an unrelated publicly held company. The new company, Middlebury Interactive Languages, LLC, ("MIL"), was created for the purpose of pursuing commercial opportunities associated with developing and delivering language learning software and delivering residential, language immersion education to pre-college students.

The College agreed to fund the joint venture by contributing to MIL certain intangible assets with a fair value of $14,000 and $4,000 in cash. The College has a 40% ownership interest in MIL. As the College does not control the joint venture but does exercise influence, this investment is recorded using the equity method.

In 2011, the College incurred a loss on its equity investment in MIL of approximately $270, which is included in nonoperating activities in the Consolidated Statement of Activities.

Asset Retirement Obligation
An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College derecognizes ARO liabilities when the related obligation is settled. The College has recorded an ARO liability in accrued expenses of $3,658 and $3,500 at June 30, 2011 and 2010, respectively.

Deferred Revenues
Deferred revenues consist primarily of student fees related to the College and its language schools. This liability account also consists of the multiyear prepayment plan, summer school billing (net of financial aid), and sponsored activity.

(in thousands)

Annuities and Other Split Interest Obligations
Donors have contributed assets to the College in exchange for a promise that the College will pay the donor or other beneficiaries a fixed amount or percentage of assets over their lifetimes. The present value of these promises is a liability of the College and is recorded as annuities and other split interest obligations.

Donors have made contributions to the College with the stipulation that their contributions be invested and all or a portion of the resulting income be paid to beneficiaries during their lifetimes. Upon the death of the named beneficiaries, the assets become the property of the College. The present value of the contributed assets is recognized as revenue at the time the assets are received and the difference between the assets contributed and the present value of the contributed assets is included in annuities and other split interest obligations.

Refundable Government Loan Funds
Refundable government loan funds represent Perkins loan funds provided to students by the federal government through the College. The College is required to collect the loans on behalf of the federal government. The amounts due from the students are reported in the College's financial statements as student loans receivable to the College. The amount due to the federal government, if the College should no longer participate, is reported as refundable government loan funds. It is not practicable to determine the fair value of student loans receivable because they are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms and are subject to significant restrictions as to their transfer and disposition.

Functional Expenses
Depreciation, operations and maintenance costs and interest are allocated to the functional expense categories reported within the operating section of the statement of activities. Depreciation and operations and maintenance costs are allocated based upon the use of facilities and equipment. Interest is allocated based on specific identification of the use of debt proceeds.

Sponsored Activities
Sponsored activities include various research and instructional programs funded by external parties including the federal government, foreign and state governments, and private foundations.

Campaign Activities
Campaign contributions and expenditures total the net cost of operating the Middlebury Initiative, a $500 million fundraising campaign to fund four strategic priorities: (1) access and opportunity, (2) teaching and mentoring, (3) programs and infrastructure, and (4) increasing institutional flexibility. The cost of operating the Middlebury Initiative is reported as nonoperating activity on the statement of activities. Expected completion of the Middlebury Initiative is 2014.

Subsequent Events
The College has adopted the accounting guidance for accounting and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Accordingly, management has evaluated subsequent events for the period after June 30, 2011 through October 31, 2011, the date the financial statements were issued.

(in thousands)

4. Receivables

Accounts Receivable

Accounts receivable consists of receivables for annual comprehensive fees, graduate school tuition, schools abroad and summer school room, board and tuition. The provision for uncollectible amounts was $385 and $412 at June 30, 2011 and 2010, respectively.

Contributions Receivable

Contributions receivable consist of the following at June 30, 2011 and 2010:

	2011	2010
Due less than one year	$ 13,319	$ 14,525
One to five years	24,836	19,645
More than five years	-	10,299
	38,155	44,469
Less: Discount and allowance	(4,175)	(5,487)
	$ 33,980	$ 38,982

As of June 30, 2011 and 2010, the College had received conditional promises to give of $14,000 and $18,000, respectively. Because of their conditional nature, these gifts have not been recognized as contribution revenue by the College. During 2004, the College received a conditional pledge ("Challenge Grant") of $50,000 from an anonymous donor. The intention of the gift is to encourage more contributions of all sizes to the College. In 2011, the same anonymous donor increased the "Challenge Grant" by $2,500 to stimulate the annual fund of the Monterey campus. As of June 30, 2011, the College has recognized $38,500 on the "Challenge Grant" pledge from the donor. The remaining portion of the conditional pledge will be recognized as future fund-raising goals are reached.

Student Loans Receivable

Student loans receivable represents amounts due from students for federal and college approved loans. The provision for uncollectible amounts is $819 and $832 at June 30, 2011 and 2010, respectively.

Credit Loss Disclosure

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. Middlebury College's Perkins receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan program are able to be assigned to the Federal Government in certain nonrepayment situations and with substantial documentation justifying assignment. The College may assign several loans to DOE annually. In these situations the Federal portion of the loan balance is guaranteed.

(in thousands)

Factors also considered by management when performing an assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to, a detailed review of the aging of the student loan receivable detail and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis. The current allowance is sufficient considering the minimal number of individual loans that have not been collectible.

It is Middlebury College's policy to write off a loan when the loan is delinquent 180 days or more and appropriate notification has been made to the student that the loan is considered in default. All collection efforts must have been exhausted prior to this point. This includes skip-tracing efforts and a review of all partial cancellation and forgiveness options per Federal regulations. Loans less than 180 days delinquent are deemed to have a minimal delay in payment and are generally not written off but are reserved in accordance with the terms discussed above.

	2011		2010	
	Receivable Balance	Related Allowance	Receivable Balance	Related Allowance
The College's Perkins loans	$ 4,853	$ 187	$ 6,185	$ 200
Other student loans	5,569	732	5,676	732
Other receivable	32	-	32	-
	$ 10,454	$ 919	$ 11,893	$ 932

5. Financial Instruments

Investments

Investments held by the College at June 30, 2011 and 2010 including pooled investments and other separately invested funds, were comprised of the following:

2011	Pooled	Separately Invested	Total at Fair Value
Money market funds	$ 39,825	$ 2,100	$ 41,925
Due from broker	5,669	-	5,669
Equity securities	262,678	44,138	306,816
Absolute return	206,070	-	206,070
Debt securities	40,496	9,966	50,462
Real estate and mortgages	14,693	7,709	22,402
Private equity partnerships	308,293	45	308,338
Other investments	4,836	5,729	10,565
	$ 882,560	$ 69,687	$ 952,247

(in thousands)

2010	Pooled	Separately Invested	Total at Fair Value
Money market funds	$ 27,439	$ 1,045	$ 28,484
Due from broker	5,223	-	5,223
Equity securities	235,059	41,813	276,872
Absolute return	189,566	-	189,566
Debt securities	45,658	9,440	55,098
Real estate and mortgages	13,826	6,891	20,717
Private equity partnerships	252,008	61	252,069
Other investments	6,129	6,056	12,185
	$ 774,908	$ 65,306	$ 840,214

Included within equity securities, absolute return, private equities and real estate are alternative investments with a fair value of $851,263 and $757,353 at June 30, 2011 and 2010.

The College has developed a diversified endowment investment portfolio with a strong orientation to equity investments and to strategies designed to take advantage of market inefficiencies. The College's investment objectives are guided by the College's asset allocation policy and are achieved in partnership with external investment managers operating through a variety of vehicles, including separate accounts, limited partnerships, and commingled funds. Investments in real estate and mortgages include the College's investment in real estate partnerships.

The College's absolute return managers seek to generate high returns regardless of the direction of the overall stock market and may use derivatives to exploit inefficiencies in securities markets. Accordingly, derivatives in the College's investment portfolio may include currency forward contracts, interest rate and currency swaps, call and put options, debt and equity futures contracts, equity swaps and other vehicles that may be appropriate in certain circumstances. The College's risk is limited to the amount it has invested in the absolute return funds plus certain distributions received as well as legally obligated calls.

As of June 30, 2011 and 2010, the College had committed $122,130 and $106,029, respectively, of unrestricted net assets to be invested for long-term growth. These commitments are to fund private equity partnerships over a multi-year period. These capital calls are funded with cash on hand or using proceeds of liquidated securities.

The College has $118,787 and $117,467 of the investment portfolio at June 30, 2011 and 2010, respectively, invested in international securities. These investments are subject to the additional risk of currency fluctuations. Also included in investments are $42,086 and $36,806 at June 30, 2011 and 2010, respectively, for split-interest agreements.

(in thousands)

Investment Shares

The following table summarizes the status and results of pooled investments at June 30, 2011 and 2010:

	2011	2010
Number of principal shares (not in thousands)	603,091.713	569,065.296
Market value per share (not in thousands)	$ 1,463.393	$ 1,361.723
Distribution per share (not in thousands)	69.18	70.82

For the years ended June 30, 2011 and 2010, the difference between distribution per share and dividends and interest earned per share was funded by realized gains of $40,314 and $40,809, respectively. During 2011 and 2010, distributions totaling $242 and $197, respectively, were added back to principal in accordance with donor restrictions.

The Board of Trustees approves a distribution of investment return based on the average per share market value of the pooled investments over the twelve calendar quarters preceding the beginning of the next fiscal year.

The components of total investment return from all sources consist of the following for the years ended June 30, 2011 and 2010:

	2011	2010
Interest, dividends, and other income	$ 8,306	$ 1,236
Realized gains, net	29,800	14,667
Change in unrealized gains, net	119,225	104,558
	$ 157,331	$ 120,461

The College recognized an impairment in its investments in the amount of $0 and $18,733 in 2011 and 2010, respectively, where the decline in fair value was determined to be other-than-temporary. In assessing whether the decline in fair value of these investments was other-than-temporary, the College determined that it does not have significant positive evidence to conclude that the decline was temporary.

Direct, external investment management fees were $2,436 and $1,513 in 2011 and 2010, respectively, and are netted against interest, dividends and other income in the statement of activities. Purchase and sale transactions are recorded on a trade date basis.

The College had nine investments with an unrealized loss as of June 30, 2011. The aggregate fair value of these investments as of June 30, 2011 was $107,705. The aggregate amount of the unrealized loss was $9,629. All of these investments have had an unrealized loss for greater than twelve months. The College has determined that these losses are not other-than-temporary.

