REFUNDING ISSUE **RATINGS:**† **Moody's: Aa2/VMIG1**
S&P: AA/A-1+

In the opinion of Bond Counsel, having assumed compliance by the Agency and the College with their respective covenants to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is not includable in gross income for federal income tax purposes under existing statutes, regulations and court decisions. Interest on the Bonds will not constitute a specific preference item for the purposes of computation of the alternative minimum tax imposed on individuals and corporations, although interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on 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.

$55,260,000
VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY
Revenue Bonds (Middlebury College Project) Series 2008
Variable Rate Demand Obligations

Dated: Date of Delivery **Price: 100%** **CUSIP: 924166 BS9*** **Due: November 1, 2026**

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 $100,000, or any integral multiple of $5,000 in excess 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, Owner 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. 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 the 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 Bank of New York Trust Company, N.A., Boston, Massachusetts is Bond Trustee and Tender Agent for the Bonds.

Details of payment of the Bonds are more fully discussed in this Official Statement. The Bonds will be initially issued in a variable rate mode bearing interest at a Weekly Rate and are subject to conversion, at the option of the College and subject to certain restrictions, to other variable rate modes (including the Daily Rate, Flexible Rate, or Term Rate), an Auction Rate mode or the Fixed Rate mode. Upon conversion from a Weekly Rate Period to another Rate Period, the Bonds will be subject to mandatory tender as described in "THE BONDS - Conversion of Bonds to Another Rate Period."

This Official Statement is intended to provide disclosure only with respect to the Bonds while bearing interest at a Weekly Rate or a Daily Rate.

Interest on the Bonds will be payable on the first Business Day of each month, commencing on May 1, 2008. **The Bonds are subject to mandatory and optional redemption and mandatory and optional tender for purchase prior to maturity as described herein.**

While the Bonds bear interest at the Daily Rate or Weekly Rate, payment of the Purchase Price of the Bonds which are tendered for purchase or required to be tendered for purchase and not remarketed will be made from the standby bond purchase agreement (the "Initial Liquidity Facility") provided by TD Banknorth, N.A. (the "Initial Liquidity Provider") expiring April 1, 2011 unless extended. The Initial Liquidity Facility may be terminated or suspended at any time without prior notice or opportunity to tender upon the occurrence of certain events. See "THE BONDS - Initial Liquidity Facility."

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, by Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel to the College, and by Burak Anderson & Melloni, plc, Burlington, Vermont, counsel to the Initial Liquidity Provider. Certain legal matters will be passed upon for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about April 1, 2008.

Goldman, Sachs & Co.

Dated: March 24, 2008

† See "RATINGS" herein.

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

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 heading "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.

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

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

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Official Statement
Relating to

$55,260,000

Vermont Educational and Health Buildings Financing Agency Revenue Bonds (Middlebury College Project) Series 2008 Variable Rate Demand Obligations

This Official Statement, including the cover page and appendices hereto, sets forth certain information concerning the Vermont Educational and Health Buildings Financing Agency (the "Agency"), a public instrumentality of the State of Vermont (the "State"), its $55,260,000 Revenue Bonds (Middlebury College Project) Series 2008, Variable Rate Demand Obligations (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 for the purpose of making a loan to the College and to pay certain costs of issuance of the Bonds and to refund the Agency's Revenue Bonds (Middlebury College Project) Series 2006B, including any outstanding indebtedness of the College incurred to finance the redemption of such Series 2006B Bonds (the "Refunded Bonds"). See "PLAN OF FINANCE."

The Bonds will be issued under a bond indenture dated as of March 1, 2008 (the "Bond Indenture") between the Agency and The Bank of New York Trust Company, N.A., Boston, Massachusetts, as bond trustee (the "Bond Trustee"), and resolutions of the Agency adopted on March 14, 2008 (the "Resolution"). The Bank of New York Trust Company, N.A. will also serve as Tender Agent for the Bonds.

Simultaneously with the issuance of the Bonds and in consideration of its loan to the College of the proceeds thereof, the College will issue a note (the "Note") and deliver the Note to the Agency for assignment to the Bond Trustee for the sole benefit of the owners of the Bonds, pursuant to a Loan Agreement dated as of March 1, 2008 (the "Loan Agreement") between the College and the Agency. The 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 Bonds.

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 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 obligation on the Note is an unsecured, absolute and unconditional obligation of the College, payable from any or all of its available assets or funds.

The provisions of the Bonds while bearing interest of a Daily Rate or Weekly Rate are more fully described below and a more detailed description of the use of the Bond proceeds is included herein.

The Bonds are variable rate bonds and will initially bear interest from the date of delivery thereof at a Weekly Rate and are subject to conversion, at the option of the College and subject to certain restrictions, to and from other variable rate modes (including the Daily Rate, Flexible Rate, Weekly Rate, Term Rate) to and from an Auction Rate mode or to the Fixed Rate mode. On the conversion date applicable to the Bonds to be converted, the Bonds to be converted are subject to mandatory tender at a purchase price equal to 100% of the principal amount thereof, plus accrued interest as described in "THE BONDS – Conversion of the Bonds to Another Rate Period."

The principal portion of the purchase price of the Bonds so tendered is payable solely from the proceeds of the remarketing of such Bonds.

While the Bonds bear interest at the Daily Rate or Weekly Rate, payment of the Purchase Price of the Bonds which are tendered for purchase or required to be tendered for purchase and not remarketed will be made from the standby bond purchase agreement (the "Initial Liquidity Facility") provided by TD Banknorth, N.A. (the "Initial Liquidity Provider") expiring April 1, 2011 unless extended. The Initial Liquidity Facility may be terminated or suspended at any time without prior notice or opportunity to tender upon the occurrence of certain events. See "THE BONDS - Initial Liquidity Facility."

The description included in this Official Statement of various documents pertaining to the Bonds do 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, the Note, the Initial Liquidity Facility and the Remarketing Agreement 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 located at 222 Berkeley Street, 2nd Floor, Boston, Massachusetts.

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 Agency of Human Services, and the Secretary of the Agency 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. There is currently one vacancy on the Board. 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 B. 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
Regional Vice President
Community National Bank
Barre, Vermont

<u>Ex Officio Members</u>

Jeb Spalding
State Treasurer
Montpelier, Vermont

Michael K. Smith
Secretary of the Agency of Administration
Montpelier, Vermont

Richard Cate
Commissioner of Education
Montpelier, Vermont

Cynthia D. LaWare
Secretary of the Agency of Human Services
Waterbury, Vermont

<u>Appointed and Elected Members</u>

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

Kenneth Gibbons
President
Union Bank
Morrisville, Vermont

Stephen Gurin
Regional Vice President
Community National Bank
Barre, Vermont

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

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

Sandy Predom
Vice President
Merchants Bank
Rutland, Vermont

Neil G. Robinson
Vice President and Treasurer
Vermont Electric Power Company, Inc.
Rutland, Vermont

Stuart W. Weppler
Financial Consultant
Morrisville, Vermont

<u>Executive Director</u>

Robert Giroux
Executive Director
Vermont Educational and Health
Buildings Financing Agency
58 East State Street
Montpelier, Vermont

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

Sidley Austin LLP, New York, New York, is Bond Counsel and will submit its approving opinion 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 Agency's $40,000,000 Adjustable Rate Revenue Bonds (Middlebury College Project) Series 1988A of which $33,615,000 remains outstanding, the Agency's $65,000,000 Revenue Bonds (Middlebury College Project) Series 1996 of which none remain outstanding, the Agency's $60,000,000 Revenue Bonds (Middlebury College Project) Series 1999 all of which remain outstanding, the Agency's $91,260,000 Revenue Bonds (Middlebury College Project), Series 2002 of which $88,150,00 remains outstanding, the Agency's $35,425,000 Revenue Bonds (Middlebury College Project), Series 2006A all of which remain outstanding and the Agency's $56,575,000 Revenue Bonds (Middlebury College Project), Series 2006B of which $54,875,000 remains outstanding and will be refunded by the Bonds. 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 Note issued pursuant to the Loan Agreement. The Note, in turn, is an unsecured, absolute and unconditional obligation of the College, payable from any or all of its available assets or funds. The Note is issued by the College pursuant to the Loan Agreement in consideration for the loan of proceeds of the 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 the Note to make payments of principal, premium, if any, and interest on the 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 the 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, or premium, if any, or the interest on the Bonds.

While the Bonds bear interest at the Daily Rate or Weekly Rate, payment of the Purchase Price of the Bonds which are tendered for purchase or required to be tendered for purchase and not remarketed will be made from the standby bond purchase agreement (the "Initial Liquidity Facility") provided by TD Banknorth, N.A. (the "Initial Liquidity Provider") expiring April 1, 2011 unless extended. See Appendix E – "SUMMARY OF INITIAL LIQUIDITY FACILITY" and Appendix F – "INFORMATION CONCERNING THE INITIAL LIQUIDITY PROVIDER." If the Initial Liquidity Provider is obligated to provide funds under the terms of the Initial Liquidity Facility to pay the Purchase Price of the Bonds, but fails to provide such Purchase Price, or if the Initial Liquidity Provider's obligation to provide funds under the terms of the Initial Liquidity Facility to pay the Purchase Price of the Bonds has been suspended or terminated, the College may, but is not required to, pay the Purchase Price of the Bonds. In the event the College does not pay the Purchase Price, the Bonds shall bear interest at the Alternate Rate plus 3% during the period of time from and including the applicable Purchase Date to (but not including) the date that all such Bonds are successfully remarketed. See "THE BONDS - Inadequate Funds for Tenders."

UNDER CERTAIN CIRCUMSTANCES DESCRIBED UNDER APPENDIX E – "SUMMARY OF INITIAL LIQUIDITY FACILITY" (EACH, AN "AUTOMATIC TERMINATION EVENT"), THE OBLIGATION OF THE INITIAL LIQUIDITY PROVIDER TO PURCHASE THE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE MAY BE TERMINATED OR SUSPENDED WITHOUT PRIOR NOTICE AND WITHOUT OPPORTUNITY TO TENDER. THE INITIAL LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS.

Under certain circumstances under the Bond Indenture, a substitute Liquidity Facility may be provided by the College for the Initial Liquidity Facility. See "THE BONDS" under the heading "Liquidity Facility." In addition, after a mandatory tender, the College may elect to utilize its own funds to pay the Purchase Price of tendered Bonds instead of providing a substitute Liquidity Facility.

THE BONDS

Description of the Bonds

The Bonds will be issued in the aggregate principal amount of $55,260,000, will be dated as of the date of initial delivery and will be issued in the Weekly Mode. At the option of the College and upon certain conditions provided in the Bond Indenture, all or a portion of the Bonds may be (a) converted or reconverted to or from the Daily Mode, Flexible Mode, Weekly Mode or Term Rate Mode, in which Modes the Interest Period is, respectively, one day, between one and 270 days, one week or 180 days or any period in excess thereof, (b) converted or reconverted to the Auction Mode, or (c) converted to the Fixed Rate Mode. See "Conversion to Other Modes" herein. The Bonds will mature on November 1, 2026.

While the Bonds may, under certain circumstances, be converted to a Flexible Mode, a Term Rate Mode, Auction Mode or a Fixed Rate Mode, this Official Statement describes the Bonds only during the period in which they bear interest at a Daily Rate or a Weekly Rate. The Bonds are subject to mandatory tender in the event of any such conversion from such Daily Rate or Weekly Rate. See "Conversion to Other Modes" and "Optional and Mandatory Tender for Purchase."

Subject to the provisions discussed under "BOOK-ENTRY ONLY SYSTEM," while in the Daily Mode or the Weekly Mode, the Bonds will be issued initially only as fully registered bonds in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof. While the Bonds are in the Daily Mode or the Weekly Mode, interest shall be computed on the basis of a 365/366-day year and actual days elapsed.

While the Bonds are in the Daily Mode or the Weekly Mode, the Variable Rate in effect for each Interest Period shall be determined on the Rate Determination Date for the applicable Mode. The Daily Rate and the Weekly Rate shall be the rate of interest determined by the Remarketing Agent for each Interest Period to be the lowest rate which in its judgment, on the basis of then-existing market conditions, would permit the sale of the Bonds bearing interest at the applicable Daily Rate or Weekly Rate, as applicable, at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10 a.m. on each Rate Determination Date. During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4 p.m. on each Rate Determination Date.

The Rate Determination Date: (i) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Bonds become subject to the Daily Mode; and (ii) in the case of the Weekly Mode, shall be each Wednesday or, if Wednesday is not a Business Day, then the Business Day next preceding such Wednesday or in the case of a reconversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter as described above.

While the Bonds are in the Daily Mode, a new interest rate shall be effective on each Business Day. While the Bonds are in the Weekly Mode, a new interest rate shall take effect on each Thursday. No Bonds shall bear interest at an interest rate higher than the Maximum Rate, which is the lesser of twelve percent (12%) per annum and the maximum rate of interest permitted by applicable law.