(in thousands)

The following table represents the College's financial assets and liabilities by fair value measurements as of June 30, 2011:

	Total	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments				
Money market funds	$ 41,925	$ 41,925	$ -	$ -
Due from broker	5,669	4,363	-	1,306
Equity securities	306,816	44,464	-	262,352
Absolute return	206,070	-	-	206,070
Debt securities	50,462	9,803	-	40,659
Real estate and mortgages	22,401	4,978	-	17,423
Private equity partnerships	304,844	-	2,122	302,722
Other investments	10,565	430	-	10,135
Total investments at fair value	948,752	105,963	2,122	840,667
Investments valued using the equity method	3,495	-	-	-
Total investments	952,247	105,963	2,122	840,667
Foreign exchange contract receivable	2	-	-	2
Remainder trusts	3,146	-	-	3,146
Perpetual trusts	25,872	-	-	25,872
Total assets at fair value	$ 981,267	$ 105,963	$ 2,122	$ 869,687

The following table summarizes the College's level 3 activity for the year ended June 30, 2011:

	Beginning Balance at June 30, 2010	Realized Gains	Change in Unrealized Gains (Losses)	Net Purchases Sales and Settlements	Net Transfer in (out) of Level 3	Ending Balance at June 30, 2011
Level 3 assets						
Money market funds	$ -	$ -	$ -	$ -	$ -	$ -
Due from (to) broker	1,264	36	6	-	-	1,306
Equity securities	234,799	7,991	44,949	(25,387)	-	262,352
Absolute return	189,566	10,314	25,189	(18,999)	-	206,070
Debt securities	45,816	-	(468)	(4,689)	-	40,659
Real estate and mortgages	16,557	87	923	(144)	-	17,423
Private equity partnerships	246,279	10,326	41,633	4,484	-	302,722
Other investments	12,113	1,046	1,051	(4,075)	-	10,135
Total investments	746,394	29,800	113,283	(48,810)	-	840,667
Foreign exchange receivable	-	-	2	-	-	2
Remainder trusts	2,434	-	712	-	-	3,146
Perpetual trusts	21,708	-	4,164	-	-	25,872
Total assets at fair value	$ 770,536	$ 29,800	$ 118,161	$ (48,810)	$ -	$ 869,687

(in thousands)

The following table represents the College's financial assets and liabilities by fair value measurements as of June 30, 2010:

		Total		Quoted Price in Active Markets for Identical Assets Level 1		Significant Other Observable Inputs Level 2		Significant Unobservable Inputs Level 3
Investments								
Money market funds	$	28,484	$	28,484	$	-	$	-
Due from broker		5,223		3,959		-		1,264
Equity securities		276,871		42,072		-		234,799
Absolute return		189,566		-		-		189,566
Debt securities		55,098		9,282		-		45,816
Real estate and mortgages		20,718		4,161		-		16,557
Private equity partnerships		248,304		-		2,025		246,279
Other investments		12,185		72		-		12,113
Total investments at fair value		836,449		88,030		2,025		746,394
Investments valued using the equity method		3,765		-		-		-
Total investments		840,214		88,030		2,025		746,394
Remainder trusts		2,434		-		-		2,434
Perpetual trusts		21,708		-		-		21,708
Total assets at fair value	$	864,356	$	88,030	$	2,025	$	770,536
Liabilities								
Interest rate swap payable	$	11,433	$	-	$	11,433	$	-
Foreign exchange contract payable		172		-		172		-
Total liabilities at fair value	$	11,605	$	-	$	11,605	$	-

The following table summarizes the College's level 3 activity for the year ended June 30, 2010.

		Beginning Balance at June 30, 2009		Realized Gains (Losses)		Change in Unrealized Gains		Net Purchases Sales and Settlements		Net Transfer in (out) of Level 3		Ending Balance at June 30, 2010
Level 3 assets												
Due from (to) broker	$	1,917	$	323	$	287	$	(1,263)	$	-	$	1,264
Equity securities		185,300		4,162		27,942		17,395		-		234,799
Absolute return		193,037		23,808		18,516		(45,795)		-		189,566
Debt securities		47,489		-		8,379		(10,052)		-		45,816
Real estate and mortgages		19,222		(3,564)		845		54		-		16,557
Private equity partnerships		205,360		(12,485)		43,209		10,195		-		246,279
Other investments		12,594		2,423		384		(3,288)		-		12,113
Total investments		664,919		14,667		99,562		(32,754)		-		746,394
Remainder trusts		2,285		-		149		-		-		2,434
Perpetual trusts		20,589		-		1,119		-		-		21,708
Total assets at fair value	$	687,793	$	14,667	$	100,830	$	(32,754)	$	-	$	770,536

(in thousands)

Following is additional information related to funds whose fair value is not readily determinable as of June 30, 2011.

	Strategy	Fair Value	# of Investments	Remaining Life	$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Restrictions In Place at Year End
Equity securities	Global developed and emerging market equity	$ 262,352	2	N/A	$ -	No remaining commitments	Ranges between daily with no notice to monthly with no notice	None	None
Absolute return	Long/short and long-biased equity and credit hedge funds	206,070	3	N/A	-	No remaining commitments	Ranges between monthly with no notice to annually	1 fund has a lock up provision of 3 years from the purchase date	None
Debt securities	High yield and long/short fixed fixed income hedge funds	40,859	3	N/A	-	No remaining commitments	Ranges from quarterly with 60 days notice to semi-annually with 90 days notice	1 fund has a lock up provision of 3 years from the purchase date, 1 fund limits annual withdrawals to one-third of original contribution	None
Real estate and mortgages	Commercial, residential, office, and industrial partnerships	17,423	10	N/A	426	1 to 3 years	Illiquid partnerships - cannot redeem	Illiquid partnerships - cannot redeem	Illiquid partnerships - cannot redeem
Private equity partnerships	Venture and buyout, in the U.S. and international	302,722	29	1 to 10 years	121,241	1 to 10 years	Illiquid partnerships - cannot redeem	Illiquid partnerships - cannot redeem	Illiquid partnerships - cannot redeem
Other	Natural resources partnerships, Illiquid properties/securities	11,441	12	1 to 10 years	463	1 to 3 years	Illiquid partnerships/properties/ securities - cannot redeem	Illiquid partnerships/properties/ securities - cannot redeem	Illiquid partnerships/properties/ securities - cannot redeem
		$ 840,867	59		$ 122,130				

(in thousands)

6. Land, Buildings, and Equipment

Land, buildings and equipment at June 30, 2011 and 2010 consist of the following:

	2011	2010
Land and land improvements	$ 50,803	$ 50,193
Buildings	491,327	482,363
Equipment	67,437	62,706
Equipment capital leases	-	17
Art/antiques	11,429	11,084
Construction in progress	11,267	3,054
	632,263	609,417
Less: Accumulated depreciation	(267,927)	(248,070)
	$ 364,336	$ 361,347

Depreciation expense in 2011 and 2010 was $21,758 and $21,625, respectively.

(in thousands)

7. Long-Term Debt

Long-term debt is comprised of the following at June 30, 2011 and 2010:

	2011	2010
Vermont Educational and Health Buildings Financing Agency (VEHBFA) Series 1988A adjustable rate bonds, $40,000 original principal, interest (2011: 0.50% - 0.50%) (2010: 0.48% - 1.75%) (uncollateralized) with annual principal payments increasing from $850 in 2011 to $3,140 through 2028	$ -	$ 31,765
VEHBFA Series 2002A serial bonds $16,455 original principal (uncollateralized) with annual principal payments increasing from $920 in 2011 to $1,440 in 2020, interest ranging from 4.00% - 5.25%	10,710	11,630
VEHBFA Series 2002A term bonds $54,805 original principal, (uncollateralized) $4,805 and $50,000 due on November 1, 2022 and November 1, 2032, respectively, interest ranging from 5.00% - 5.375%	54,805	54,805
VEHBFA Series 2002B adjustable rate bonds, $20,000 original principal, interest (2011: 0.50%-0.50%) (2010: 0.50% - 1.75%) (uncollateralized) due on November 1, 2032	-	20,000
VEHBFA Series 2006A bonds $35,425 original principal, (uncollateralized) 40 year bullet with principal due 2047, interest at 5.00%	35,425	35,425
VEHBFA Series 2008 adjustable rate bonds, $55,260 original principal, interest (2011: 0.17% - 0.30%) (2010: 0.10% - 0.33%) (uncollateralized) with annual principal payments increasing from $1,985 in 2011 to $4,350 through 2027	-	51,600
VEHBFA Series 2009 bonds $59,445 original principal, (uncollateralized) due on November 1, 2038 issued at a premium, interest at 5%	59,445	59,445
VEHBFA Series 2010 bonds $95,035 original principal, (uncollateralized) due on November 1, 2040 issued at a premium, interest at 5.00%	95,035	-
Revenue bonds issued through the California Statewide Communities Development Agency, collateralized by the Monterey Institute campus with annual principal payments increasing from $0 in 2011 to $2,160 in 2031, interest at 5.50%	21,525	21,525
Other	923	997
	277,868	287,192
Less: Discount	(609)	(638)
Plus premium	10,171	3,685
	$ 287,430	$ 290,239

The estimated fair value of the College's total debt is approximately $284,000 and $296,000 at June 30, 2011 and 2010, respectively. The fair value is estimated based on quoted market prices for the same or similar issues.

(in thousands)

Interest Rate Swap
In connection with the Series 2008 Bonds, the College had entered into an interest rate swap transaction with an affiliate of the Goldman Sachs Group L.P. (Goldman). Under the terms of the swaption agreement, the College would pay a fixed rate of 4.76% and receive a variable rate, ranging from 65% to 100% of the 1-month London Interbank Offer Rate (LIBOR), in each case with reference to the notional amount equal to the principal amount of the 1996 bonds. Payments under the swap commenced on November 2006 and were to end in November 2026.

The College had the right to terminate the swap at any time at its sole discretion, at the then current mid-market value of the swap. The College exercised this right on October 25, 2010 and terminated the swap. The College simultaneously made a swap termination payment of $12,854 to the counterparty.

As of June 30, 2010, the fair value of the swap was a liability of $11,433. This liability was recorded within accounts payable on the balance sheet and within the statement of activities line item "unrealized loss on interest rate swap." The difference between the swap termination amount and the June 30, 2010 fair value is included within the statement of activities line item "realized and unrealized loss on interest rate swap" in the current year.

2011 Debt Issuance
In November 2010, the College issued $95,035 of the Vermont Educational and Health Buildings Financing Agency (VEHBFA) Revenue Refunding Bonds (Middlebury College Project) Series 2010 ("The Bonds") in a tax-exempt financing. The proceeds from this issuance were used to refund the VEHBFA Adjustable Rate Revenue Bonds (Middlebury College Project) Series 1988A, the VEHBFA Revenue Bonds (Middlebury College Project) Series 2002B and the VEHBFA Revenue Bonds (Middlebury College Project) Series 2008 Variable Rate Demand Obligations, and to pay certain costs of issuance of the Bonds. The Bonds bear interest at the rate of 5.00% per annum and will mature on November 1, 2040.

Standby Bond Purchase Agreement
During fiscal 2011 the College had a standby bond purchase agreement with a bank to provide liquidity support for the Series 2008 adjustable rate bonds. This agreement was terminated when the Series 2008 bonds were redeemed as part of the Series 2010 refunding issuance.

Credit Lines
As of June 30, 2011, the College had a $50,000 3 year term line of credit with an interest rate of one month LIBOR plus 2.50%. As of June 30, 2010, the College had a $50,000 3 year term line of credit with an interest rate of one month LIBOR plus 2.50% and a $25,000 demand line of credit with an interest rate of one month LIBOR plus 2.50%. As of June 30, 2011 and 2010, there were no outstanding balances on these lines. The proceeds of the borrowings are to be used for short-term working capital needs, pre-funding capital projects prior to a bond issuance, or providing temporary liquidity for investment transactions.

During fiscal 2011, the College terminated the $25,000 demand line of credit.

(in thousands)

Debt Maturities
According to the terms of the VEHBFA bonds, the College is required to make sinking fund deposits to the bond trustee in amounts sufficient to satisfy future debt service obligations. Annual principal requirements under all long-term debt obligations as of June 30, 2011 are as follows:

2012	$ 1,448
2013	1,100
2014	1,156
2015	1,525
2016	1,865
Thereafter	270,774
	$ 277,868

8. Retirement Plans

Retirement benefits for benefits eligible employees of the College and including the Institute as of January 1, 2011, are individually funded and vested under a defined contribution program with the Teacher Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under this plan, the College makes contributions into the employee accounts based upon investment allocations exercised by the employee or defaulted into the Lifecycle mutual funds. This plan is administered by TIAA-CREF. The College's retirement contributions related to this plan for the years ended June 20, 2011 and 2010 were approximately $9,097 and $9,188, respectively.

The Institute participated under a separate plan prior to January 1, 2011 with the Teachers Insurance Annuity Association and College Retirement Equities Fund (TIAA-CREF) and the Variable Annuity Life Insurance Company (VALIC) defined contribution pension plan. These plans covered substantially all full time employees of the Institute. The defined contribution plan required employees complete one year of service before being eligible for employer contributions. In addition, the employer contributions were determined at the discretion of the Institute. Total Institute contributions were $1,182 and $963 for the years ended June 30, 2011 and 2010, respectively. Assets in these plans are now frozen and are being transferred to the College's plans.

9. Derivative Financial Investments

Foreign Currency Contracts
The College has entered into forward currency contracts to hedge the currency exposure associated with operating the College's study abroad language programs. A forward currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The fair value of a forward currency contract fluctuates with changes in currency exchange rates. Forward currency contracts are marked to market and the change in value is recorded by the College as an unrealized gain or loss in other nonoperating activities. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the statement of activities. In addition, the College could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if there are movements in foreign currency values that are unfavorable to the College.

(in thousands)

Interest Rate Swap
As previously described in Footnote 7, the College uses interest rate swaps to manage its interest rate exposure. Swaps expose the College to interest rate risk, counterparty risk, and basis risk. The College believes that the prudent use of interest rate swaps can be an effective tool in managing its debt portfolio.

The following table lists the fair value of derivatives used by contract type as included in the statement of financial position at June 30, 2011 and 2010. This table excludes exposures relating to derivatives held indirectly through commingled investment funds:

June 30, 2011	Balance Sheet Location	Asset Derivatives Notional	Asset Derivatives Fair Value	Liability Derivatives Notional	Liability Derivatives Fair Value
Derivatives not designated as hedging instruments					
Foreign exchange contracts	Accounts receivable, net	$ 172	$ 2	$ -	$ -
Total derivatives not designated as hedging instruments			$ 2		$ -

June 30, 2010	Balance Sheet Location	Asset Derivatives Notional	Asset Derivatives Fair Value	Liability Derivatives Notional	Liability Derivatives Fair Value
Derivatives not designated as hedging instruments					
Interest rate swaps	Accounts payable and accrued expenses	$ -	$ -	$ 51,225	$ (11,433)
Foreign exchange contracts	Accounts payable and accrued expenses	-	-	2,463	(172)
Total derivatives not designated as hedging instruments			$ -		$ (11,433)

The following table indicates the realized and unrealized gains and losses or changes in value by contract type, as included in the statements of activities and changes in net assets for the years ended June 30, 2011 and 2010.

June 30, 2011	Balance Sheet Location	Location of Gain or (Loss) or Change in Value Recognized as Income on Derivatives	Gain or (Loss) or Change in Value Recognized as Income on Derivatives
Derivatives not designated as hedging instruments			
Interest rate swaps	Accounts payable and accrued expenses	Realized and unrealized loss on interest rate swap	$ (2,182)
Foreign exchange contracts	Accounts payable and accrued expenses	Other	174
Total derivatives not designated as hedging instruments			$ (2,008)

(in thousands)

June 30, 2010	Balance Sheet Location	Location of Gain or (Loss) or Change in Value Recognized as Income on Derivatives	Gain or (Loss) or Change in Value Recognized as Income on Derivatives
Derivatives not designated as hedging instruments			
Interest rate swaps	Accounts payable and accrued expenses	Unrealized loss on interest rate swap	$ (1,176)
Foreign exchange contracts	Accounts payable and accrued expenses	Other	(188)
Total derivatives not designated as hedging instruments			$ (1,364)

10. Endowment

The College's endowment consists of donor restricted endowment funds and board-designated funds to function as endowment for a variety of purposes in addition to assets which have been designated for endowment, split interest agreements, and other net assets. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. The Board of Trustees of the College and Institute have interpreted Vermont's and California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") statutes as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by the UPMIFA statutes.

In accordance with the UPMIFA statutes, the College considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund.

(2) The purposes of the College and the donor restricted endowment fund.

(3) General economic conditions.

(4) The possible effect of inflation and deflation.

(5) The expected total return from income and the appreciation of investments.

(6) Other resources of the College.

(7) The investment policies of the College.

(in thousands)

The College's endowment for the years ended June 30, 2011 and 2010, delineated by net asset class and donor-restricted versus Board-designated funds were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2011				
Donor-restricted endowment funds	$ -	$ 383,911	$ 287,104	$ 671,015
Adjustment for funds underwater	(2,372)	2,372		-
Board-designated endowment funds	307,807			307,807
Total endowment funds June 30, 2011	$ 305,435	$ 386,283	$ 287,104	$ 978,822
June 30, 2010, as restated				
Donor-restricted endowment funds	$ -	$ 313,410	$ 272,183	$ 585,593
Adjustment for funds underwater	(3,802)	3,802	-	-
Board-designated endowment funds	294,991	-	-	294,991
Total endowment funds June 30, 2010	$ 291,189	$ 317,212	$ 272,183	$ 880,584

Changes in Endowment

Changes to the College's endowment for the years ended June 30, 2011 and 2010 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year, as restated	$ 291,189	$ 317,212	$ 272,183	$ 880,584
Investment return				
Endowment return	49,905	102,193	431	152,529
Other investment income	86	3,173	28	3,287
Change in value of deferred gifts	1	1,131	3,150	4,282
Total investment return	49,992	106,497	3,609	160,098
Contributions	803	1,257	11,090	13,150
Appropriation of endowment assets for spending distribution	(20,510)	(28,129)	-	(48,639)
Transfer for SWAP termination payment	(12,854)	-	-	(12,854)
Transfer from pledge designation changes	(10,202)	-	-	(10,202)
Other transfers and adjustments	4,625	(9,474)	222	(4,627)
Transfer to designated endowment funds	962	350	-	1,312
Adjustment for funds underwater - fair value less than historic dollar value	1,430	(1,430)	-	-
Endowment net assets at end of year	$ 305,435	$ 386,283	$ 287,104	978,822

(in thousands)

Net assets for the year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year, as restated	$ 267,699	$ 274,441	$ 259,980	$ 802,120
Investment return				
Endowment return, as restated	37,524	78,170	197	115,891
Other investment income	-	2,674	-	2,674
Change in value of deferred gifts	(38)	381	610	953
Total investment return	37,486	81,225	807	119,518
Contributions	1,602	-	8,461	10,063
Appropriation of endowment assets for spending distribution, as restated	(23,782)	(28,480)	-	(52,262)
Transfer (to) from other funds	(416)	(3,227)	37	(3,606)
Transfer to designated endowment funds	1,579	274	2,898	4,751
Adjustment for funds underwater - fair value less than historic dollar value	7,021	(7,021)	-	-
Endowment net assets at end of year, as restated	$ 291,189	$ 317,212	$ 272,183	$ 880,584

Permanently Restricted Net Assets

The portion of permanent endowment funds that is required to be retained permanently either by explicit donor stipulation or by Vermont and California UPMIFA statutes at June 30, 2011 and 2010:

	2011	2010
Restricted for loan funds	$ 3,180	$ 3,161
Restricted for annuity and life income funds	9,406	9,888
Restricted contribution receivable	7,698	13,448
Restricted for endowment funds	266,820	245,686
	$ 287,104	$ 272,183

Temporarily Restricted Net Assets

	2011	2010
Portion of permanent endowment funds subject to an appropriation restriction under Vermont and California UPMIFA statutes, as restated	$ 341,181	$ 271,888
Restricted endowment gifts for special purposes	45,102	45,324
	$ 386,283	$ 317,212

(in thousands)

Underwater Endowment Funds
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (underwater endowments). When underwater endowments exist, any decrease in fair value below the fund's historic dollar value is recorded as a change and transfer from unrestricted net assets to temporarily restricted net assets. Cumulative transfers from unrestricted net assets to temporarily restricted net assets of the College and Institute were $2,372 and $3,802 as of June 30, 2011 and 2010, respectively. These resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

Return Objectives and Risk Parameters
The College has adopted endowment investment and spending policies that provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the permanent nature of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The College expects its endowment funds, over time, to generate an average rate of return sufficient to provide for its spending needs plus the rate of growth in expenses at the College, which reflects inflation pressures as well as real growth in the College's program.