If the Remarketing Agent fails or is unable to make such determination, the method by which the Remarketing Agent determines the interest rate or Interest Period is held to be unenforceable by a court of law of competent jurisdiction, or the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement, then the rate to take effect on the first day of any Interest Period shall be the Alternate Rate. The Alternative Rate means, on any Rate Determination Date, for any Mode, a rate per annum equal to (a) the Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the Kenny Index (as such term is defined in the 1992 ISDA U.S. Municipal Counterparty Definitions), or if neither the SIFMA Municipal Swap Index nor the Kenny Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the SIFMA to determine the SIFMA Municipal Swap Index just prior to when SIFMA stopped publishing the SIFMA Municipal Swap Index. If the Remarketing Agent fails or is unable to determine the Interest Period and the Bonds are in (i) the Weekly Mode, the next Interest Period shall remain the Weekly Rate Period or (ii) the Daily Mode, the next Interest Period shall remain the Daily Rate Period.

The Bonds will initially bear interest in the Weekly Mode, and interest on the Bonds will be payable initially on May 1, 2008 and thereafter: (i) with respect to the Bonds in the Daily Mode or Weekly Mode, the first Business Day of each month; (ii) any Mode Change Date, other than a change between a Daily Mode and a Weekly Mode, and the Maturity Date; and (iii) with respect to any Bonds held by the Liquidity Provider, the day set forth in the Liquidity Facility.

The record date for the payment of interest while a Bond is in the Daily Mode or the Weekly Mode is the Business Day preceding the date on which interest is to be paid.

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 certificated 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 transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or 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 transfer.

Interest on the Bonds will be payable by check mailed to the registered owners thereof. However, interest on the Bonds will be paid to any Owner of $1,000,000 or more in aggregate principal amount of the Bonds by wire transfer to a wire transfer address within the continental United States upon the written request of such Owner received by the Bond Trustee not less than five days prior to the Record Date. 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.

Conversion to Other Modes

While the Bonds are in the Daily or Weekly Mode, conversions to any other Mode may take place on any Business Day, at the option of the College and with the consent of the Agency, upon not less than fifteen days' prior written notice from the Tender Agent to the registered owners of the Bonds. Upon such conversion or reconversion the Bonds may be subject to mandatory tender for purchase as described below under "Optional and Mandatory Tender for Purchase." Each conversion of the Bonds from one Mode to another Mode shall be subject to the conditions set forth in the Bond Indenture. In the event that the conditions for a proposed conversion to a new Mode are not met, (i) such new Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Owners of such conversion, (ii) the Bonds shall remain in their prior Mode, and (iii) the Bonds shall be subject to mandatory tender for purchase as described below if notice has been sent to the registered owners stating that the Bonds would be subject to mandatory purchase on such date. In no event shall the failure of the Bonds to be converted to another Mode be deemed to be a default or an Event of Default as long as the Purchase Price is made available if the Bonds are required to be purchased. It is currently anticipated that, should any of the Bonds be converted to bear interest at a rate other than the Daily Rate or the Weekly Rate, a remarketing memorandum or remarketing circular will be distributed describing the Bonds to be converted during such Rate Period.

Redemption Provisions

Mandatory Sinking Fund Redemption. The Bonds shall be subject to mandatory sinking fund redemption in an amount equal to the annual Amortization Requirement therefor, by lot, on November 1, 2008 and annually thereafter on each November 1 (each an "Amortization Date"), at the principal amount thereof plus interest accrued to the date fixed for redemption.

The Bonds shall be subject on each applicable Amortization Date to mandatory sinking fund redemption in amounts equal to the annual Amortization Requirement as follows:

Year	Principal Amount	Year	Principal Amount
2008	$1,780,000	2018	$2,955,000
2009	1,880,000	2019	3,110,000
2010	1,985,000	2020	3,260,000
2011	2,085,000	2021	3,440,000
2012	2,190,000	2022	3,620,000
2013	2,315,000	2023	3,800,000
2014	2,420,000	2024	3,925,000
2015	2,545,000	2025	4,125,000
2016	2,675,000	2026†	4,350,000
2017	2,800,000		

† Final Maturity.

Optional Redemption. Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the College, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

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. If notice of redemption of any Bond is given, such Bond will be 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. Any notice of redemption, except a notice of redemption with respect to an Amortization Requirement, 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, 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. No notice of redemption is required to be given for a redemption of Bonds occurring on a Mandatory Purchase Date.

Partial Redemption. In case part but not all of an Outstanding Bond shall be selected for redemption, the Registered Owner thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Trustee for payment of the principal amount thereof so called for redemption, and the Agency shall execute and the Bond Trustee shall authenticate and deliver to or upon the order of such Registered Owner or his attorney or legal representative, without charge therefor, a Bond of like tenor for the unredeemed portion of the principal amount of the Bond so surrendered.

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

Optional and Mandatory Tender for Purchase

Optional Tenders of Bonds in the Daily Mode or the Weekly Mode. Subject to the provision set forth in Appendix C under the heading “Credit Enhancement and Liquidity Facility,” the Beneficial Owners of Bonds in a Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to $100,000 or integral multiples of $5,000 in excess thereof) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a notice to the Tender Agent by 11:00 a.m. on any Business Day during the Daily Mode and by 5:00 p.m. on the Business Day seven days prior to the Purchase Date during Weekly Mode. Such notice may be delivered by electronic means or in writing and state (i) the principal amount of such Bonds to be purchased, (ii) the Purchase Date, (iii) payment instructions and (iv) an irrevocable demand for such payment. Immediately upon receipt of a Tender Notice, the Tender Agent shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

Mandatory Purchase. The Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Tender Agent shall give notice of such mandatory purchase by mail to the Owners subject to mandatory purchase no less than fifteen (15) days prior to (i) any Mode Change Date (except a change in Mode between the Daily Mode and the Weekly Mode), (ii) any Substitution Date, (iii) the fifth Business Day prior to the Expiration Date of the Liquidity Facility (other than as a result of an Automatic Termination Event), (iv) the date specified by the Bond Trustee following the occurrence of an event of default (other than an Automatic Termination Event) under the Liquidity Facility, which date shall be a Business Day not less than twenty (20) days after the Bond Trustee’s receipt of notice of such event of default from the Liquidity Provider and in no event later than the Business Day preceding the termination date specified by the Liquidity Provider and (v) for Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the College not less than twenty (20) days after the Bond Trustee’s receipt of such notice. Any notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such Owner are to be purchased, and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Owner or Beneficial Owner.

The Bonds shall not be subject to mandatory tender for purchase upon the occurrence of an Automatic Termination Event. If the Tender Agent shall receive notice of the occurrence of an Automatic Termination Event, it shall cause the Bond Trustee to notify the Owners that an Automatic Termination Event has occurred within one Business Day following its receipt of such notice.

Certain Permitted Amendments of the Bond Indenture

The Bond Indenture may be amended in any way without the consent of the owners of the Bonds (i) on any Mandatory Purchase Date and (ii) at any time during the Daily Mode and the Weekly Mode provided that notice of such amendment is given by first class mail to each registered owner of Bonds at least 30 days prior to the effective date of such amendment.

Remarketing of Bonds

The Remarketing Agent shall use its best efforts to offer for sale:

(i) all Bonds or portions thereof as to which notice of optional tender has been given;

(ii) all Bonds required to be purchased on a Mandatory Purchase Date constituting any Substitution Date or any Mode Change Date (except a change in Mode between the Daily Mode and the Weekly Mode); and

(iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date described in clause (i) or (ii) above, (B) with respect to which the Liquidity Provider has provided notice to the Bond Trustee and the Remarketing Agent that it is ready to reinstate the Available Amount, (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if such funds were secured by a Credit Enhancement prior to becoming Liquidity Provider Bonds which Credit Enhancement is no longer in effect), or (D) which are being marketed as Fixed Rate Bonds. The Remarketing Agent will not remarket Bonds to the College or any affiliate thereof. In connection with the remarketing of any Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent will notify each person to which such Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

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

On each date on which a Bond is to be purchased, if the Remarketing Agent shall have given notice to the Tender Agent that it has been unable to remarket any of the Bonds, the Tender Agent shall direct the Bond Trustee (if the two are separate entities) to draw on the Liquidity Facility (or if no Liquidity Facility is in effect, request funds from the College) by 12:00 noon in an amount equal to the Purchase Price of all such Bonds which have not been successfully remarketed. If a Liquidity Facility is in effect, the Bond Trustee shall also give the College notice by 2:30 p.m. on the Purchase Date if it does not have funds in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the Purchase Price of Bonds tendered on such Purchase Date.

By 3:00 p.m. on the date on which a Bond is to be purchased, and except as set forth in the Bond Indenture, the Tender Agent shall purchase tendered Bonds from the tendering Owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and none of the Tender Agent, the Bond Trustee nor the Remarketing Agent shall be obligated to provide funds from any other source:

(i) immediately available funds on deposit in the Remarketing Proceeds Account;

(ii) immediately available funds on deposit in the Liquidity Facility Purchase Account; and

(iii) moneys of the College on deposit in the Obligor Purchase Account.

If no Liquidity Facility is in effect, then the College shall be obligated to deposit amounts into the Obligor Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account are insufficient therefor. If a Liquidity Facility is in effect, then the College may, but shall not be obligated to, deposit amounts into the Obligor Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account are insufficient therefor.

Inadequate Funds for Tenders

If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Purchase Date are not available (1) no purchase shall be consummated on such Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds shall be returned to the Remarketing Agent for return to the Persons providing such moneys. All Bonds shall bear interest at the Alternate Rate plus 3% during the period of time from and including the applicable Purchase Date to (but not including) the date that all such tendered Bonds are successfully remarketed (the "Delayed Remarketing Period"). The first Rate Determination Date for purposes of determining the Alternate Rate shall be the Purchase Date. The College may direct the conversion of the Tendered Bonds to a different Mode during the Delayed Remarketing Period in accordance with the Bond Indenture.

Subject to the terms of the Remarketing Agreement, the Remarketing Agent shall continue to use its best efforts to remarket the Tendered Bonds.

During the Delayed Remarketing Period, the Bond Trustee may, upon direction of the College, apply amounts on deposit in the Redemption Fund to the redemption of such Tendered Bonds, as a whole or in part on any Business Day during the Delayed Remarketing Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. The Bond Trustee shall give five Business Days' notice of such redemption to the Owners of the Bonds to be redeemed.

During the Delayed Remarketing Period, interest on such tendered Bonds shall be paid to the Holders thereof (i) the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

Liquidity Facility

On each date on which a Bond is to be purchased, if the Remarketing Agent shall have given notice to the Tender Agent that it has been unable to remarket any of the Bonds, the Bond Trustee, at the direction of the Tender Agent, by demand given by Electronic Means before 12:00 noon, shall draw on the Liquidity Facility (or if no Liquidity Facility is in effect, request funds from the College), in accordance with the terms thereof so as to receive thereunder by 2:30 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date, to enable the Tender Agent to pay the Purchase Price in connection therewith.

The College may provide an Alternate Credit Enhancement or Alternate Liquidity Facility on any Business Day not later than the fifth (5th) Business Day prior to the Expiration Date of the Credit Enhancement or Liquidity Facility then in effect. The College shall give the Notice Parties written notice of the proposed substitution of an Alternate Credit Enhancement or Alternate Liquidity Facility no less than two (2) Business Days prior to the date on which the Bond Trustee is required to provide notice of the proposed substitution to the Beneficial Owners of the Bonds. The Bond Trustee shall give notice of such Substitution Date in accordance with the Bond Indenture. On or before the Substitution Date there shall be delivered to the Bond Trustee or the Tender Agent, as applicable (i) the Alternate Credit Enhancement or the Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the Reimbursement Agreement(s) on or before the effective date of such Alternate Letter of Credit or Alternate Liquidity Facility. Upon the satisfaction of the conditions described in the preceding sentence, the Bond Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the close of business the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date. If any condition to the substitution is not satisfied, the substitution shall not occur but the Bonds shall remain subject to mandatory purchase on the proposed Substitution Date.

Initial Liquidity Provider

For information regarding the Initial Liquidity Provider, see Appendix F.

Disclosure Concerning Sales of Bonds by Remarketing Agent

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

The Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account. The Remarketing Agent in its sole discretion, routinely acquires tendered bonds for its own inventory in order to achieve a successful remarketing of the bonds (i.e., because there otherwise are not enough buyers to purchase the bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase bonds including the Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. If the Remarketing Agent purchases Bonds for its own account, it may offer those Bonds at a discount to par to some investors. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may reduce the supply of Bonds that may be tendered in a remarketing.

Bonds May be Offered at Different Prices on any Date. The Remarketing Agent is required to determine on the Rate Determination Date the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the "Effective Date"). The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Rate Determination Date. As an owner of Bonds the Remarketing Agent may sell Bonds at varying prices, including at a discount to par, to different investors on a Rate Determination Date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price.

The Ability to Sell the Bonds other than through Tender Process May Be Limited. While the Remarketing Agent may buy and sell Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering through the Tender Agent, the Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Bond Trustee may assume such duties as described in the Indenture.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of 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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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).