Strategies Employed for Achieving Investment Objectives
To achieve its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The College targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives
The College's Board of Trustees approves a distribution of investment return based on the average asset value as determined at the end of the twelve prior calendar quarters. Calculations are performed for individual endowment funds at a rate of 5.0%. The corresponding calculated spending allocations are distributed monthly from the current net total or accumulated net total investment returns for individual endowment funds.

(in thousands)

11. Temporarily Restricted Net Assets

	2011	2010
The portion of permanent endowment funds subject to an appropriation restriction under Vermont and California UPMIFA statutes and classified as temporarily restricted net assets, as restated	$ 341,181	$ 271,888
Restricted gifts for scholarship and prizes	23,121	24,948
Restricted gifts for professorships	3,261	966
Restricted gifts for special purposes	31,631	27,354
Restricted gifts for capital projects	9,227	1,754
Restricted Contribution receivable	25,764	25,534
Restricted annuity and life income gifts	10,650	11,898
	$ 444,835	$ 364,342

12. Commitments and Contingencies

The College has claims arising in the normal course of its operations. The College believes that the outcome of these claims will not have a material adverse effect on the financial position, activities, or cash flows of the College.

The College has made a commitment to assist the Town of Middlebury (the "Town") to finance the bridge construction project and will pay the Town the sum of $300 twice per year starting in fiscal year 2011 and continuing until thirty (30) years thereafter. The College has recorded a payable of $9,135 and $9,273 for years ended June 30, 2011 and 2010, respectively. The full commitment was for $18,000 and was discounted at a rate of 5.00%.

13. Operating Expenses

Operating expenses by natural classification for the years ended June 30, 2011 and 2010 were as follows:

	2011	2010
Salaries and wages	$ 97,401	$ 98,257
Employee benefits	30,863	30,639
Food	3,689	3,630
Utilities	7,908	7,131
Contracted services	12,114	11,629
Supplies	3,850	3,616
Library books and periodicals	2,087	2,196
Interest	12,860	12,634
Amortization and depreciation	21,548	23,672
Travel	5,466	4,795
Taxes and insurance	2,923	2,667
Other	16,757	16,743
	$ 217,466	$ 217,609

(in thousands)

14. Leaseback

In March 2011 the College entered into a purchase and sale agreement with the Vermont Center For Emerging Technologies, Inc., a Vermont nonprofit corporation (Buyer). The College sold the real estate and improvements located at 5 Court Street in Middlebury, Vermont for the sum of $2,000. The buyer agreed to lease back to the College a portion of the premises for an initial term of ten years. The College will have the option to renew the lease for two additional terms of five years with the same terms and conditions as the original agreement. The base rent for the first lease year commencing on July 1, 2011 and will be $139 for the first year and then will increase annually by two percent. The lease is a triple net lease with the College solely responsible for 100% of operating and utility costs of the premises. The buyer does not have any operations duties or obligations so long as the College is leasing fifty percent or more of leasable space.

15. Early Retirement Program

On February 2, 2009, the College announced a voluntary early retirement program to eligible staff members. On October 15, 2009, the College announced a second voluntary early retirement program, a voluntary separation program, and a faculty retirement incentive program. An amount of $79 in termination benefits has been expensed in the accompanying financial statements in relation to these activities. As of June 30, 2011, the remaining liability was $2,297.

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APPENDIX C

SUMMARY OF DOCUMENTS

Brief descriptions of the Bond Indenture and the Loan Agreement are included herein. Such descriptions do not purport to be comprehensive or definitive; all references to the Bond Indenture and the Loan Agreement are qualified in their entirety by reference to each such document.

The Bond Indenture

The Bond Indenture contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary uses various terms defined in the Bond Indenture and such terms as used herein shall have the same meanings as so defined.

No Additional Bonds. No other bonds or other indebtedness of the Agency may be issued under and secured by the Bond Indenture at any time or for any purpose after the delivery of the Bonds (which term, for purposes of this Appendix C, includes, the Series 2012B Bonds, when, as and if issued) except as provided in the Bond Indenture concerning the replacement of mutilated, destroyed, lost or stolen Bonds. (Section 209.)

The Bond Fund.

1. Deposit to Accounts. The Bond Fund contains an Interest Account, a Principal Account and a Redemption Account. The moneys in the Bond Fund shall be held by the Bond Trustee in trust and shall be subject to a lien and charge in favor of the Owners of the Bonds issued and outstanding under the Bond Indenture and for the further security of such Owners until paid out or transferred as provided in the Bond Indenture. Upon receipt, the Bond Trustee shall immediately deposit all amounts received as Note Payments for application to the payment of the principal of and interest on such Bonds, as required by the Loan Agreement, in the following order:

(A) into the Interest Account in the Bond Fund, on the Business Day next preceding each Interest Payment Date, that amount which shall be equal to the interest payable on the Bonds on such Interest Payment Date; and

(B) into the Principal Account in the Bond Fund, on the Business Day next preceding each November 1 on which a Bond shall mature, that amount which shall be equal to the principal payable on such Bonds on such November 1.

If, and to the extent, that the Note Payments relating to the Series 2012A Note and/or the Series 2012B Note shall be less than that required to make the deposits required above, the Note Payments so received and deposited to the credit of the Interest Account and Principal Account shall be applied:

First: To the payment of interest then due and owing on the Series 2012A Bonds and Series 2012B Bonds, *pro rata*; and

Then: To the payment of principal then due and owing on the Series 2012A Bonds and Series 2012B Bonds *pro rata*. (Section 502.)

2. Application of Money in the Interest Account. On each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, the Bond Trustee shall withdraw from the Interest Account and remit by mail to each Owner of Bonds, or, if requested by any Owner of at least $500,000 aggregate principal amount of Bonds, by wire transfer on the next day immediately following the applicable Interest Payment Date to any bank designated by such Owner, the amount required for paying interest on such Bonds when due and payable. (Section 503.)

3. Application of Money in the Principal Account. On each November 1, the Bond Trustee shall withdraw from the Principal Account and remit to each Owner of Bonds, upon surrender of its Bonds at the Principal Office of the Trustee, by check or draft, or, if requested by any Owner of at least $500,000 aggregate principal amount of Bonds, by wire transfer on the next day immediately following the applicable maturity date to any bank designated by such Owner, the principal amount of such Serial Bonds that is due and payable on such November 1. (Section 504.)

4. Application of Money in Redemption Account. Money held for the credit of the Redemption Account, whether Note prepayments or money deposited from any other source, shall be applied to the purchase or redemption of Bonds as follows:

(A) The Bond Trustee shall, at the written direction of the College, endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof shall then be subject to redemption, at such price not to exceed the redemption price that would be payable on the next redemption date to the Owner of such Bonds if such Bonds or portions thereof should be called for redemption on such date from the money in the Redemption Account, plus accrued interest to the date of purchase. The Bond Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price of Bonds from the Redemption Account, but no such purchase shall be made by the Bond Trustee from money in the Redemption Account within the period of forty-five (45) days immediately preceding any Interest Payment Date on which such Bonds are subject to redemption;

(B) Subject to the provisions of paragraph (C) below, the Bond Trustee shall call for redemption on each Interest Payment Date such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held for the credit of the Redemption Account as nearly as may be practicable. Unless the College shall have deposited other available moneys for the payment thereof, the Bond Trustee shall withdraw from the Interest Account the amount required for paying the interest and from the Redemption Account the redemption price of Bonds or portions thereof so called for redemption; and

(C) Money in the Redemption Account shall be applied by the Bond Trustee in each Bond Year to the purchase, or the redemption, of Bonds then Outstanding. The Bond Trustee shall withdraw from the Interest Account the amount required for paying the interest and from the Redemption Account the redemption price of the Bonds or portions thereof so called for redemption.

(D) Upon any such retirement of any Bonds by purchase or redemption, the Bond Trustee shall file with the College a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the redemption price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds shall be paid by the College. (Section 506.)

Moneys Withdrawn from the Bond Fund. All moneys which the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective Owners of such Bonds. (Section 507.)

Non-Presentment of Bonds. Any moneys deposited with the Bond Trustee or then held by the Bond Trustee in trust for the payment of the principal of and redemption premium, if any, or interest on any Bond and remaining unclaimed for the applicable escheat period after such principal and redemption premium, if any, or interest has become due and payable shall be paid to the College free of any trust or lien. Thereafter, the Owners of such Bonds shall look only to the College for payment and then only to the extent of the amount so received without any interest thereon, and the Agency and the Bond Trustee shall have no responsibility with respect to such moneys. (Section 508.)

Security for Deposits; Investment of Money and Valuation of Investments. Any and all money deposited with the Bond Trustee under the provisions of the Bond Indenture shall be trust funds under the terms thereof and shall not be subject to any lien or attachment by any creditor of the Agency or the College. Such money shall be held in trust and applied in accordance with the provisions of the Bond Indenture.

All money deposited with the Bond Trustee in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Agency and the Owners of Bonds, either (a) by lodging with a bank or trust company chosen by the Bond Trustee or custodian or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit or as such applicable law or regulation may require or allow, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Bond Trustee to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds, or for the Bond Trustee to give security for any money that shall be represented by obligations purchased under the terms of the Bond Indenture as an investment of such money.