Payment of principal or redemption price of and interest 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 payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price 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.

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

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

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AGENCY BELIEVES TO BE RELIABLE, BUT NONE OF THE AGENCY, THE COLLEGE OR 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. NEITHER THE AGENCY, THE COLLEGE, THE BOND TRUSTEE NOR 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) 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 (b) 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 (c) 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 (d) 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 Note, the funds and accounts mentioned in the Bond Indenture shall thereupon cease, determine 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 to provide the notice to Owners as required by the Bond Indenture.

PLAN OF FINANCE

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

On February 28, 2008, the College obtained a $60,000,000 facility from TD Banknorth, N.A., which will be utilized to purchase and cancel or to repay and redeem the Refunded Bonds on or before March 25, 2008. Proceeds of the Bonds will be used to repay such facility on April 1, 2008.

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:

SOURCES:	
Principal Amount of Bonds	$55,260,000
Total Sources of Funds	$55,260,000
USES:	
Repayment of Bank Facility used to pay or redeem the Refunded Bonds	$54,875,000
Payment of costs of issuance of the Bonds (including certain fees of Initial Liquidity Provider and Underwriter’s fee)	385,000
Total Uses of Funds	$55,260,000

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. 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." Existing Debt Service excludes debt service on the Refunded Bonds. Debt Service on unhedged variable rate debt is calculated at a rate of 4.00%. For hedged variable rate debt, the applicable swap is used to calculate debt service requirements.

Fiscal Year Ending June 30	Net Existing Debt Service	Series 2008 Debt Service			Total Debt Service Requirements		
		Principal	Interest	Debt Service	Principal	Interest	Debt Service
2008	$15,772,081	-	$437,908	$437,908	$3,180,000	$13,029,990	$16,209,990
2009	11,878,131	$1,780,000	2,578,020	4,358,020	3,345,000	12,891,152	16,236,152
2010	11,905,456	1,880,000	2,490,581	4,370,581	3,545,000	12,731,038	16,276,038
2011	11,933,456	1,985,000	2,398,238	4,383,238	3,755,000	12,561,694	16,316,694
2012	11,965,294	2,085,000	2,301,078	4,386,078	3,970,000	12,381,371	16,351,371
2013	12,000,756	2,190,000	2,198,963	4,388,963	4,200,000	12,189,719	16,389,719
2014	12,047,081	2,315,000	2,091,388	4,406,388	4,460,000	11,993,470	16,453,470
2015	12,077,613	2,420,000	1,978,415	4,398,415	4,690,000	11,786,028	16,476,028
2016	12,120,400	2,545,000	1,859,925	4,404,925	4,965,000	11,560,325	16,525,325
2017	12,166,338	2,675,000	1,735,307	4,410,307	5,255,000	11,321,645	16,576,645
2018	12,224,763	2,800,000	1,604,717	4,404,717	5,560,000	11,069,479	16,629,479
2019	12,280,113	2,955,000	1,467,346	4,422,346	5,900,000	10,802,458	16,702,458
2020	12,332,119	3,110,000	1,322,647	4,432,647	6,245,000	10,519,766	16,764,766
2021	12,399,369	3,260,000	1,170,688	4,430,688	6,610,000	10,220,057	16,830,057
2022	12,465,819	3,440,000	1,010,814	4,450,814	7,015,000	9,901,633	16,916,633
2023	12,541,934	3,620,000	842,399	4,462,399	7,440,000	9,564,333	17,004,333
2024	10,894,550	3,800,000	665,453	4,465,453	6,105,000	9,255,003	15,360,003
2025	10,990,450	3,925,000	481,256	4,406,256	6,420,000	8,976,706	15,396,706
2026	11,083,650	4,125,000	288,873	4,413,873	6,815,000	8,682,523	15,497,523
2027	11,188,950	4,350,000	86,275	4,436,275	7,255,000	8,370,225	15,625,225
2028	11,305,350	-	-	-	3,140,000	8,165,350	11,305,350
2029	8,071,250	-	-	-	-	8,071,250	8,071,250
2030	8,071,250	-	-	-	-	8,071,250	8,071,250
2031	8,071,250	-	-	-	-	8,071,250	8,071,250
2032	8,071,250	-	-	-	-	8,071,250	8,071,250
2033	76,421,250	-	-	-	70,000,000	6,421,250	76,421,250
2034	4,771,250	-	-	-	-	4,771,250	4,771,250
2035	4,771,250	-	-	-	-	4,771,250	4,771,250
2036	4,771,250	-	-	-	-	4,771,250	4,771,250
2037	4,771,250	-	-	-	-	4,771,250	4,771,250
2038	4,771,250	-	-	-	-	4,771,250	4,771,250
2039	63,271,250	-	-	-	60,000,000	3,271,250	63,271,250
2040	1,771,250	-	-	-	-	1,771,250	1,771,250
2041	1,771,250	-	-	-	-	1,771,250	1,771,250
2042	1,771,250	-	-	-	-	1,771,250	1,771,250
2043	1,771,250	-	-	-	-	1,771,250	1,771,250
2044	1,771,250	-	-	-	-	1,771,250	1,771,250
2045	1,771,250	-	-	-	-	1,771,250	1,771,250
2046	1,771,250	-	-	-	-	1,771,250	1,771,250
2047	36,310,625	-	-	-	35,425,000	885,625	36,310,625
Total:	$498,116,799	$55,260,000	$29,010,292	$84,270,292	$275,295,000	$307,092,091	$582,387,091

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Sidley Austin LLP, New York, New York, Bond Counsel, based on existing statutes, regulations and court decisions and assuming compliance by the College and the Agency with certain requirements of the Code and covenants of the Loan Agreement regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the U.S. Treasury, if required, interest on the Bonds in not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. The form of the opinion to be delivered by Bond Counsel is set forth in Appendix D to this Official Statement. Failure by the College or the Agency to comply with their respective covenants to comply with the provisions of the Code regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the Treasury of the United States may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their date of issuance. The covenant of the Agency described above does not require the Agency to make any financial contribution for which it does not receive funds from the College. Bond Counsel will express no opinion as to the exclusion from gross income of the interest on the Bonds for federal income tax purposes 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 the taking of any action upon the approval of counsel other than Bond Counsel.

Bond Counsel's opinion relies on certain representations made by the College with respect to certain material facts within the knowledge of the College which Bond Counsel has not independently verified and upon the accompanying opinion 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 or corresponding provisions of prior law and that, to the best of such counsel's knowledge, the College has done nothing to impair such status. The tax exemption of interest on the Bonds is dependent upon, among other things, the status of the College 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 the opinion of Dinse, Knapp & McAndrew, P.C.

Alternative Minimum Tax

Interest on the Bonds will not be treated as a preference item in calculating the alternative minimum taxable income of individuals and corporations; however, interest on the Bonds will be included in the calculation of the alternative minimum tax liabilities of corporations.

Other Tax Consequences

Ownership of tax-exempt obligations may result in collateral federal income 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 and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income credit. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

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.

Future Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject, directly or indirectly, to State or local income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the exclusion of such interest with respect to the Bonds from gross income for federal income tax purposes and with respect to the Bonds from income taxation by the State and its political subdivisions.

On November 5, 2007, the United States Supreme Court heard oral argument in the matter of Kentucky v. Davis, in which the Court of Appeals of Kentucky held that it was a violation of the Commerce Clause of the United States Constitution for the Commonwealth of Kentucky to grant a state income tax exemption to the interest on bonds issued by or on behalf of the Commonwealth of Kentucky and its political subdivisions while subjecting interest on bonds issued by or on behalf of other states and their political subdivisions to Kentucky state income tax. It is not possible to know at this time how the Supreme Court will decide Kentucky v. Davis. If the Kentucky decision is affirmed by the United States Supreme Court, states such as the State may be required to eliminate the disparity between the income tax treatment of out-of-state bonds and the income tax treatment of in-state bonds, such as the Bonds. The impact of this decision may also affect the market price for, or the marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their tax advisors regarding pending or proposed federal or state tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

RATINGS

Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies ("S&P"), and Moody's Investors Service, Inc. ("Moody's") are expected to assign ratings of "AA" and "Aa2," respectively, to the Bonds. In addition S&P and Moody's are expected to assign ratings of "A-1+" and "VMIG1" to the Bonds based on the delivery of the Initial Liquidity Facility by the Initial Liquidity Provider. 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 10004 and Moody's, 99 Church 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. 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. 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, premium, if any, or 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 Goldman, Sachs & Co. (the "Underwriter"). The Underwriter will agree to purchase the Bonds for a fee of $77,100.30. The Underwriter will agree to accept delivery and pay for all of the Bonds if any are delivered. The obligations of the Underwriter will be subject to certain terms and conditions set forth in the purchase contract for the Bonds. 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.

REMARKETING AGENT

The initial Remarketing Agent for the Bonds shall be Goldman, Sachs & Co. The Remarketing Agent will set the interest rate on the Bonds and perform the other duties and remarket Bonds as provided for in the Bond Indenture, subject to the provisions of the Remarketing Agreement. The Remarketing Agent may for its own account or as broker or agent for others deal in Bonds and may do anything any other Owner may do to the same extent as if such Remarketing Agent were not serving as such. See "THE BONDS - Disclosure Concerning Sales of Bonds by Remarketing Agent." The Remarketing Agreement provides that the College will indemnify the Remarketing Agent against certain liabilities, including certain liabilities under securities laws.

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.

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 opinion, in substantially the form set forth in Appendix D hereto, will be delivered with the 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, by Burak Anderson & Melloni, plc, Burlington, Vermont, counsel to the Initial Liquidity Provider, and by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., 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 each Nationally Recognized Municipal Information Repository ("NRMSIR") and with any Vermont state information depository (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 never failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events.

MISCELLANEOUS

The references herein to the Act, the Note, the Loan Agreement, the Initial Liquidity Facility 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 or 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 2007 and 2006 and for each of the two years in the period ended June 30, 2007, 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 Initial Liquidity Provider has furnished the information contained herein which relates to the Initial Liquidity Provider and the Initial Liquidity Facility.

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
Robert Giroux
Executive Director

Approved:

THE PRESIDENT AND FELLOWS
OF MIDDLEBURY COLLEGE

By: /s/ F. Robert Huth
F. Robert Huth, Jr.
Executive Vice President
and Treasurer

March 24, 2008

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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 features 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 Writer's Conference. In addition, Middlebury operates numerous Language Schools abroad.

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 from nominations submitted by the Alumni Association. Charter Trustees serve a maximum term of fifteen years. Alumni Trustees and Term Trustees serve five-year terms. 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 33 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
Nancy C. Furlong	1994	2009	Former Chair, Burlington, VT School Board Burlington, VT
Betty A. Jones	1994	2009	Former French Instructor, University of Louisville Louisville, KY

Roxanne M. Leighton	1996	2011	Founder (Retired) CB Sports Middletown, RI
Felix G. Rohatyn	1969	2008	President, Rohatyn Associates LLC New York, NY
Marna C. Whittington	1999	2014	President, Nicholas – Applegate Capital Mgmt. San Diego, CA
Kendrick R. Wilson III	1999	2014	Partner, Goldman, Sachs & Co.* New York, NY

Term Trustees

Louis Bacon	2006	2011	President, Moore Capital Management New York, NY
Pamela T. Boll	2005	2010	Documentary Filmmaker, Winchester, MA
Richard S. Fuld, Jr.	2003	2008	CEO, Lehman Brothers New York, NY
Charles M. Gately	2006	2011	Chair, LaSalle Systems Leasing Chicago, IL
Olivier P.L. Halley	2006	2011	Board Member, CIES Management Development Programme Brussels, BE
Beverly L. Hamilton	2005	2008	Former President, ARCO Investment Management Company New York, NY
Jane R. Horvitz	2007	2012	Photographer, Shaker Heights, OH
James R. Keyes	2000	2010	Senior Advisor, Worth Mountain Capital Partners Middlebury, VT
Patrick L. McConathy	2005	2010	Owner, Phoenix Oil & Gas Ltd. Vail, CO

Ann W. Jackson	2007	2012	Executive Vice President, Global Business Development Sotheby's New York, NY
Susan J. Scher	2006	2011	Managing Director, Goldman, Sachs & Co.* New York, NY
Jed A. Smith	2003	2008	Managing Partner, Catamount Ventures San Francisco, CA
Linda F. Whitton	2004	2009	Volunteer, Fundraiser, Wilton, CT

*Goldman, Sachs & Co. is serving as the Underwriter in connection with the issuance of the Series 2008 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, 50, 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, a field of expertise made relevant by Russian President Vladimir Putin's recentralization of economic and political authority within the Russian state. Mr. Liebowitz, who spent two summers studying at Middlebury's Russian Language School, is the editor of three books and 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. He also 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 and Professor of English, has also served as Vice President for Academic Affairs, Dean of the Faculty and in other administrative roles since 1998. She received her B.A. from Wellesley College in 1983, and received her M.A. (1984) and Ph.D. (1989) from the University of Pennsylvania.

She joined the Middlebury faculty in 1989. She has published articles on a variety of topics relating to the art and literature of the Victorian period. Her book, *Realism, Representation, and the Arts in Nineteenth-Century Literature*, was published by Cambridge University Press in 1997. Professor Byerly continues to teach in addition to her administrative duties.

F. Robert Huth, Jr., Executive Vice President and Treasurer since 2004, previously served as Vice President for Administration and Treasurer from 1999 to 2004, was appointed Vice President for Administration and Chief Financial Officer in 1998. A graduate of Moravian College, Mr. Huth is a certified public accountant with an M.B.A. from Lehigh University. He came to the College with over 25 years of experience in finance and accounting, including serving as Senior Vice President for Administration at Moravian College. Mr. Huth is a member of the American Institute of Certified Public Accountants, and is a past President of the Eastern Association of College and University Business Officers (EACUBO) and a former Board member of the National Association of College and University Business Officers (NACUBO) from 2001 to 2004. He is currently President of the Addison County Chamber of Commerce Board, Treasurer of the Addison County Economic Development Corporation Board, and Vice President of Addison County Transit Resources Board and has served as a Commissioner of the New England Association of Schools and Colleges since 2007.

Patrick J. Norton, Vice President for Administration and Chief Financial Officer since 2008, was appointed Associate Vice President for Finance and Controller in 2006, and was appointed Controller in 2003. A graduate of The University of Texas at Austin, Mr. Norton is a certified public accountant and certified treasury professional with an M.A. from Columbia University. Mr. Norton has over 20 years of experience in finance and accounting, focused in higher education, healthcare, and social services. Mr. Norton is licensed to practice public accounting in Vermont and is a member of the American Institute of Certified Public Accountants, The Vermont State Society of CPAs, The Association of Financial Professionals, the Institute of Internal Auditors, and the National Association of College and University Business Officers (NACUBO).

Michael D. Schoenfeld, (Middlebury ’73), Vice President for College Advancement, oversees fundraising and alumni relations at Middlebury College. A former high school science and math teacher, Mr. Schoenfeld 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 assist in preparation for Middlebury’s next comprehensive fund raising campaign.

Robert S. Clagett, Dean of Admissions, received a bachelor’s degree from Brown University in 1973 and a master’s in education from the Harvard Graduate School of Education in 1991. He taught German and history at Governor Dummer Academy in Byfield, Massachusetts, before joining the Harvard admissions office in 1984. He worked at Harvard for 21 years, becoming senior admissions officer and associate director of financial aid. During sabbatical years, he served as a faculty member at the International Schule in Hamburg, Germany, and as director of college counseling at the Lincoln School in San José, Costa Rica. In July 2005, he became Dean of Admissions at Middlebury College, where he is responsible for undergraduate admissions policy and for overseeing the operations of the admissions office.

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. 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.

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 new 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 2,450 students. It also encompasses several graduate and specialized programs that take place during the summer and academic year, in the United States and in other countries. It includes nine intensive Language Schools (soon to be ten with the addition of the School of Hebrew in Summer 2008) that enroll approximately 1,300 students each summer, taught by approximately 260 faculty members (including the nine (soon to be ten) Directors); eight Schools Abroad, which enroll more about 140 graduate students and 180 undergraduates yearly; the Bread Loaf School of English, which enrolls approximately 500 students at five sites; and the prestigious Bread Loaf Writers' Conference, with its approximately 230 attendees each summer at the Bread Loaf campus.

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. In addition, Middlebury College now has an affiliate, the Monterey Institute of International Studies in California, with whom a collaborative relationship is developing. The affiliation with the Monterey Institute of International Studies expands 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.

Strategic Planning

Even before assuming the presidency in July 2004, President Liebowitz determined that the College would begin a strategic planning process that would be broadly inclusive and that would invite the participation of faculty members, staff, and students in unprecedented numbers. Strategic planning commenced in January 2005 with the formation of 15 strategic planning task forces and committees with more than 125 members. The task forces released their findings in May 2005. The Strategic Planning Steering Committee and President's Staff distilled more than 230 recommendations into 82 planning initiatives that were presented in the final plan that was unanimously adopted by the Middlebury Board of Trustees in May 2006.

The Middlebury plan, ***Knowledge Without Boundaries***, focuses substantially on the human dimension of the College. Among the many recommendations identified through the planning process, three strategic goals stand out as critical to Middlebury's future development.

- *Strengthen support for a diverse student community.*
- *Strengthen the academic program and foster intensive student-faculty interaction.*
- *Reinforce the role of the Commons as a place to bring together academic and residential life.*

The first strategic goal is to attract an ever-stronger and more diverse student body to Middlebury. Improved financial aid packages with a reduced reliance on borrowing, especially for families with the greatest need, will help Middlebury College continue to attract the best students. The College is now in the fourth year of implementing this change. The second strategic goal recognizes that intensive interaction between faculty and students is at the core of Middlebury's mission as a liberal arts college. Enhancing faculty resources will also strengthen the academic profile of the College by ensuring that faculty members are able to maintain the high level of scholarly and creative achievement that makes Middlebury a vibrant intellectual community. The College's Educational Affairs Committee has been working on a plan for allocating additional teaching resources. The third strategic goal of the plan addresses the continued development of Middlebury's residential Commons system, the goal of which is to provide a seamless interface between academic life and other spheres of students' lives. Planning implementation to date emphasizes programming in the Commons. In 2007, a review of the assumptions of Commons residential life led to the concept of a 4-2 system in which students will be members of the same Commons for all four years and will be required to live within their Commons residences for the first two years. The Commons administration and faculty leaders are currently exploring options for aligning academic course work more closely with the Commons and creating a strengthened sophomore-year experience.

The College estimates that full implementation of the Strategic Plan recommendations will add approximately $14 million per year to the College's annual budget by 2012. The College is undertaking a substantial capital campaign, called The Middlebury Initiative, to provide endowment and other resources to fund the implementation of the recommendations. (See "Gifts and Grants"). In addition, the College may consider additional financings as part of the implementation plan. The College's financial capacity will dictate the pace at which the Strategic Plan recommendations are implemented.

Facilities

Middlebury College is located on a hill overlooking a small Vermont village 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 50 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 60 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, ski shelter and 14 alpine trails and slopes on 763 acres of land.

Academic Facilities

The Middlebury Library system has over one million holdings comprised of books, periodicals, government documents, music and video recordings, microfilm and microfiche, and provides access to digital books, and online music and periodical subscriptions. Access to the library's online catalog and circulation system is possible from the internet and campus network, including every residence hall room and faculty office. The College subscribes to over 2,000 periodicals, many now available online. Special collections include the Abernethy American Literature Collection, with many first editions and manuscripts and a collection of works by Robert Frost; the College Archives; and the Flanders Ballad Collection of traditional New England folk music. Middlebury has been a selective depository for U.S. Government documents since 1884. 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 725 study seats, including 300 individual study carrels for students and faculty, 32 media viewing stations, 6 classroom spaces complete with computer and audio-visual presentation systems, 10 group studies, 2 media viewing rooms, 10 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 village and countryside, 60 laptops and a variety of digital cameras and projectors that may be borrowed from the circulation desk, 128 computers available for use throughout the building, 2,000 network jacks for public and staff use throughout the facility, and 100% wireless computer/internet access throughout the building. The Music Library houses some 50,000 recordings, scores and music reference works, along with 20 listening stations (eight which also have computers), four listening rooms, and study space. 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.

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 nine 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 the fall of 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 Hillcrest Environmental Center was completed in June 2007 and is housed in a renovated farmhouse that formerly served as a residence hall and then office and classroom building. Hillcrest was renovated with sustainability as a primary focus, and will be Middlebury's first LEED-certified project. The building houses 14 faculty 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, to be completed in spring 2008, will provide an array of new classrooms and 52 additional faculty offices, 4 staff offices and 4 departmental common areas. Teaching spaces will 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 on January 16, 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.

Residence Halls, Dining Facilities, Student Center and Biomass Plant

Nearly all undergraduates attending Middlebury reside in College-owned buildings. Approximately 2,450 students attend Middlebury, and more than 95% of them are accommodated in 23 residence halls and 32 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 four dining halls on campus that operate on varied schedules. McCullough Student Center houses the offices of Campus Activities and Leadership, Student Employment and Volunteer Services, 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 as well as 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 new 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 new 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.

Construction of a Biomass plant is underway with completion anticipated in the winter of 2008. The plant is being constructed as an addition to the existing heating plant at the Service Building and, once completed, will cut the College's carbon emissions by 12,500 metric tons annually, with power generated from wood chips rather than fuel oil.

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 degrees and, a handful of M.A. degrees in the sciences. Many students in the Bread Loaf School of English, the C.V. Starr Middlebury Language 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.

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, 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 programs in German, French, Spanish, Italian, Russian, Chinese, Japanese, Arabic, and Portuguese. Beginning in the summer of 2008, the College will offer a School of 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 study in culture, history, language pedagogy, linguistics, literature, music, and theater.

Schools Abroad

During the academic year, the Middlebury College Schools in Argentina (Buenos Aires and Tucumán), Brazil (Belo Horizonte and Niterói), Chile (Concepción, La Serena, Santiago, Temuco, Valdivia, and Valparaíso), China (Hangzhou), France (Paris and Poitiers), Germany (Berlin and Mainz), Italy (Ferrara and Florence), Mexico (Guadalajara and Xalapa), the Middle East (Alexandria, Egypt), Russia (Irkutsk, Moscow, and Yaroslavl), Spain (Getafe, Logroño, Madrid, and Segovia), and Uruguay (Montevideo) offer courses appropriate to the undergraduate degree program, and in Berlin, Florence, 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 Middlebury-Monterey Language Academy

In summer 2008, Middlebury, in collaboration with the Monterey Institute (See “The Monterey Institute of International Studies”), will offer 4-week intensive summer language camps for middle and high school age students. On two campuses, one in Vermont and one in California, students will study Arabic, Chinese, French, and Spanish. An additional site will offer language programs in conjunction with Johns Hopkins’ Center for Talented Youth.

Graduate Programs

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

The Monterey Institute of International Studies

The Monterey Institute of International Studies (MIIS), located in Monterey, California, includes the Graduate School of International Policy Studies, the Graduate School of Translation and Interpretation, the Fisher Graduate School of International Business and the Graduate School of Language and Educational Linguistics and enrolls approximately 700 students. MIIS also includes the internationally renowned Center for Nonproliferation Studies and Center for East Asian Studies.

Prior to 2004, MIIS had experienced financial difficulties and had been seeking an affiliation or similar transaction with another educational institution to continue to expand MIIS’s program offerings and improve its financial performance. In 2005, the College and MIIS determined that an affiliation of the two institutions could provide both with improved educational opportunities by coordinating their complementary programs to establish the leading academic programs in international studies and foreign languages. They also determined that an affiliation could enable Middlebury to provide financial and administrative support to MIIS, creating financial efficiencies for MIIS, enabling improvements in MIIS's physical facilities and systems, and fostering improved enrollment growth for MIIS. Accordingly, Middlebury and MIIS pursued the affiliation as a means of promoting the educational missions of each of their organizations.

Middlebury College and MIIS entered into an affiliation in December 2005, establishing a relationship between the two institutions by which they can combine their strengths and expertise in international education, language teaching, and cultural studies. Pursuant to the affiliation arrangement, MIIS remains an independent 501(c)(3) non-profit corporation. Middlebury College, acting through its Board of Trustees, appoints the members of the Board of Trustees of MIIS and has certain other governance rights. Additionally, so long as the affiliation remains in place, Middlebury College has agreed to provide certain financial support to MIIS, if necessary.

This affiliation allows both institutions to be at the forefront of shaping international education, based on language proficiency and cultural understanding. It also provides additional networking opportunities for students and alumni and it will likely lead to innovative research and teaching opportunities for faculty from both Middlebury and Monterey.

The Affiliation requires financial statement consolidation with Middlebury due to the governance structure by which the affiliation has been established; however, financial information contained in this Appendix A with respect to Middlebury does not contain financial information for MIIS.

Middlebury maintains the ability to fully acquire MIIS or separate completely from its current affiliation. Middlebury and MIIS are exploring greater integration and collaboration. This may lead to an acquisition of MIIS by Middlebury.

As a result of the affiliation with Middlebury, $12.1 million in contributions were made by Middlebury donors for the purpose of rebuilding the Institute's infrastructure in the areas of facilities, information technology, faculty and staff positions, and financial aid. In addition, Middlebury has provided $1.5 million in funding in the form of subordinated debt for the sole purpose of paying down the Institute's fully utilized line of credit of $2.5 million.

The table below sets forth a summary of MIIS financial information for the last five years.