Money held for the credit of all funds and accounts shall be continuously invested and reinvested by the Bond Trustee at the direction of the College in Investment Obligations to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended.

No Investment Obligations in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Obligations are deposited. The maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligation or other obligation.

The College may shall deliver to the Bond Trustee written directions respecting the investment of any money required to be invested under the Bond Indenture, and the Bond Trustee shall then invest such money as so directed, subject, however, to the provisions of the Bond Indenture.

Any interest earned or other income derived from the investment or deposit of moneys held for the credit of any Funds or Accounts shall be retained in such Funds and Accounts.

Investment Obligations credited to any fund or account established under the Bond Indenture shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held. The Bond Trustee shall sell at the best price reasonably obtainable or reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of moneys from any such fund or account. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investment.

For the purpose of determining the amount on deposit to the credit of any such fund or account, obligations therein shall be valued at the market value or the amortized cost thereof, whichever is lower.

The Bond Trustee shall value the Investment Obligations in the funds and accounts on the last business day prior to each November 1. In addition, the Investment Obligations shall be valued by the Bond Trustee at any time requested by the College Representative on reasonable notice to the Bond Trustee, provided, however, that the Bond Trustee shall not be required to value the Investment Obligations more than once in any calendar month.

Notwithstanding the previous two paragraphs, the Bond Trustee shall be required to perform valuations of Investment Obligations only on the basis of and only to the extent of market value information available to it from readily available sources (and only to the extent of such information is so available), and in each case only to the extent that such information is then generally made available by it to its corporate trust customers (Sections 601, 602 and 603.)

Defaults. Each of the following events is an "Event of Default" under the Bond Indenture; that is to say, if

(A) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(B) Payment of the principal or of the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due, whether at the maturity date or the redemption date prior to maturity, or upon maturity thereof by declaration; or

(C) An "Event of Default" shall exist under the Loan Agreement; or

(D) The Agency shall fail duly to perform, observe or comply with any covenant, condition or agreement contained in the Bonds or in the Bond Indenture on the part of the Agency to be performed (other than a failure described in paragraphs (A) through (C) above) and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Agency and to the College by the Bond Trustee or by the Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30 day period, no Event of Default shall be deemed to have occurred or to exist if and so long as the Agency shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion. (Section 802.)

Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bond Trustee may, and upon the written direction of the Owners of not less than 25% of the aggregate principal amounts of Bonds then Outstanding shall, take the following remedial steps (subject to Section 902 of the Bond Indenture):

(A) In the case of an Event of Default described in paragraph (A) or (B) under Defaults above, take whatever action at law or in equity is necessary or desirable to collect the Note Payments then due;

(B) In the case of an Event of Default described in paragraph (C) or (D) under Defaults above, take whatever action the Agency would be entitled to take pursuant to the Loan Agreement in order to remedy the Event of Default in question;

(C) In the case of an Event of Default described in paragraph (A) or (B) under Defaults above, declare the entire unpaid aggregate principal amount of the Bonds Outstanding to be immediately due and payable.

At any time after the principal of the Bonds shall have been so declared to be immediately due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, the Bond Trustee may annul such declaration and its consequences with respect to any Bonds or portions thereof not then due by their terms if (i) the College has paid or caused to be paid or deposited with the Bond Trustee moneys sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) on all Bonds Outstanding; (ii) the College has paid or caused to be paid or deposited with the Bond Trustee moneys sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Bond Trustee; (iii) all other amounts then payable by the College under the Bond Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon. (Section 803.)

Restrictions upon Actions by Individual Bondowner. No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Indenture, for the execution of any trust thereof or to enforce any other right or remedy thereunder, unless an event of default under the Bond Indenture has occurred of which the Bond Trustee has been notified by the Agency or by the Owners of 25% in principal amount of the Bonds, and the Owners of 25% in principal amount of the Bonds shall have made written request to the Bond Trustee and shall have offered the Bond Trustee reasonable opportunity either to proceed to exercise the powers granted to it under the Bond Indenture and such Bondowners have offered to the Bond Trustee indemnity as provided in Section 902, and the Bond Trustee shall thereafter fail or refuse to exercise the powers granted in the Bond Indenture. Such notification, request and offer of indemnity are at the option of the Bond Trustee conditions precedent to any suit, action or proceeding for the enforcement thereof; no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Indenture by its, his or their action or to enforce any right or remedy thereunder except in the manner therein provided, that all proceedings shall be in accordance with the Bond Indenture and shall not be otherwise than in accordance with law and the provisions of the Bond Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner and therein provided and for the equal benefit of the Owners of all Bonds.

Notwithstanding any other provisions in the Bond Indenture, the Owner of any Bond shall have the right, which is absolute and unconditional, to receive payment of the principal of and redemption premium, if any, and interest on such Bond on the respective due dates expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment at the time, place, from the source and in the manner expressed in such Bond, and such right shall not be impaired without the consent of such Bondowner. (Section 808.)

Notice of Default. The Bond Trustee shall mail to all Registered Owners at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default set forth above within thirty (30) days after the Bond Trustee shall have received notice of the same that any such Event of Default shall have occurred; provided that, except upon the happening of an Event of Default specified in clause (A) under The Loan Agreement – Events of Default below and clauses (A) and (B) under Defaults above, the Bond Trustee may withhold such notice if in its opinion such withholding is in the interest of the Owners; and provided further that the Bond Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice. Except for the happening of an Event of Default specified in clauses (A) and (B) under Defaults above, the Bond Trustee shall not be deemed to have notice of any Event of Default unless the Bond Trustee has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default is received by the Bond Trustee. (Section 813.)

Right to Enforce Payment of Bonds Unimpaired. Nothing in the Bond Indenture shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his Bond or the obligation of the Agency to pay the principal of and interest on each Bond of the Holder thereof at the time and place in said Bond expressed. (Section 815.)

Supplements and Amendments to Bond Indenture.

1. Supplements and Amendments Not Requiring Bondowner Consent. The Agency and the Bond Trustee may, without the consent or approval of, or notice to, any of the Bondowners, enter into such supplements and amendments to the Bond Indenture as shall not, in the opinion of the Bond Trustee, materially and adversely affect the interests of the Bondowners (which supplements and amendments shall thereafter form a part of the Bond Indenture) for any of the following purposes:

(A) to cure any ambiguity or formal defect or omission in the Bond Indenture or in any supplement or amendment to the Bond Indenture, or

(B) to grant to or confer upon the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondowners or the Bond Trustee, or

(C) to subject to the lien and pledge of the Bond Indenture additional payments, revenues, properties or collateral, or

(D) to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder, or

(E) to evidence the appointment of a separate Bond Trustee or Co-Bond Trustee or the succession of a new Bond Trustee, or

(F) to modify, amend or supplement the Bond Indenture or any supplement or amendment thereto in such manner as to permit the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States, or

(G) to provide for the issuance of Bonds under a book-entry system or in bearer form. (Section 1101.)

2. Supplements and Amendments Requiring Consent of Owners of 51 Percent in Principal Amount of Bonds. With the consent of the Owners of not less than 51 percent in aggregate principal amount of the Bonds at the time Outstanding, the Agency and the Bond Trustee may, from time to time and at any time, enter into supplements and amendments to the Bond Indenture which the College deems necessary and desirable for the purpose of adding any

provisions to or changing in any manner or eliminating any of the provisions of the Bond Indenture or of any supplement or amendment to the Bond Indenture or of modifying in any manner the rights of the Owners of the Bonds; provided, however, that no such modification shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium, if any, or the rate of interest thereon, or (c) granting a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to their respective claims on the security provided by the granting clause of the Bond Indenture, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture. The approval by Bondowners, however, of the execution of any supplement or amendment to the Bond Indenture as authorized in Section 1101 is not required.

It shall not be necessary for the consent of the owners of Bonds under Section 1102 to approve the particular form of any proposed supplement or amendment, but it shall be sufficient if such consent shall approve the substance thereof.

If at any time the Agency shall request the Bond Trustee to enter into any supplement or amendment to the Bond Indenture for any of the purposes of Section 1102, the Bond Trustee shall, at the expense of the Agency, cause notice of the proposed execution of such supplement or amendment to be mailed, postage prepaid, to all Registered Owners. Such notice shall briefly set forth the nature of the proposed supplement or amendment and shall state that copies thereof are on file at the Principal Office of the Bond Trustee for inspection by all Bondowners. The Bond Trustee shall not, however, be subject to any liability to any Bondowner by reason of its failure to mail the notice required by Section 1102, and any such failure shall not affect the validity of such supplement or amendment when consented to as provided in Section 1102.

Whenever, at any time within three years after the date of the first publication of such notice, the Agency or the College shall deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than 51 percent in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplement or amendment described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Bond Trustee may execute such supplement or amendment in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Owner shall have consented thereto.

If the Owners of not less than 51 percent in aggregate principal amount of the Bonds Outstanding at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof, no Owner of any Bond shall have any right to object to the execution of such supplement or amendment, or to object to any of the terms and provisions contained therein or the operation thereof or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof. (Section 1102.)

Supplements and Amendments to the Loan Agreement.

1. Supplements and Amendments Not Requiring Consent. The Agency and the Bond Trustee may, from time to time and at any time, consent to such amendments and supplements to the Loan Agreement as shall not be inconsistent with the terms and provisions thereof and, in the opinion of the Bond Trustee (as to which it may rely on an opinion of counsel approved by it), shall not materially and adversely affect the interests of the Bondowners (which supplements and amendments shall thereafter form a part thereof),

(A) as may be required by the Loan Agreement or the Bond Indenture, or

(B) to cure any ambiguity or formal defect or omission in the Loan Agreement or in any supplement or amendment thereto, or

(C) to grant to or confer upon the Bond Trustee, for the benefit of the Bondowners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Bond Trustee, or

(D) to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising thereunder and which shall not materially and adversely affect the interests of the Bondowners, which, in the judgment of the Bond Trustee, will not prejudice the interests of the Bond Trustee, or

(E) to provide for the issuance of the Bonds in book entry or bearer form. (Section 1201.)