Monterey Institute of International Studies
Financial Information

	Fiscal Year Ended June 30				
	2007	2006	2005	2004	2003
Balance Sheet					
Unrestricted Net Assets*	$3,056,000	$(1,193,000)	$(870,000)	$(2,985,000)	$(5,064,000)
Total Net Assets	18,808,000	13,017,000	7,923,000	6,904,000	5,401,000
Total Cash and Investments	17,526,000	14,182,000	7,806,000	7,179,000	4,435,000
Total Long-Term Debt	24,588,000	24,073,000	23,752,000	26,235,000	28,657,000
Plant, Property and Equipment**	20,701,000	18,840,000	19,338,000	20,246,000	24,867,000

* In 2006, unrestricted net assets includes a one time $363,000 charge for Conditional Asset Retirement Obligation.
** In 2007, the estimated fair market value of MIIS-owned property is $45,000,000.

	2007	2006	2005	2004	2003
Operations					
Total Revenue	$28,118,000	$30,831,000	$23,343,000	$23,359,000	$22,463,000
Total Expense	26,629,000	26,110,000	22,326,000	23,267,000	27,673,000
Total Change in Operating Net Assets	$1,489,000	$4,721,000	$1,017,000	$92,000	$(5,210,000)

Middlebury College Faculty and Staff

Faculty

For the academic year starting Fall 2007 the faculty had a full-time teaching equivalent of 268. Approximately 97 percent of the 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 College plans to hire additional faculty, if necessary, to reduce the student/faculty ratio to 8:1.

The following table provides data pertaining to the Middlebury faculty (excluding the summer Language Schools) for the past five years, including the faculty/student ratio expressed per full-time teaching equivalent ("FTE"):

	Fall				
	2007	**2006**	**2005**	**2004**	**2003**
Full-Time Faculty	249	254	254	231	219
Part-Time Faculty*	56	53	46	11	67
Faculty FTE	268	272	269	235	241
Student FTE	2,488	2,385	2,431	2,357	2,402
Faculty/Student Ratio	9:1	9:1	9:1	10:1	10:1

* Part-Time Faculty count as one-third of an FTE.

In 2008, the summer Language Schools expect a faculty of 260 (including the ten Directors), most of whom taught their native language.

Staff

As of June 30, 2007 the College had 900 staff employees, consisting of 848 full-time employees and 52 part-time staff employees. These figures include administrative staff and officers not on faculty appointment. The College's employees are not unionized.

Student Enrollment

Interest in applying to Middlebury has reached unprecedented levels. Applications have increased a total of 36 percent since 2003-04. The quality of the applicant pool has also increased over this same time period, with 82 percent of the Class of 2011 ranked in the top 10 percent of their high school class. Early decision applications have also increased each year over this period, suggesting that Middlebury is a first choice college for many students.

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

	Fall 2007 2007-08	Fall 2006 2006-07	Fall 2005 2005-06	Fall 2004 2004-05	Fall 2003 2003-04
Number of Full Time Students[1]	2,475	2,363	2,420	2,331	2,391
Number of Applications	7,180	6,205	5,256	5,041	5,298
Number of Acceptances	1,479	1,339	1,494	1,537	1,476
Number of Matriculants	644	563	553	577	580
Graduation rates[2]	94%	94%	92%	91%	90%
Freshmen in top 10% of HS Class	82%	82%	84%	77%	80%

[1] Fall semester, on campus
[2] % of matriculated first-year students who received a bachelor's degree from the College within six years.

The summer Language Schools have enrolled over 47,000 students since being founded in 1915. The table below sets forth the enrollment figures for the summer Language Schools:

	Summer 2007	Summer 2006	Summer 2005	Summer 2004	Summer 2003
Summer Language Schools	1,344	1,330	1,302	1,242	1,187

Tuition and Fees

Middlebury students are normally required to live on campus and dine in College facilities. The College charges a single comprehensive fee that 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 to two percent. The comprehensive fee for the past five years was as follows:

2007-2008	$46,910
2006-2007	44,330
2005-2006	42,120
2004-2005	40,400
2003-2004	38,100

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 Sessions in 2008, the aggregate fees charged to each student enrolled in the summer program will range from $4,855 to $8,406, depending on the length of the program. The tuition fee for a full year of study at the schools abroad ranged from $16,600 to $27,660.

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 at Middlebury are not influenced by applications for financial aid. The Board of Trustees can amend this policy at any time in the future if it is required financially.

Middlebury administered nearly $33 million in institutional grant aid in 2006-07 for its undergraduate, graduate and summer program aid populations. The following table indicates the distribution of Middlebury College funds:

	2006-07	2005-06	2004-05	2003-04	2002-03
Undergraduate On-Campus & Students Abroad	$28,221,200	$25,778,500	$23,292,000	$20,897,000	$18,460,000
Summer Programs (Language Schools & Bread Loaf)	3,146,800	2,605,000	2,465,000	2,314,000	2,070,000
Other *	1,283,000	609,000	820,000	697,000	740,000
TOTAL	$32,651,000	$28,992,000	$26,577,000	$23,908,000	$21,270,000

* Includes nearly $1 million in grant aid for the *100 Projects for Peace*, an initiative for all students at the Davis United World College Scholars Program schools to design their own grassroots projects for peace that they themselves will implement anywhere in the world during the summer of 2007. Through a competition on 76 campuses, 100 projects will be selected for funding at $10,000 each.

In fiscal 2008, it is anticipated that $36,300,000 of financial aid will be distributed by Middlebury.

About 41 percent of all Middlebury students receive need-based financial aid.

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.

Operating Revenues and Expenses

	Year Ended June 30				
	2007	2006	2005	2004	2003
REVENUES					
Net Comprehensive and Other Student Fees	$89,840,000	$89,132,000	85,272,000	$80,478,000	$74,429,000
Contributions	21,278,000	29,281,000	14,802,000	24,003,000	26,487,000
Investment Return	55,915,000	47,886,000	44,667,000	38,975,000	39,625,000*
Other	15,023,000	15,658,000	14,631,000	13,991,000	13,102,000
	$182,056,000	$181,957,000	$159,372,000	$157,447,000	$153,643,000
EXPENSES AND CHARGES					
Instruction	$52,568,000	$48,400,000	$45,262,000	$42,863,000	$42,080,000
Other Educational and General	86,378,000	84,040,000	78,839,000	71,788,000	68,432,000
Auxiliary	35,423,000	34,527,000	31,612,000	28,614,000	29,138,000
Other	96,000	84,000	159,000	132,000	126,000
	$174,465,000	$167,051,000	$155,872,000	$143,397,000	$139,776,000

* In fiscal 2004, the College reclassified $832,000 of investment return from operating to non-operating activities reported in fiscal 2003.

Change in Net Assets

	Year Ended June 30				
	2007	2006	2005	2004	2003
Change in Net Assets	$195,981,000	$79,791,000	$32,842,000	$117,668,000	$4,973,000

Net Assets by Type

	Year Ended June 30				
	2007	2006	2005	2004	2003
Unrestricted	$766,385,000	636,144,000	$569,354,000	$545,719,000	$453,308,000
Temporarily Restricted	114,701,000	92,577,000	92,484,000	95,302,000	78,207,000
Permanently Restricted	242,723,000	199,107,000	186,199,000	174,174,000	166,012,000
Total	$1,123,809,000	$927,828,000	$848,037,000	$815,195,000	$697,527,000

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, faculty member or department head. Certain 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 successfully completed its $200 million Bicentennial Campaign in 2001, raising $213 million. This comprehensive campaign supported capital and program developments, including the largest interdisciplinary classroom building at the College, new facilities to enhance the athletics program, curricular innovation, and an increased infrastructure, including staff and faculty. In addition, the campaign increased endowment funds to enhance financial aid, enabling the College to continue to offer admission to qualified students regardless of their ability to pay.

Middlebury also successfully met a $40 million challenge in 2003 to increase endowment for key objectives and current operations. In recognition of earlier achievements and confidence in the future direction of the College, Middlebury received a $50 million commitment and a separate $10 million commitment in May 2005 to be designated at the discretion of the president and to serve as a challenge to other donors to increase their support for the College.

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 (see Strategic Planning). The principal goal of the campaign is to raise endowment for financial aid and faculty support. The public phase of the campaign was launched in the fall of 2007 and a total of $272 million in new gifts and pledges had been raised by February 15, 2008. Counting began with the $60 million of commitments in 2005 and the campaign is on schedule to reach the goal by June 30, 2012.

The following table shows the annual totals of the gifts and bequests received for the past five years. Currently, 58 percent of Middlebury's undergraduate alumni participate in annual giving to support the College.

Gifts and Bequests

	Year Ended June 30				
	2007	2006	2005	2004	2003
Unrestricted	$26,793,000	$18,434,000	$9,017,000	$8,030,000	$5,769,000
Temporarily Restricted	20,258,000	20,533,000	15,987,000	28,458,000	28,423,000
Permanently Restricted	41,735,000	10,019,000	8,638,000	8,107,000	8,563,000
Total	$88,786,000	$48,986,000	$33,642,000	$44,595,000	$42,755,000

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				
	2007	2006	2005	2004	2003
Grants	$3,958,000	$5,136,000	$4,006,000	$3,528,000	$2,576,000

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 stated investment objective is to earn a long-term (10 years or longer) net investment total return at least equal to the sum of the College's spending rate and the rate of growth in expenses at the College. The rate of growth in expenses reflects inflation pressures as well as real growth in the College's program. The long-term spending rate target should not exceed five percent of the 12-quarter average market value of the spendable base of the endowment. While the five percent spending rule is a long-term objective, the spending rate may exceed the five percent threshold for short time periods. In February 2002, the College's Board of Trustees approved investments in facilities and authorized spending in excess of the 5% guideline until 2008-2009.

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 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 collectively are a very highly regarded team with extensive investment experience, particularly in alternative assets. 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.

The Investure relationship has provided the following results: strong performance in FY06 (+21.2%) and FY07 (+21.2%) led by several Investure-sourced managers, improved quality and timeliness of monthly reporting to the College's Investment Committee, and enhanced research capabilities.

Summaries of investments recorded at the beginning and end of the fiscal year are shown in the table below. As of June 30, 2007, the $1.02 billion in total investments was comprised of the $927 million commingled investment pool, $91 million in charitable trusts and other separately invested assets, and $4 million in excess operating cash reserves.

Net returns for commingled investment pool ending June 30, 2007 were 21.2% for 1 year, 15.4% for 3 years, 14.5% for 5 years, and 9.4% for ten years. As of February 29, 2008 the unannualized net return for the first eight months of fiscal year 2008 was 2.3%.

Asset Allocation at end of Fiscal Years 2007 and 2006

	June 30, 2007	%	June 30, 2006	%
Money Market Funds	$18,766,000	1.8	$5,217,000	0.6
Equity Securities	396,371,000	38.8	342,188,000	40.4
Absolute Return	311,773,000	30.5	272,586,000	32.2
Debt Securities	71,370,000	7.0	70,319,000	8.3
Real Estate & Mortgages	31,451,000	3.1	30,118,000	3.6
Private Equity Partnerships	162,347,000	15.9	115,580,000	13.7
Due from broker (receivable)*	3,128,000	0.3	2,245,000	0.3
Other Investments	27,056,000	2.6	8,309,000	1.0
Total	$1,022,262,000	100.0	$846,562,000	100.0

* These represent proceeds from investment redemptions that were payable to the College as of June 30, 2007 and 2006.

As of January 31, 2008, the market value of the College's total investments was approximately $1,005,693,000.

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

Long Term Debt

The amount of the College's long-term debt at June 30, 2007 totaled $275,819,000. The College's long term debt included the following:

- $35,425,000 outstanding principal amount of VEHBFA Series 2006A bonds due on October 31, 2046

- $56,575,000 outstanding principal amount of VEHBFA Series 2006B auction rate bonds due on November 1, 2026

- $20,000,000 outstanding principal amount of VEHBFA Series 2002B bonds due on November 1, 2032

- $54,805,000 outstanding principal amount of VEHBFA Series 2002A term bonds of which $4,805,000 is due on November 1, 2022 and $50,000,000 is due on November 1, 2032

- $14,155,000 outstanding principal amount of VEHBFA Series 2002A serial bonds with annual payments increasing from $810,000 in 2008 to $1,440,000 in 2020

- $60,000,000 outstanding principal amount of VEHBFA Series 1999 bonds due on November 1, 2038

- $33,950,000 outstanding principal amount of adjustable rate VEHBFA Series 1988A bonds, half of the principal amount of which are scheduled to mature on November 1, 2027 and half on May 1, 2028

- $909,000 outstanding principal amount of other debt, mainly the Series 1968 and Series 1970 issues

The College has an interest rate swap with Goldman Sachs Capital Markets, L.P. (the "Counterparty") which is guaranteed by The Goldman Sachs Group, Inc. The swap provides that the Counterparty will pay to the College a variable rate based on 1-month London Interbank Offer Rate (LIBOR) and the College will pay a fixed rate of 4.76%, in each case with reference to a notional amount equal to the principal amount of the Series 2006B Bonds (subject to reduction in accordance with mandatory sinking fund redemptions). Payments under the swap commenced in December 2006 and will end in November 2026. The College has the right to terminate the agreement at any time at the prevailing market rate.

Liquidity

The College had $766,385,000 of unrestricted net assets as of June 30, 2007. As of January 31, 2008, the College could liquidate approximately $86,600,000 of its investments within three days. The College also has a $25 million line of credit 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 2,535 acres of contiguous land in Middlebury, Weybridge, Cornwall, and New Haven and an additional 300 acres of woodlands elsewhere in Vermont. Delineation Corporation, an affiliate of the College, owns 865 acres of mainly farmland in the towns of Middlebury, Weybridge, Cornwall, and New Haven.

Actual market value exceeds book value reflected in the College's financial statements. The inclusion of a fair market value for these lands would significantly change the asset valuation, but would not reflect the desire of the College to maintain these lands as undeveloped green spaces.

Retirement Plan

Retirement benefits for substantially all Middlebury employees are individually funded under a defined-contribution program with Teachers Insurance and Annuity Association of America and the College Retirement Equities Fund ("TIAA/CREF"). Under this arrangement, Middlebury and its employees make monthly contributions to TIAA/CREF to purchase individual retirement annuities. The College's portion of retirement expenses charged to operations were approximately $8,160,000 and $7,475,000 for the fiscal years ended June 30, 2007 and 2006, respectively.

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 suits 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 of the College or its ability to make timely payment of all sums required under the Loan Agreement.

Middlebury College

Consolidated Financial Statements
The Monterey Institute of International Studies
President and Friends of Middlebury College
International Philanthropy
Delineation Corporation
June 30, 2007 and 2006

Middlebury College
Index
June 30, 2007 and 2006

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
125 High Street
Boston MA 02110
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Facsimile (617) 530 5001

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, 2007 and 2006, 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 audits 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 13 to the financial statements, the College adopted the provisions of Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143)*.

PricewaterhouseCoopers LLP

September 19, 2007

Middlebury College
Consolidated Statements of Financial Position
June 30, 2007 and 2006

(in thousands)	**2007**	**2006**
Assets		
Cash and cash equivalents	$ 14,128	$ 13,379
Accounts receivable, net (Note 3)	3,918	5,611
Contributions receivable, net (Note 3)	51,053	23,763
Inventories, prepaid expenses and other assets	4,374	3,807
Deposits with bond trustees	24,808	4,044
Notes receivable, net (Note 3)	21,838	20,464
Investments (Note 4)	1,030,109	858,885
Contributions receivable from remainder trusts	3,426	2,752
Interest in perpetual trusts held by others	27,886	24,146
Land, buildings and equipment, net (Note 5)	348,995	332,169
Total assets	$ 1,530,535	$ 1,289,020
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 31,247	$ 25,333
Funds held for others	4,266	3,675
Deferred revenue	19,037	25,711
Annuities and other split interest obligations	21,606	19,271
Refundable government loan funds	13,395	13,079
Long-term debt (Note 4)	298,367	261,106
Total liabilities	387,918	348,175
Commitments and contingencies (Note 10)		
Net assets		
Unrestricted	771,441	634,952
Temporarily restricted (Note 8)	118,808	100,497
Permanently restricted (Note 9)	252,368	205,396
Total net assets	1,142,617	940,845
Total liabilities and net assets	$ 1,530,535	$ 1,289,020

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

Middlebury College
Consolidated Statement of Activities
Year Ended June 30, 2007

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total	2006 Total
Operating revenues and other support					
Comprehensive and other student fees	$ 143,770	$ -	$ -	$ 143,770	$ 137,454
Less: Financial aid	(37,789)	-	-	(37,789)	(32,790)
Net comprehensive and other student fees	105,981	-	-	105,981	104,664
Contributions	12,284	10,769	-	23,053	31,649
Sponsored activities	10,014	-	-	10,014	9,778
Investment return					
Distribution	43,932	2,256	-	46,188	45,042
Other investment income	3,221	7,340	-	10,561	3,472
Other sources	12,139	63	-	12,202	11,026
Net assets released from restrictions	15,465	(15,465)	-	-	-
Total operating revenues and other support	203,036	4,963	-	207,999	205,631
Operating expenses					
Educational and general					
Instruction	61,455	-	-	61,455	57,204
Academic support	28,062	-	-	28,062	25,042
Student services	25,393	-	-	25,393	24,354
Institutional support	39,370	-	-	39,370	40,973
Sponsored activities	10,428	-	-	10,428	10,318
Total educational and general	164,708	-	-	164,708	157,891
Auxiliary enterprises	36,135	-	-	36,135	35,029
Other deductions	96	-	-	96	84
Total operating expenses	200,939	-	-	200,939	193,004
Change in net assets from operations	2,097	4,963	-	7,060	12,627
Nonoperating activities					
Endowment return, net of distribution	119,957	11,345	322	131,624	46,143
Contributions	16,805	10,228	44,240	71,273	20,323
Other investment income	686	143	-	829	811
Change in value of deferred gifts	1,036	113	1,780	2,929	3,516
Gain (loss) on swap option	824	-	-	824	3,607
Unrealized loss on interest rate swap	(5,260)	-	-	(5,260)	-
Other	(2,885)	(5,252)	630	(7,507)	560
Net assets released from restrictions	3,229	(3,229)	-	-	-
Total nonoperating activities	134,392	13,348	46,972	194,712	74,960
Increase (decrease) in net assets before cumulative effect of change in accounting principle	136,489	18,311	46,972	201,772	87,587
Cumulative effect of change in accounting principle (Note 13)	-	-	-	-	(2,702)
Increase (decrease) in net assets after cumulative effect of change in accounting principle	136,489	18,311	46,972	201,772	84,885
Net assets at beginning of year	634,952	100,497	205,396	940,845	855,960
Net assets at end of year	$ 771,441	$ 118,808	$ 252,368	$ 1,142,617	$ 940,845

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

Middlebury College
Consolidated Statement of Activities
Year Ended June 30, 2006

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other support				
Comprehensive and other student fees	$ 137,454	$ -	$ -	$ 137,454
Less: Financial aid	(32,790)	-	-	(32,790)
Net comprehensive and other student fees	104,664	-	-	104,664
Contributions	9,361	22,288	-	31,649
Sponsored activities	9,778	-	-	9,778
Investment return				
Distribution	45,042	-	-	45,042
Other investment income	2,307	1,165	-	3,472
Other sources	10,887	139	-	11,026
Net assets released from restrictions	11,462	(11,462)	-	-
Total operating revenues and other support	193,501	12,130	-	205,631
Operating expenses				
Educational and general				
Instruction	57,204	-	-	57,204
Academic support	25,042	-	-	25,042
Student services	24,354	-	-	24,354
Institutional support	40,973	-	-	40,973
Sponsored activities	10,318	-	-	10,318
Total educational and general	157,891	-	-	157,891
Auxiliary enterprises	35,029	-	-	35,029
Other deductions	84	-	-	84
Total operating expenses	193,004	-	-	193,004
Change in net assets from operations	497	12,130	-	12,627
Nonoperating activities				
Endowment return, net of distribution	45,362	404	377	46,143
Contributions	9,313	373	10,637	20,323
Other investment income	579	232	-	811
Change in net asset classification	-	(1,200)	1,200	-
Change in value of deferred gifts	778	960	1,778	3,516
Gain on swap option	3,607	-	-	3,607
Other	624	(795)	731	560
Net assets released from restrictions	12,289	(12,289)	-	-
Total nonoperating activities	72,552	(12,315)	14,723	74,960
Increase (decrease) in net assets before cumulative effect of change in accounting principle	73,049	(185)	14,723	87,587
Cumulative effect of change in accounting principle (Note 13)	(2,702)	-	-	(2,702)
Increase (decrease) in net assets after cumulative effect of change in accounting principle	70,347	(185)	14,723	84,885
Net assets at beginning of year	564,605	100,682	190,673	855,960
Net assets at end of year	$ 634,952	$ 100,497	$ 205,396	$ 940,845

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

Middlebury College
Consolidated Statements of Cash Flows
Years Ended June 30, 2007 and 2006

(in thousands)	2007	2006
Cash flows from operating activities		
Change in net assets	$ 201,772	$ 84,885
Adjustments to reconcile change in net assets to net cash used in operating activities		
Cumulative effect of change in accounting principle	-	2,702
Depreciation	19,144	18,654
Amortization of bond issuance costs	705	85
Amortization of bond discount	1,996	175
Amortization of bond premium	(22)	-
Loss on disposal of buildings and equipment	150	270
Contributions receivable bad debt expense	3,005	3,057
Change in value of deferred gifts	2,929	3,516
Realized and unrealized gains	(179,222)	(87,562)
Unrealized (gain) on swap option	(824)	(3,607)
Unrealized loss on interest rate swap	5,260	-
Unrealized gain on contributions receivable from remainder trusts	(674)	(92)
Unrealized gain on interest in perpetual trusts	(3,740)	(938)
Changes in assets and liabilities that increase (decrease) cash		
Accounts receivable	1,693	62
Contributions receivable	(30,295)	8,021
Inventories, prepaid expenses and other	(1,273)	271
Accounts payable and accrued expenses	1,705	(650)
Funds held for others	591	79
Deferred revenue	(6,674)	(244)
Other	317	-
Increase (decrease) in liabilities related to deferred gifts	1,936	(1,179)
Permanently restricted contributions and investment gains	(45,751)	(12,636)
Net cash provided by operating activities	(27,272)	14,869
Cash flows from investing activities		
Proceeds from sales of investments	211,205	581,453
Purchases of investments	(203,207)	(589,111)
Purchases of property and equipment	(34,650)	(15,826)
Student loans granted	(5,642)	(5,308)
Student loans repaid	4,268	5,714
Use of deposit with bond trustees	(20,764)	(281)
Net cash used in investing activities	(48,790)	(23,359)
Cash flows from financing activities		
Contributions and investment gain restricted for long-term investment	45,751	12,636
Payments to annuitants for deferred gifts	(2,530)	(2,266)
Proceeds from long-term debt	93,669	2,126
Payments on bonds and notes payable	(58,382)	(5,033)
(Decrease) increase in negative cash	(1,697)	360
Net cash provided by financing activities	76,811	7,823
Net increase (decrease) in cash and cash equivalents	749	(667)
Cash and cash equivalents at beginning of year	13,379	14,046
Cash and cash equivalents at end of year	$ 14,128	$ 13,379
Supplemental data		
Interest paid, net of interest capitalized	$ 14,383	$ 12,516
Gifts in kind	59	172
Assets acquired and included in accounts payable	2,375	905
Asset retirement obligation recognized	157	2,895
Asset retirement cost, net recognized related to asset retirement obligation	197	194

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 2,350 undergraduate students come from throughout the United States and seventy countries. Approximately 70% of the students are from outside New England.

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

The College's summer programs, enrolling more than 1,800 students, consists of nine 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, and Portuguese. In addition to the summer courses offered in Vermont, the Bread Loaf School of English offers summer sessions in New Mexico, North Carolina, Mexico, and at Oxford in the United Kingdom.

On June 23, 2005, the trustees of Middlebury College and the Monterey Institute of International Studies ("MIIS" or the "Institute") approved a letter of intent to make MIIS an affiliate of Middlebury. The affiliation combines the strengths of two institutions renowned for their expertise in international education, language teaching, and cultural studies. Both institutions executed the affiliation agreement on December 2, 2005.

This affiliation allows both institutions to be at the forefront of shaping international education, based on language proficiency and cultural understanding. It also provides additional networking opportunities for students and alumni and is expected to lead to innovative research and teaching opportunities for faculty from both Middlebury and MIIS.

The Institute is a nonprofit public benefit corporation, located in Monterey, California, providing higher education in international policy studies, international business, translation and interpretation, and language education. In addition, there are three research centers at the Institute: the Center for Nonproliferation Studies, the Center for East Asian Studies, and the Center for Russian and Eurasian Studies.

Tax-Exempt Status

The College located in Middlebury, Vermont is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code.

The Institute qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is exempt from federal and state income taxation on related sources of income.

(in thousands)

2. Summary of Significant Accounting Policies

Basis of Statement Presentation
The financial statements consolidate Middlebury College and its affiliated corporations, herein referred to as the "College".

Middlebury College has four affiliated entities, The Monterey Institute of International Studies, the Delineation Corporation (the "Corporation"), the President and Friends of Middlebury College and the International Philanthropy. The Monterey Institute of International Studies is a California nonprofit corporation affiliated with the College. The Delineation 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 was formed for the purpose of recording catering and retail dining operations of the College. International Philanthropy is a nonprofit for the purpose of receiving international contributions from international sources.

The affiliation between Middlebury College and the Institute required a business combination that has been accounted for under the pooling of interests method as of the date of affiliation on December 2, 2005. The financial statements referred to above are those of the combined entities, Middlebury College, and its affiliates and include twelve months of activity for the year ended June 30, 2006 in the required financial statements. All interentity transactions have been appropriately eliminated.