2. Supplements and Amendments Requiring Consent of Owners of 51 Percent in Principal Amount of Bonds. Except for supplements or amendments described above, the Agency shall not execute and the Bond Trustee shall not consent to any supplement or amendment to the Loan Agreement unless notice of the proposed execution of such supplement or amendment shall have been given and the Owners of not less than 51 percent in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the execution thereof, all as provided for in Bond Indenture in the case of supplements and amendments to the Bond Indenture.

The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon an opinion of any counsel approved by it as conclusive evidence that any such proposed supplement or amendment does or does not comply with the provisions of the Bond Indenture (including without limitation as to whether the proposed supplement or amendment materially and adversely affects Bondholders), that any conditions precedent contained in the Bond Indenture or the Loan Agreement applicable to the execution and delivery thereof have been satisfied, and that it is (or is not) proper for the Bond Trustee, under the provisions of Article XII of the Bond Indenture to join in the execution thereof. (Section 1202.)

Defeasance. When (a) the Bonds secured under the Bond Indenture shall have become due and payable in accordance with their terms or otherwise as provided in the Bond Indenture, including Article XIII, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds shall be paid or (b) if the Bond Trustee shall hold sufficient money or Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, or combination of such payment and redemption, and (c) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by the Agency to the Bond Trustee, and (d) sufficient funds shall also have been provided or provision made for paying all other obligations payable by the Agency, then and in that case the right, title and interest of the Bond Trustee in the Notes (which term includes, for purposes of this Appendix C, the separate promissory note securing the Series 2012B Bonds, when, as and if issued) and in the funds and accounts mentioned in the Bond Indenture shall thereupon cease, determine and become void and, on demand of the Agency and upon being furnished with an opinion, in form and substance satisfactory to the Bond Trustee, of counsel approved by the Bond Trustee, to the effect that all conditions precedent to the release of the Bond Indenture have been satisfied, the Bond Trustee shall release the Bond Indenture (subject to any terms of the Bond Indenture that survive in accordance with their terms) and shall execute such documents to evidence such release as may be reasonably required by the Agency and shall turn over to the College, any surplus in any, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. Otherwise, the Bond Indenture shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Trustee as hereinabove provided, (i) in addition to the requirements set forth in the Bond Indenture for the giving of any notice of redemption, the Bond Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Bond Trustee to be mailed by first class mail, postage prepaid, to all Bondowners setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that the Bond Indenture has been released in accordance with the provisions of the Section, and (ii) the Bond Trustee shall nevertheless retain such rights, powers and privileges under the Bond Indenture as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited, and as may be necessary and convenient for the registration of transfer and exchange of Bonds.

All money and Defeasance Obligations held by the Bond Trustee shall be held in trust and applied to the payment, when due, of the obligations payable therewith. (Section 1301.)

The Loan Agreement

The Loan Agreement contains terms and conditions relating to the loan by the Agency to the College of the proceeds of the sale of Bonds including various covenants and security provisions, certain of which are summarized below. This summary uses various terms defined in the Loan Agreement and such terms as used herein shall have the same meanings as so defined.

Representations by the College. The College represents and warrants as follows:

(A) It is a duly organized and existing private nonprofit college under the laws of the State and is an "eligible institution" within the meaning of such term as used in the Act.

(B) It has the corporate power to enter into the Loan Agreement and to execute and deliver the Note and perform its obligations and agreements thereunder.

(C) It has duly authorized the execution, delivery and performance of the Loan Agreement and the Notes.

(D) It is an organization described in Section 501(c)(3) of the Code, and as such is exempt from Federal income taxes under Section 501(a) of the Code.

(E) The representations, warranties, certifications and other information supplied by the College that has been relied upon by Bond Counsel with respect to the eligibility of the Project and the exclusion of interest on the Bonds from gross income for federal income tax purposes, are true and correct. (Section 2.02).

Issuance of the Bonds to Fund Loan; Loan by the Agency; Repayment. To provide funds to refund the Refunded Bonds, the Agency agrees that it will sell, issue and deliver the Bonds to the purchaser or purchasers thereof. The Bonds shall be issued in accordance with the Bond Indenture.

Upon the terms and conditions of the Loan Agreement, the Agency shall lend to the College the proceeds of the sale of the Bonds. The principal amount of the Loan shall equal the sum of the aggregate principal amount each series of the Bonds. The proceeds of the Loan shall be deposited with the Bond Trustee and applied in accordance with the Bond Indenture.

The College agrees that its obligation to repay the Loan is absolute and unconditional and is payable from moneys of the College lawfully available therefor. As consideration for the issuance of the Bonds and the making of the Loan to the College by the Agency, the College agrees to deliver the Notes to the Agency for assignment to the Bond Trustee under the Bond Indenture.

The Notes will provide for the making of Note Payments on the dates, in the amounts and in the manner provided in the Bond Indenture so that moneys will be available to the Bond Trustee, for the account of the Agency, to pay the principal (by reason of maturity, scheduled amortization, acceleration or redemption), premium, if any, and interest on the Bonds.

Any amount credited under the Bond Indenture against any payment required to be made by the Agency thereunder shall be credited against the corresponding payment required to be made by the College under the Loan or the applicable Note, provided that, if the aggregate Note Payments made under the Notes are insufficient to pay the principal of and premium, if any, and interest on the Bonds as the same shall be come due and payable, any Note Payments so received shall be credited against the corresponding payment required to be made by the College under the Series 2012A Note and Series 2012B Note, *pro rata*. The College covenants that it will make Note Payments at such times and in such amounts to assure that payment of the principal of (by reason of maturity, acceleration or redemption) and premium, if any, and interest on the

Bonds shall be made when due. If, at any time, the College elects to prepay all or a portion of the Loan, the amount prepaid shall be credited against that portion of the Loan evidenced by the Series 2012A Note or the Series 2012B Note as the College may direct. (Section 4.01).

Special Covenants

1. Covenant to Maintain Campus. The College will, at its sole cost and expense, maintain, preserve and keep the Campus with the appurtenances and every major part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the College shall not be obligated to maintain, preserve, repair, replace or renew any element or unit of the Campus the maintenance, repair, replacement or renewal of which becomes uneconomic to the College because of damage or destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulation, or the termination by the College of the operation of the facilities to which the element or unit of the Campus is an adjunct. The College covenants that it will not permit, commit or suffer any waste of the whole or any major part of the Campus and shall not use or permit the use of the Campus, or any part thereof, for any unlawful purpose or permit any nuisance to exist thereon. The College further covenants that it will not dispose of any substantial portion of its assets other than in the ordinary course of business without the consent of the Agency, which consent shall not be unreasonably withheld. (Section 4.04).

2. Arbitrage. The Agency and the College shall take no action, and shall not approve any action of or the making of any investment or use of the proceeds of the Bonds by the Bond Trustee, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code or that would otherwise cause the interest on the Bonds to be includable in the gross income of any holder thereof for Federal income tax purposes pursuant to the Code and the regulations thereunder as such may be applicable to the Bonds at the time of such action, investment or use. (Section 5.04).

3. Covenant to Maintain Corporate Existence and Tax Status. The College covenants that so long as the Bonds are outstanding it will not dispose of all or substantially all its assets and will not acquire, consolidate with or merge into another corporation; provided, however, that the College may acquire, consolidate with or merge into another corporation, or transfer to another corporation all or substantially all its assets, if the successor or transferee corporation is an "eligible institution" within the meaning of the Act and irrevocably and unconditionally assumes in writing all the obligations of the College under the Note and the Loan Agreement.

The College covenants and agrees (i) that it will use diligence so that it will not perform any acts nor enter into any agreements or omit to perform any act or fulfill any requirement that shall have the effect of prejudicing the College's tax exempt status under Section 501(c)(3) of the Code and (ii) that it will maintain, extend and renew its corporate existence under the laws of the State and all franchises, rights and privileges to it granted and upon it conferred, and will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its operations and activities restricted or whereby the payment under the Loan Agreement or the Note might or could be hindered, delayed or otherwise impeded. The

College further covenants that it will use due diligence so that it will maintain its tax exempt status under Federal income tax laws and regulations, and none of its gross revenues, income or profits, either realized or unrealized, and none of its other assets or property will be distributed to any of its employees, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purpose of the College; provided, however, that this is not intended to prevent the College's paying the cost of services or property, real or personal, provided to the College by any person, association or corporation. (Section 5.06).

4. Secondary Market Disclosure. The College covenants for the benefit of the persons who from time to time are the owners of the Bonds for federal income tax purposes (the "beneficial owners"):

(A) to file within 150 days after the end of each of its fiscal years, beginning with its fiscal year ending June 30, 2012, with the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB, core financial information for the prior fiscal year, including (i) the College's audited financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data concerning the College of the type generally found under the captions "Middlebury Faculty and Staff", "Student Enrollment", "Tuition and Fees", "Financial Aid" and "Gifts, Grants and Bequests" in Appendix A to this Official Statement; and

(B) to file in a timely manner, not in excess of ten business days after the occurrence of the applicable event, with the MSRB, notice of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the College[1];

(xiii) the consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

(C) to file in a timely manner, with the MSRB, notice of a failure of the College to provide required annual financial information described in (A) above on or before the date specified.

Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Market Access (EMMA) system, the current Internet address of which is www.emma.msrb.org. All notices, documents and information provided to the MSRB shall be provided in an electronic format prescribed by the MSRB (currently, portable document format (pdf), which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

No beneficial owner may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of any covenant above (the "Disclosure Covenant") or for any remedy for breach thereof, unless such owner shall have filed with the College written notice of and request to cure such breach, and the College shall have refused to comply within a reasonable time. All Proceedings shall be for the equal benefit of all beneficial owners of the outstanding Bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the Disclosure Covenant at issue. Notwithstanding the foregoing, no challenge to the adequacy of the information provided in

[1] This event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the College in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the College, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the College.

accordance with the filings mentioned in clauses (A) or (B) above may be prosecuted by any beneficial owner except in compliance with the remedial and enforcement provisions of the Loan Agreement. Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described in this paragraph.

Any amendment to the Disclosure Covenant may only take effect if:

1. the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the College, or type of business conducted; the Disclosure Covenant, as amended, would have complied with the requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC") at the time of issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Beneficial Owners, as determined by parties unaffiliated with the College or the Agency; or

2. all or any part of the Rule, as interpreted by the staff of the SEC at the date of the delivery of the Bonds, ceases to be in effect for any reason, and the College elects that the Disclosure Covenant shall be deemed amended accordingly.

In the case of any amendment, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Events of Default. The terms "Event of Default" and "Default" under the Loan Agreement shall mean any one or more of the following events:

(A) The College shall fail to make any Note Payment.

(B) An Event of Default shall exist under the Bond Indenture.

(C) The College shall fail duly to perform, observe or comply with any covenant, condition or agreement on its part under the Loan Agreement (other than a failure to make any Note Payment required under the Loan Agreement), and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the College and the Agency by the Bond Trustee, or to the College and the Agency and the Bond Trustee by the Owners of at least 25% in aggregate principal amount of the Bonds then outstanding; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as the College shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion.

(D) Under any present or future bankruptcy law, the College shall apply for or consent to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of itself or of any part of its property, or shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or shall institute proceedings to be adjudged a bankrupt or insolvent, or shall seek reorganization in a proceeding under any present or future bankruptcy law or shall admit the material allegations of a petition filed against the College in any such proceeding, or shall seek relief under the provisions of any other present or future bankruptcy, insolvency or other similar law providing for the reorganization or winding up of corporations, or the College or its directors shall take action looking to the dissolution or liquidation of the College or an arrangement, composition, extension or adjustment with its creditors generally (except in connection with a consolidation or a merger of the College with or into another corporation or sale, transfer or other disposition of all or substantially all the assets of the College not prohibited by the Loan Agreement with respect to the College).

(E) The entry of a decree or order by a court having jurisdiction in the premises adjudging the College a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the College under the Federal Bankruptcy Code or any other applicable law, or under any present or future bankruptcy law appointing a receiver, liquidator, custodian, assignee, trustee, sequestrator (or other similar official) of the College or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of such decree or order unstayed and in effect for a period of 60 consecutive days.

(F) If the College shall default in the payment of the principal of or interest on any other obligation of the College for borrowed money in an amount in excess of $1,000,000 as and when the same shall become due and payable by lapse of time, by declaration, by call for redemption or otherwise and such default shall continue beyond the period of grace, if any, allowed with respect thereto; provided, however, that such default shall not constitute an Event of Default if within 30 days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the indebtedness is commenced, (i) the College in good faith commences proceedings to contest the existence or payment of such indebtedness, and (ii) sufficient moneys are escrowed with a bank or trust company for the payment of such indebtedness.

(G) If the College shall default under any indenture, agreement or other similar instrument under which any evidence of indebtedness of the College in an amount in excess of $1,000,000 may be issued and such default results in the formal acceleration of the maturity of any indebtedness of the College outstanding thereunder; provided, however, that such default shall not constitute an Event of Default if within 30 days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the indebtedness is commenced, (i) the College in good faith commences proceedings to contest the existence or payment of such indebtedness, and (ii) sufficient moneys are escrowed with a bank or trust company for the payment of such indebtedness. (Section 7.01).

Remedies on Default. Whenever any Event of Default referred to above shall have happened and be subsisting, the Agency may take the following remedial steps:

(A) In the case of an Event of Default described in clause (A), the Agency may take whatever action at law or in equity necessary or desirable to collect the Note Payments then due, including declaring the payment obligation evidenced by the Notes to be immediately due and payable;

(B) In the case of any other Event of Default, the Agency may take whatever action at law or in equity necessary or desirable to enforce the performance, observance or compliance by the College with any covenant, condition or agreement by the College under the Loan Agreement; or

(C) In the case of an Event of Default other than in clause (A) which results in the Bonds being declared immediately due and payable, the Agency shall declare the payment obligation evidenced by the Notes to be immediately due and payable.

In the enforcement of the remedies provided in the Loan Agreement, the Agency may treat all expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the College then due and owing. (Section 7.02).

Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to Payment of the Bonds, the Loan Agreement and the Bond Indenture may not be effectively amended, changed, modified, altered or terminated except in accordance with the Bond Indenture. (Section 9.11).

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Vermont Educational and Health
Buildings Financing Agency
Winooski, Vermont

Ladies and Gentlemen:

We have examined Title 16, Chapter 131, Sections 3851-3862, Vermont Statutes Annotated, as amended (the "Act"), and certified copies of the proceedings of the Board of Vermont Educational and Health Buildings Financing Agency (the "Board"), a body corporate and politic constituting a public instrumentality of the State of Vermont (the "Agency"), authorizing the issuance of revenue bonds of the Agency hereinafter described and other proofs submitted relative to the issuance of the following bonds (the "Bonds"):

$46,150,000

VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY REVENUE REFUNDING BONDS (MIDDLEBURY COLLEGE PROJECT) SERIES 2012A

Dated, maturing, bearing interest and subject to redemption all as provided in the Bond Indenture.

The Bonds are issued under and pursuant to the Act and a Bond Indenture dated as of April 1, 2012 (the "Bond Indenture"), between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds bear interest from their date and are subject to redemption prior to their maturity in the manner and upon the terms and conditions set forth therein. The Bonds are issuable in fully registered form in denominations of $5,000 and integral multiples thereof.

The Agency will lend the proceeds of the Bonds to The President and Fellows of Middlebury College (the "College") under the Loan Agreement, dated as of April 1, 2012 (the "Loan Agreement"), between the Agency and the

College. The Bonds are payable from payments to be made by the College on its note (the "Note") issued by the College under the Loan Agreement and delivered to the Agency in consideration of the College's obligation to repay the loan of the proceeds of the Bonds and to perform its obligations under the Loan Agreement, and assigned by the Agency to the Trustee as security for the payment of the Bonds. The Note is an absolute and unconditional obligation of the College, secured by the general credit of the College and payable from any available moneys of the College.

We have also examined one of the Bonds as executed and authenticated.

Based upon such examination, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued.

2. The Bond Indenture has been duly authorized and executed by the Agency and is a valid, binding and enforceable agreement in accordance with its terms.

3. The Bonds are valid and binding limited obligations of the Agency payable in accordance with their terms from payments to be made by the College pursuant to the Note, funds held by the Trustee under the Bond Indenture and money attributable to the proceeds of the Bonds and the income from the investment thereof.

4. The Loan Agreement has been duly authorized and executed by the Agency and the College and is a valid, binding and enforceable agreement in accordance with its terms.

5. The Bonds shall not be deemed to constitute a debt or liability of the State of Vermont, and neither the faith and credit nor the taxing power of the State of Vermont is pledged for the payment of the principal of or the interest on the Bonds.

6. Assuming compliance by the College and the Agency with their respective covenants to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and except as provided in the following sentence, the interest on the Bonds is not includible in gross income for federal income tax purposes under current law. Interest on the Bonds will become includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds (a) in the event of a failure by the Agency or the College to comply, subsequent to the date of issue of the Bonds, with certain requirements of the Code and covenants regarding use, expenditure, and investment proceeds of the Bonds and, if required, the timely payment of certain investment earnings to the Treasury of the United States, or (b) in the event that the $150 million limitation imposed by Section 145(b) of the Code on certain outstanding, tax-exempt, nonhospital bonds is exceeded within three years of the date of issue of the Bonds. The College and the Agency have covenanted, among other things, not to take any action that would cause interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes. The covenant of the Agency does not require the Agency to

make any financial contribution for which it does not receive funds from the College. Interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax on individuals and corporations imposed by the Code but will be included in the computation of the alternative minimum tax on corporations imposed by the Code. The opinions expressed in this paragraph may not be relied upon to the extent that the exclusion from gross income of the interest on the Bonds for federal income tax purposes is adversely affected as a result of any action taken, or not taken, in reliance on the advice or opinion of counsel other than this firm. Other than as described herein, we have not addressed and we are not opining on the tax consequences to any investor of the investment in, the ownership or disposition of, or receipt of any interest on, the Bonds.

The Act provides that bonds of the Agency and the income therefrom shall at all times be exempt from taxation in the State of Vermont, except for transfer and estate taxes.

The enforceability of the Bond Indenture and the Loan Agreement and the obligations of the aforementioned parties with respect to such documents are subject to bankruptcy, insolvency and other laws affecting creditors' rights generally. To the extent that the remedies under the Bond Indenture and the Loan Agreement require enforcement by a court of equity, the enforceability thereof may be limited by such principles of equity as the court having jurisdiction may impose.

In rendering the opinions in paragraph 6 above, we have relied upon the representations made by the College with respect to certain material facts within its knowledge, which facts and representations we have not independently verified, and the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, that the College is an organization described in Section 501(c)(3) of the Code and exempt from tax under section 501(a) of the Code, or corresponding provisions of prior law, and that, to such counsel's knowledge, the College has done nothing to impair such status and that use of property financed or refinanced with the proceeds of the Bonds does not constitute an unrelated trade or business under Section 513(a) of the Code.

In rendering the above opinions we have also relied, without independent investigation, upon the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, with respect to the due organization and valid existence of the College, its power and authority with respect to the transactions contemplated by, and its due authorization, execution and delivery of, the Note and the Loan Agreement.

Respectfully submitted,

[To be signed "Sidley Austin LLP"]

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Vermont Educational and Health
Buildings Financing Agency
Winooski, Vermont

Ladies and Gentlemen:

We have examined Title 16, Chapter 131, Sections 3851-3862, Vermont Statutes Annotated, as amended (the "Act"), and certified copies of the proceedings of the Board of Vermont Educational and Health Buildings Financing Agency (the "Board"), a body corporate and politic constituting a public instrumentality of the State of Vermont (the "Agency"), authorizing the issuance of revenue bonds of the Agency hereinafter described and other proofs submitted relative to the issuance of the following bonds (the "Bonds"):

$11,885,000

VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY REVENUE REFUNDING BONDS (MIDDLEBURY COLLEGE PROJECT) SERIES 2012B

Dated, maturing, bearing interest and subject to redemption all as provided in the Bond Indenture.