Prior to the business combination, the Institute's revenues and change in net assets for the period from July 1, 2005 through December 2, 2005 were as follows:

Total revenue	$ 10,781
Change in net assets	1,337

The financial statements are prepared on the accrual basis of accounting and present net assets and 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.

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. 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 reclassifications between the applicable classes of net assets.

(in thousands)

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

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

The revenues derived from residential halls are included in the comprehensive fee.

Other sources of operating revenues consist primarily of revenues from the College bookstore, golf course, Snowbowl, catering and snack bars, real estate rentals, laundry, photocopy and vending machines. 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 nonoperations, retirement pay for past service, net assets released from restriction for nonoperating purposes and the change in value of deferred gifts.

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

Cash and Cash Equivalents
Cash and cash equivalents include interest-bearing money market accounts not held for investment purposes. Cash equivalents have scheduled maturities of less than three months at the date of purchase and amount to $14,128 and $13,379 at June 30, 2007 and 2006, respectively.

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

Land, Buildings and Equipment, Net
Land, buildings, equipment, arts and antiques are recorded at cost at date of acquisition or fair value at date of gift. Depreciation is computed on the straight-line method by category as follows:

Category	Range of Estimated Useful Lives (Years)
Land improvements	25
Buildings and Middlebury houses	20-60
Equipment	3-20

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

(in thousands)

Conditional Asset Retirement Obligations
Asset retirement obligations ("ARO") are legal obligations 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 adjusts ARO liabilities when the related obligations are settled.

Deferred Revenue
Deferred revenue consists 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), sponsored activity, deferred revenue, and the swaption deferred revenue (Note 7).

Refundable Government Loan Funds
This liability represents 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 notes receivable to the College and 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 notes 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.

Contributions
Contributions, including interest in perpetual trusts held by others, are recognized as revenue in the period received at the fair market value on the date of the contribution. Gifts of noncash assets are recorded at their fair market 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 concerning the use of such long-lived assets are reported as nonoperating revenue of the unrestricted net asset class. Contributions of cash or other assets which a donor has stipulated be used to acquire land, building and equipment are reported as nonoperating revenue of the temporarily restricted net asset class if the donor does not stipulate how such long-lived assets are to be used. The temporary restrictions are considered to be released when assets are placed in service.

Terminology appearing in these financial statements that relate to contributions are described below:

Contributions Receivable
Contributions receivable include pledges that are recorded at their present value using a discount rate of approximately .98% to 6.40% which represents the risk-free rate of return at the date when the pledges were recorded. An allowance is made for potentially uncollectible contributions based upon management's past collection experience and other relevant factors.

(in thousands)

Contributions Receivable from Remainder Trusts
Several 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 include 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 their fair value as of the date of the gift, and adjusted to fair value at year-end.

Annuities and Other Split Interest Obligations
Some 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 classified as annuities and other split interest obligations.

In addition, certain 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.

Deposits with Trustees
In connection with the issuance of long-term debt both the College and Institute are required to maintain certain funds in a restricted account. The funds maintained by the Institute are reserved and withdrawn solely for the purpose of making up any deficiency in the bond fund including amounts for the repayment or redemption of all bonds then outstanding. The College was required to deposit the proceeds from the 2006 Revenue Bonds Series A into this account to fund ongoing construction projects (Note 4). The amount remaining in this account is the amount left to draw down by the College. Deposits with trustees are carried at cost which approximates fair value.

Derivatives
The College accounts for derivative financial instruments under Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivatives and Hedging Activities*, and SFAS No. 149, Amendment of SFAS No. 133 on *Derivative Instruments and Hedging Activities*, as amended. Under the provisions of SFAS No. 133, all derivatives except those qualifying for the normal purchase/normal sale exception are recognized on the balance sheet at fair value. Fair value is determined using current quoted market prices. 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 have met the normal purchase/normal sale exception under SFAS 133 and, therefore, have not been recorded on the College's statement of financial position. The College has also entered into foreign currency contracts, a swap option agreement and an interest rate swap which have been recorded on the College's statement of financial position (Notes 4 and 7).

(in thousands)

Estimated Fair Value of Financial Instruments
The estimated fair value of the College's financial instruments approximates the carrying amount reported in the statements of financial position for cash and cash equivalents, investments, deposits with bond trustees, and accounts receivable and payable, except for certain investments and long-term debt (Note 4) and notes receivable (Note 3).

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.

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 which is evaluated during periodic inventories. Interest is allocated based on specific identification of the use of debt proceeds.

3. 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 were $333 and $352 at June 30, 2007 and 2006, respectively.

Contributions Receivable
Contributions receivable consisted of the following at June 30, 2007 and 2006:

	2007	2006
Due less than one year	$ 17,150	$ 16,031
One to five years	34,212	11,336
More than five years	14,817	100
	66,179	27,467
Less: Discount and allowance	(15,126)	(3,704)
	$ 51,053	$ 23,763

The allowance for uncollectible contributions receivable are $4,462 and $2,213 at June 30, 2007 and 2006, respectively.

(in thousands)

As of June 30, 2007 and 2006, the College received conditional promises to give of $32,000 and $38,000, 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. As of June 30, 2007, the College has recognized $18,000 towards this pledge from the donor. The remaining portion of the conditional pledge will be fulfilled as future fund-raising goals are reached over the next six years.

Notes Receivable
Notes receivable represents amounts due from students for federal and college approved loans. The provision for uncollectible amounts are $1,150 and $1,978 at June 30, 2007 and 2006, respectively.

4. Financial Instruments

Investments
The College's investments are recorded in the following manner:

Investments	Values as Recorded
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 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 investment managers

The major portion of investments are pooled for investment purposes in Associated Trust Funds (ATF). Shares in the pool are assigned on the basis of market value at the time the funds to be invested are received. Income is distributed thereafter on a per-share basis.

(in thousands)

Investment Shares

The following table summarizes the status and results of pooled investments at June 30, 2007 and 2006:

	2007	2006
Number of principal shares (not in thousands)	582,458.155	553,869.870
Market value per share (not in thousands)	$ 1,591.298	$ 1,361.521
Distribution per share (not in thousands)	$ 75.86	$ 76.71

The 2007 per share data includes the Institute as their endowment was invested in the Middlebury ATF in 2007. The Institute is not reflected in the 2006 per share data.

As of June 30, 2007 and 2006, the difference between distribution per share and dividends and interest earned per share was funded by realized gains of $44,047 and $38,794. During 2007 and 2006, distributions totaling $322 and $377, respectively, were added back to the 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 ATF 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 at June 30, 2007 and 2006:

	2007	2006
Interest, dividends, and other income	$ 9,980	$ 7,906
Realized gains, net	59,324	89,220
Change in unrealized gains, net	119,898	(1,658)
	$ 189,202	$ 95,468

Direct, external investment management fees were $4,113 and $3,833 in 2007 and 2006, 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.

(in thousands)

Investments held by the College at June 30, 2007 and 2006 including pooled investments held in the Associated Trust Funds and other separately invested funds, were comprised of the following:

	As Recorded			
2007	**Pooled**	**Separately Invested**	**Total at Fair Value**	**Cost**
Money market funds	$ 15,774	$ 10,631	$ 26,405	$ 25,947
Due from broker	3,128	-	3,128	3,268
Equity securities	334,890	62,610	397,500	244,467
Absolute return	311,773	-	311,773	220,154
Debt securities	55,549	14,900	70,449	57,809
Real estate and mortgages	17,630	13,822	31,452	33,832
Private equity partnerships, fair value basis	162,347	-	162,347	134,394
Other investments	25,774	1,281	27,055	25,151
	$ 926,865	$ 103,244	$ 1,030,109	$ 745,022

	As Recorded			
2006	**Pooled**	**Separately Invested**	**Total at Fair Value**	**Cost**
Money market funds	$ 11,397	$ 1,738	$ 13,135	$ 13,134
Due from broker	2,245	-	2,245	2,245
Equity securities	294,901	51,692	346,593	223,978
Absolute return	262,253	10,333	272,586	235,431
Debt securities	56,622	13,697	70,319	61,846
Real estate and mortgages	16,496	13,622	30,118	33,970
Private equity partnerships, fair value basis	115,580	-	115,580	116,061
Other investments	6,934	1,375	8,309	7,031
	$ 766,428	$ 92,457	$ 858,885	$ 693,696

Included within equity securities, absolute return, private equities and real estate are alternative investments with a market value of $836,328 and $718,212 at June 30, 2007 and 2006.

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,

(in thousands)

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 noted above, investments in certain private equity partnerships are recorded based upon estimated fair value, if available, as determined by the general partner. The College enters into private equity partnerships with the intention of remaining invested in them until their liquidation. Because of the inherent uncertainty of valuations, the estimated values as determined by general partners and investment 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.

As of June 30, 2007 and 2006, the College had committed $227,932 and $146,330, 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. Long-term investments are liquidated as the funds are called.

The College has $204,403 and $129,052 of the investment portfolio at June 30, 2007 and 2006, respectively, invested in international securities. These investments are subject to the additional risk of currency fluctuations.

Also included in investments are $50,439 and $42,521 at June 30, 2007 and 2006, respectively, for split-interest agreements.

As of June 30, 2007 and 2006, the market value attributable to certain of the College's endowment funds was less than the permanently restricted original gift in the amount of $200 and $353, respectively. In accordance with FASB Statement No. 124, this amount is recorded as a reduction in unrestricted net assets.

The aggregate amount of the deficiencies of the Institute for all donor-restricted pooled endowment funds for which the fair value of the assets at June 30, 2007 and 2006 was less than the level required by donor stipulation is $2,113 and $2,264, respectively (Note 10).

(in thousands)

Long-Term Debt

Long-term debt is comprised of the following at June 30, 2007 and 2006:

	2007	2006
Adjustable rate Vermont Educational and Health Buildings Financing Agency (VEHBFA) Series 1988A bonds, $40,000 (2007: 3.16% - 3.72%) (2006: 1.96% - 3.72%) (uncollateralized) with annual principal payments increasing from $620 in 2007 to $3,140 through 2028	$ 33,950	$ 34,570
5.00% - 6.00%, $65,000 VEHBFA Series 1996 bonds (uncollateralized) refunded by 2006B bonds	-	56,520
5.00%, $60,000 VEHBFA Series 1999 bonds (uncollateralized) due on November 1, 2038 issued at a discount	60,000	60,000
4.00% - 5.25%, $16,455 VEHBFA Series 2002A serial bonds (uncollateralized) with annual principal payments increasing from $760 in 2007 to $1,440 in 2020	14,155	14,915
5.00% - 5.375%, $54,805 VEHBFA Series 2002A term bonds (uncollateralized) $4,805 and $50,000 due on November 1, 2022 and November 1, 2032, respectively	54,805	54,805
Adjustable rate VEHBFA Series 2002B bonds, $20,000 (2007: 3.16% - 3.58%) (2006; 1.96% - 3.16%) (uncollateralized) due on November 1, 2032	20,000	20,000
5.00%, $35,425 VEHBFA Series 2006A bonds (uncollateralized), due on October 31, 2046, issued at a premium	35,425	-
Adjustable rate VEHBFA Series 2006B bonds 2007 rates 3.16% - 3.58%, $56,575 (uncollateralized) annual principal payments increasing from $0 in 2007 to $4,350 in 2027	56,575	-
5.50%, revenue bonds issued through the California Statewide Communities Development Agency, secured by the Monterey Institute campus with annual principal payments increasing from $0 in 2007 to $2,160 in 2031	21,525	21,525
6.00%, First National Bank of Central California Agreement, subordinate to the revenue bonds issued through the California Statewide Communities Development Agency, term loan, with annual principal payments increasing from $375 in 2007 to $475 in 2011	1,750	2,125
8.57%, capitalized lease obligations, due in various amounts monthly through October 2009	9	22
Other	1,309	1,004
	299,503	265,486
Less discount	(2,384)	(4,380)
Plus premium	1,248	-
	$ 298,367	$ 261,106

(in thousands)

The estimated fair value of the College's total existing debt is approximately $302,000 at June 30, 2007. The fair value is estimated based on quoted market prices for the same or similar issues.

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 over the next five years under all long-term debt obligations, are as follows at June 30, 2007 and 2006.

	2007	2006
2008	$ 3,691	$ 3,362
2009	3,870	3,704
2010	4,096	4,071
2011	4,293	4,070
2012	4,439	3,859
Thereafter	279,114	246,420
	$ 299,503	$ 265,486

2006 Debt Issuance and Interest Rate Swap
In November 2006, the College issued $92,000 of the Vermont Educational and Health Buildings Financing Agency (VEHBFA) Revenue Bond (Middlebury College Project) Series 2006 in a tax-exempt bond backed financing. The new debt was issued in two series. $35,425, 5.00% Series A bonds to be used to fund the current acquisition, construction, renovation, and equipping of the College's existing facilities, including the renovation of the College's Starr Library to the Axinn Center, site development for the Axinn Center, construction of a new biomass gasification heating and power system and other various improvement. The $56,575 Series B bonds which was used to repay the Series 1996 bonds in the amount of $56,520.