The Bonds are issued under and pursuant to the Act and a Bond Indenture dated as of April 1, 2012 (the "Bond Indenture"), between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds bear interest from their date and are subject to redemption prior to their maturity in the manner and upon the terms and conditions set forth therein. The Bonds are issuable in fully registered form in denominations of $5,000 and integral multiples thereof.

The Agency will lend the proceeds of the Bonds to The President and Fellows of Middlebury College (the "College") under the Loan Agreement, dated as of April 1, 2012 (the "Loan Agreement"), between the Agency and the College. The Bonds are payable from payments to be made by the College on its note (the "Note") issued by the College under the Loan Agreement and delivered to the Agency in consideration of the College's obligation to repay the loan of the proceeds of the Bonds and to perform its obligations under the Loan Agreement, and assigned by the Agency to the Trustee as security for the payment of the Bonds. The Note is an absolute and unconditional obligation of the College, secured by the general credit of the College and payable from any available moneys of the College.

We have also examined one of the Bonds as executed and authenticated.

Based upon such examination, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued.

2. The Bond Indenture has been duly authorized and executed by the Agency and is a valid, binding and enforceable agreement in accordance with its terms.

3. The Bonds are valid and binding limited obligations of the Agency payable in accordance with their terms from payments to be made by the College pursuant to the Note, funds held by the Trustee under the Bond Indenture and money attributable to the proceeds of the Bonds and the income from the investment thereof.

4. The Loan Agreement has been duly authorized and executed by the Agency and the College and is a valid, binding and enforceable agreement in accordance with its terms.

5. The Bonds shall not be deemed to constitute a debt or liability of the State of Vermont, and neither the faith and credit nor the taxing power of the State of Vermont is pledged for the payment of the principal of or the interest on the Bonds.

6. Assuming compliance by the College and the Agency with their respective covenants to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and except as provided in the following sentence, the interest on the Bonds is not includible in gross income for federal income tax purposes under current law. Interest on the Bonds will become includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds (a) in the event of a failure by the Agency or the College to comply, subsequent to the date of issue of the Bonds, with certain requirements of the Code and covenants regarding use, expenditure, and investment proceeds of the Bonds and, if required, the timely payment of certain investment earnings to the Treasury of the United States, or (b) in the event that the $150 million limitation imposed by Section 145(b) of the Code on certain outstanding, tax-exempt, nonhospital bonds is exceeded within three years of the date of issue of the Bonds. The College and the Agency have covenanted, among other things, not to take any action that would cause interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes. The covenant of the Agency does not require the Agency to make any financial contribution for which it does not receive funds from the College.

Interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax on individuals and corporations imposed by the Code but will be included in the computation of the alternative minimum tax on corporations imposed by the Code. The opinions expressed in this paragraph may not be relied upon to the extent that the exclusion from gross income of the interest on the Bonds for federal income tax purposes is adversely affected as a result of any action taken, or not taken, in reliance on the advice or opinion of counsel other than this firm. Other than as described herein, we have not addressed and we are not opining on the tax consequences to any investor of the investment in, the ownership or disposition of, or receipt of any interest on, the Bonds.

The Act provides that bonds of the Agency and the income therefrom shall at all times be exempt from taxation in the State of Vermont, except for transfer and estate taxes.

The enforceability of the Bond Indenture and the Loan Agreement and the obligations of the aforementioned parties with respect to such documents are subject to bankruptcy, insolvency and other laws affecting creditors' rights generally. To the extent that the remedies under the Bond Indenture and the Loan Agreement require enforcement by a court of equity, the enforceability thereof may be limited by such principles of equity as the court having jurisdiction may impose.

In rendering the opinions in paragraph 6 above, we have relied upon the representations made by the College with respect to certain material facts within its knowledge, which facts and representations we have not independently verified, and the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, that the College is an organization described in Section 501(c)(3) of the Code and exempt from tax under section 501(a) of the Code, or corresponding provisions of prior law, and that, to such counsel's knowledge, the College has done nothing to impair such status and that use of property financed or refinanced with the proceeds of the Bonds does not constitute an unrelated trade or business under Section 513(a) of the Code.

In rendering the above opinions we have also relied, without independent investigation, upon the opinions of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, with respect to the due organization and valid existence of the College, its power and authority with respect to the transactions contemplated by, and its due authorization, execution and delivery of, the Note and the Loan Agreement.

Respectfully submitted,

[To be signed "Sidley Austin LLP"]

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APPENDIX E

FORM OF THE FORWARD DELIVERY CONTRACT

Goldman, Sachs & Co.

Re: Vermont Educational and Health Buildings Financing Agency
Revenue Refunding Bonds (Middlebury College Project) Series 2012B (Forward Delivery Bonds)
(the "Series 2012B Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from Goldman, Sachs & Co. ("GS"), when, as, and if issued and delivered to GS from Vermont Educational and Health Buildings Financing Agency (the "Issuer"), and GS agrees to sell to the Purchaser the above-referenced Series 2012B Bonds offered by the Issuer under the Preliminary Official Statement, dated March 28, 2012 (the "Preliminary Official Statement"), and the Official Statement, dated April __, 2012 (the "Official Statement"), and further documented in the related confirmation (the "Confirmation"), at the purchase price specified in the Confirmation. Any capitalized term not otherwise defined herein shall have the respective meaning given to such term as set forth in the Official Statement.

The Purchaser acknowledges that, on or prior to the date hereof, the Purchaser has received copies of the Preliminary Official Statement, the Official Statement and the Confirmation. The Purchaser acknowledges further that it has reviewed the Preliminary Official Statement, the Official Statement (including without limitation the section entitled "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE SERIES 2012B BONDS" therein) and the Confirmation.

The Purchaser hereby agrees to accept delivery of such Series 2012B Bonds from GS on ______, 2012 (the "Series 2012B Settlement Date"). Payment for the Series 2012B Bonds, which the Purchaser has agreed to purchase on the Series 2012B Settlement Date, shall be made to GS or its order on the Series 2012B Settlement Date upon delivery to the Purchaser of the Series 2012B Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the Issuer of the Series 2012B Bonds and purchase thereof by GS, the obligation of the Purchaser to take delivery hereunder shall be unconditional except in the event that:

(a) at any time subsequent to the preliminary closing date (expected to be _______, 2012) (the "Preliminary Closing Date") and on or prior to the Series 2012B Settlement Date, legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress of the United States by any committee of such House, or passed by either House of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the Series 2012B Bonds, as a result of which, Bond Counsel does not expect to be able to issue an opinion on the Series 2012B Settlement Date either (i) substantially in the form attached to the Official Statement as Appendix D-2, or (ii) notwithstanding a change in law from that existing on the Preliminary Closing Date which prevents Bond Counsel from issuing an opinion substantially in the form attached to the Official Statement as Appendix D-2 as of the Series 2012B Settlement Date, that interest on the Series 2012B Bonds is not subject to any then currently imposed federal income tax and is not included as a specific preference item for purposes of federal individual or corporate alternative minimum taxes;

(b) for any other reason on the Series 2012B Settlement Date, Bond Counsel cannot issue its opinion substantially in the form attached to the Official Statement as Appendix D-2;

(c) at any time subsequent to the Preliminary Closing Date and on or prior to the Series 2012B Settlement Date, legislation shall be enacted or actively considered for enactment with an effective date prior to the Series 2012B Settlement Date, or a decision of a court of the United States shall be rendered, the effect of which is, in the opinion of counsel to the Underwriter, that the Series 2012B Bonds are not exempt from registration or other requirements under the Securities Act of 1933, as amended and then in effect, or the Bond Indenture or the Resolution is not exempt from qualification or other requirements under the Trust Indenture Act of 1939, as amended and then in effect, or the offering or sale of the Series 2012B Bonds would be in violation of the Securities Exchange Act of 1934, as amended and then in effect;

(d) at any time subsequent to the Preliminary Closing Date and on or prior to the Series 2012B Settlement Date, a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter shall have been issued or made or any other event occurs the effect of which, in the opinion of counsel to the Underwriter, is that the Bond Indenture, the Resolution or the offering, issuance or sale of the Series 2012B Bonds, is or would be in violation of any provision of the federal securities laws, including without limitation the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect;

(e) at any time subsequent to the Preliminary Closing Date and on or prior to the Series 2012B Settlement Date, an Event of Default shall have occurred, technical or otherwise, under the Bond Indenture or the Loan Agreement, which has not been cured as of the Series 2012B Settlement Date; or

(f) on the Series 2012B Settlement Date, the Series 2012B Bonds are not rated by Moody's Investors Service and Standard & Poor's Ratings Services.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, (i) the Purchaser is not prohibited from purchasing the Series 2012B Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject; (ii) the Purchaser is acting hereunder as principal (or, if previously agreed in writing by GS, as agent for a disclosed principal); (iii) the person signing this Forward Delivery Contract on the Purchaser's behalf is duly authorized to do so on the Purchaser's behalf and is a Vice President or more senior officer of the Purchaser; and (iv) the Purchaser is knowledgeable of and experienced in the investment risks of entering into this Forward Delivery Contract, is capable of evaluating the merits and risks of this Forward Delivery Contract and is able to bear the economic risks associated with this Forward Delivery Contract. The Purchaser shall be deemed to repeat all of the foregoing representations and warranties on each day prior to and including the Series 2012B Settlement Date.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that GS is entering into an agreement with the Issuer and The President and Fellows of Middlebury College (the "College") to purchase the Series 2012B Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

The Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System Rule 431 of the Governors of the New York Stock Exchange, Inc., and any other margin regulations applicable to GS.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by GS of any Forward Delivery Contract (including this one) is in GS's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to GS, it is requested that GS sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between GS and the Purchaser when such counterpart is so mailed or delivered by GS. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

The Issuer shall be deemed a third party beneficiary of this Forward Delivery Contract.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

____
Purchaser

____
Address

____

____
Telephone

By:_________________________________
Name:______________________________
Title:_______________________________

Accepted:

Goldman, Sachs & Co.

Name: ______________________________
Title:______________________________

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