In connection with the Series B Bonds, the College has entered into an interest rate swap transaction with an affiliate of the Goldman Sachs Group L.P. (Goldman). The swap provides that, Goldman will pay to the College a floating rate based on the London Interbank Offered Rate (LIBOR) and the College will pay a fixed rate, 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 will end in November 2026. The swap is subject to termination prior to the scheduled termination date noted above.

As of June 30, 2007, the fair value of the swap was $5,260, which represents the amount the College would have to pay to terminate the agreement at the end of the fiscal year. This liability has been recorded within accounts payable on the balance sheet and within the statement of activities line item Unrealized loss on interest rate swap.

Credit Line
As of June 30, 2007, the College, excluding the Institute had a $25,000 line of credit with an interest rate of one month LIBOR plus 0.75%. At June 30, 2007, there was no outstanding balance. 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.

(in thousands)

As part of entering into the affiliation with Middlebury College, the Institute entered into a forbearance agreement with the First National Bank, on which they had owed $2,150. The Institute is accruing interest on this agreement and payments are due every December over the next four years at a rate of 6%. The first payment was made in December 2005. As part of the affiliation, the College has agreed to loan the Institute enough funds to cover the amount due to the First National Bank. Repayment to the College will not be made until the revenue bonds have been paid in full or the College executes an irrevocable written guarantee of the revenue bonds, issued by the California Statewide Communities Development Agency, or the revenue bonds receive a rating of "BBB" or better from the rating agency up until the repayment commences.

The balance on the Institute's term loan was $1,750 as of June 30, 2007.

5. Land, Buildings and Equipment

Land, buildings and equipment of the College at June 30, 2007 and 2006 consisted of the following:

	2007	2006
Land and land improvements	$ 44,720	$ 42,128
Buildings	409,547	400,263
Equipment	47,928	41,700
Equipment capital leases	17	187
Art/antiques	10,279	10,124
Construction in progress	25,601	8,078
	538,092	502,480
Less accumulated depreciation	(189,097)	(170,311)
	$ 348,995	$ 332,169

Interest costs totaling $707 and $252 were capitalized as of June 30, 2007 and 2006, respectively.

Total depreciation expense as of June 30, 2007 and 2006 are $19,144 and $18,654, respectively.

The College had total disposals, net of accumulated depreciation of $358 and $357 as of June 30, 2007 and 2006. These costs have been recorded in "nonoperating activities - other" in the College's statement of activities.

As of June 30, 2007, the College has contractually committed approximately $1,300 for future construction projects.

(in thousands)

6. Retirement Plan

Retirement benefits for substantially all full-time employees of the College, excluding the 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 plan, the College makes contributions into employee accounts based upon options exercised by the employee. This plan is administered by TIAA/CREF. The College's retirement expense related to this plan for the years ended June 30, 2007 and 2006 was approximately $8,160 and $7,475, respectively.

Under a separate plan, the Institute participates in the Teachers Insurance Annuity Association and College Retirement Equity Fund (TIAA/CREF) and the variable annuity Life Insurance Company (VALIC) defined contribution multiemployer pension plans which cover substantially all full time employees of the Institute. The defined contribution plan requires that employees complete one year of service before being eligible for employer contributions. In addition, the employer contributions shall be determined at the discretion of the Institute. Total Institute contributions were $313 and $76 for the years ended June 30, 2007 and 2006, respectively.

7. Derivative Financial Investments

Foreign Currency Contracts

The College has entered into forward currency contracts to hedge the currency exposure associated with the College's foreign 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 market value of a forward currency contract fluctuates with changes in forward 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. The notional amount of the currencies the College has committed to buy is $1,050 and $954, respectively, at June 30, 2007 and 2006. The fair value of these contracts, included in accounts receivable, is $6 and $75, respectively, at June 30, 2007 and 2006.

December 2003 Swap Option

In December 2003, the College sold an option to an interest rate swap counterparty selected by the Investment Committee to initiate an interest rate swap with the College on November 1, 2006, the first call date for the 1996 bonds. This transaction was not entered into for speculative purposes, but rather for facilitating a current refunding of the College's 1996 bonds. Under the terms of the swap option agreement, the College would pay a fixed rate of 4.76% and receive a variable rate, ranging from 65% to 100% of the one-month London Interbank Offer Rate (LIBOR), on a notional amount of $56,575. The College received an upfront premium payment of $4,265 for selling the option to initiate the swap which was initially deferred.

Each period the instrument had been fair valued to represent the amount the College would have to pay to terminate the agreement at any given point in time. The difference between the fair value of the transaction and the amount recorded in deferred revenue (upfront premium) had been recorded as an accrued liability within accounts payable. The amount recorded in accounts payable for the year ended June 30, 2006 was $824. The upfront premium of $4,265 was

(in thousands)

recognized in 2007 in "nonoperating revenue - other" and the amount previously recorded in accounts payable of $824 has been recognized in "gain on swap option," when the counterparty exercised the option on the interest rate swap and the College refunded its 1996 bonds, issued new variable rate refunding bonds of 56,575, and simultaneously entered into the floating-to-fixed interest rate swap (Note 4).

8. Temporarily Restricted Net Assets

	2007	2006
Gifts and other unexpended revenues available for scholarships and prizes	$ 47,952	$ 33,777
Gifts and other unexpended revenues for professorships	3,579	2,704
Gifts and other unexpended revenues for special purposes	27,460	31,989
Gifts and other unexpended revenues for capital projects	4,788	6,667
Contributions receivable	24,032	17,015
Annuity and life income funds	10,997	8,345
	$ 118,808	$ 100,497

9. Permanently Restricted Net Assets

	2007	2006
Donor-restricted loan funds	$ 3,103	$ 3,302
Annuity and life income funds	8,593	6,707
Contributions receivable	27,021	6,748
Donor-restricted endowment funds	213,651	188,639
	$ 252,368	$ 205,396

10. Commitments and Contingencies

The College has legal cases arising in the normal course of its operations. The College believes that the outcome of these cases will have no material adverse effect on the financial position of the College.

In prior years, the Institute utilized a $1,500 operating reserve fund provided by a grant from one foundation to cover operating deficiencies. The agreement with the foundation is that the Institute would replenish up to $750. As of June 30, 2006, the Institute has fully funded this balance.

During the year ended June 30, 2003, the Institute borrowed $1,100 from Grover Herman Foundation as approved by the donor. In consideration of this agreement, the Institute agreed to transfer $2,300, representing the original contribution and an additional amount into the endowment fund by fiscal year 2014. The $2,113 total amount repaid during 2007 was $125, leaving the amount due to the endowment fund $2,100.

(in thousands)

11. Related Party Transaction

During fiscal year 2007, the Institute received a contribution from a trustee and a related party for the purchase of real property. As part of this agreement, there was also a line of credit issued of up to $1,250 with the donor for improvements to be made to the property by the Institute. The total amount outstanding at June 30, 2007 is $400. This line of credit has been issued on a nonrecourse basis and is secured by the aforementioned property purchased. The term is 5 years.

12. Operating Expenses

Operating expenses for the years ended June 30, 2007 and 2006 were classified as follows:

	2007	2006
Salaries and wages	$ 91,300	$ 84,930
Employee benefits	27,127	25,699
Food	4,162	4,308
Utilities	6,975	6,772
Repairs and maintenance	3,189	4,377
Contracted services	6,311	7,891
Supplies	4,799	4,734
Library books and periodicals	2,282	2,125
Interest	13,221	12,699
Depreciation	19,144	18,654
Amortization	61	56
Travel	5,261	5,181
Taxes and insurance	2,137	2,143
Other	14,970	13,435
	$ 200,939	$ 193,004

13. Asset Retirement Obligations

Financial Accounting Standards Interpretation No. 47 ("FIN 47"), *Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143)*, was issued in March 2005. SFAS 143, *Accounting for Asset Retirement Obligations*, requires the fair value of a liability for a legal obligation associated with an asset retirement be recorded in the period in which the obligation is incurred. Upon adoption of FIN 47 on June 30, 2006, the College recognized asset retirement obligations related to potential contamination, primarily related to asbestos, on the College campus and its properties and recorded a noncash transaction impact of $2,702 which is reported as a cumulative effect of a change in accounting principle in the statement of activities. As of June 30, 2007 and 2006, the College has recorded a liability for conditional asset retirement obligations of $3,052 and $2,895, respectively.

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APPENDIX C

SUMMARY OF BOND INDENTURE AND LOAN AGREEMENT

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 description does not purport to be comprehensive or definitive and is subject to all of the provisions of the Bond Indenture to which reference is hereby made. 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, except as provided in the Bond Indenture concerning the replacement of mutilated, destroyed, lost or stolen Bonds. (Section 217.)

The Bond Fund.

1. Deposit to Accounts. The Bond Fund contains an Interest Account, a Principal Account, a Sinking Fund 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 herein provided. 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 Section 4.01 of 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;

(B) on the Business Day next preceding November 1, 2026, into the Principal Account in the Bond Fund, the amount which shall be equal to the principal payable on the Bonds on such November 1, 2026; and

(C) on the Business Day next preceding November 1, 2008, and on the Business Day next preceding each November 1 thereafter, into the Sinking Fund Account in the Bond Fund, the amount required to retire the Term Bonds to be called by mandatory redemption or to be paid at maturity on the next succeeding November 1 in accordance with the Amortization Requirement therefor.

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 $100,000 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 $100,000 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 the Bonds that is due and payable on such November 1. (Section 504.)

4. Application of Money in Sinking Fund Account. Money held for the credit of the Sinking Fund Account shall be applied during each Bond Year to the retirement of Term Bonds as follows:

(A) The Bond Trustee shall endeavor to purchase, at the written direction of the College, and cancel such Term Bonds or portions thereof then subject to redemption by operation of the Sinking Fund Account, such price not to exceed the optional redemption prices provided in Article III of the Bond Indenture plus accrued interest to the date of purchase which would be payable on the next Amortization Date to the Owners of such Bonds if such Bonds or portions were to be called for redemption on such date from money in the Sinking Fund Account, plus accrued interest to the date of purchase. The Bond Trustee shall pay the interest accrued on such Term Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price from the Sinking Fund Account, but no such purchase shall be made by the Bond Trustee from money in the Sinking Fund Account within the period of forty-five (45) days immediately preceding the next Amortization Date on which the Term Bonds are subject to redemption. The aggregate purchase prices of such Term Bonds so purchased shall not exceed the on amount deposit in the Sinking Fund Account; provided, however, that if in any Bond Year the amount held for the credit of the Sinking Fund Account plus the principal amount of all Term Bonds purchased during such Bond Year pursuant to the provisions of this paragraph (A) exceed the aggregate Amortization Requirements for all Term Bonds then Outstanding for such Bond Year, the Bond Trustee shall endeavor to purchase any Term Bonds with such excess money;

(B) The Bond Trustee shall call for redemption on each Amortization Date, such Term Bonds or portions thereof then subject to redemption in a principal amount equal to the aggregate Amortization Requirements for the Term Bonds for such Bond Year less the principal amount of any such Bonds retired by purchase pursuant to paragraph (A) above, including any Bonds purchased in excess of the aggregate Amortization Requirements for such Bond Year (unless the College shall file a certificate with the Bond Trustee, as hereinafter provided, directing a different application of such excess). If the amount available in the Sinking Fund Account on such Amortization Date is not equal to the Amortization Requirement of Term Bonds for such Bond Year less the principal amount of any such Term Bonds so retired by purchase, the Bond Trustee shall apply the amount available in the Sinking Fund Account pro rata to the redemption of all Term Bonds then subject to redemption. If such Amortization Date is the stated maturity date of any such Term Bonds, the Bond Trustee shall not call such Bonds for redemption but, prior to or on such maturity date, shall set aside in the Sinking Fund Account the amount required for paying the principal of such Bonds when due and payable. Not later than 10:00 A.M. on such redemption date, the Bond Trustee shall withdraw from the Interest Account and the Sinking Fund Account the respective amounts required for paying the interest on and the redemption price of the Term Bonds or portions thereof so called for redemption.

If at any date there shall be money in the Sinking Fund Account and no Term Bonds shall be then Outstanding, the money therein shall be withdrawn by the Bond Trustee and paid to the College.

If, in any Bond Year, by the application of money in the Sinking Fund Account the Bond Trustee should purchase and cancel Term Bonds in excess of the aggregate Amortization Requirements for such Bond Year, the Bond Trustee shall file with the Agency and the College not later than the 20^{th} day prior to the next Amortization Date on which such Term Bonds are to be redeemed, a statement identifying the Term Bonds purchased or delivered during such Bond Year and the amount of such excess. The College shall thereafter cause a certificate signed by a College Representative to be filed with the Bond Trustee not later than the 10^{th} day prior to such Amortization Date, setting forth with respect to the amount of such excess the years in which the Amortization Requirements with respect to such Term Bonds are to be reduced and the amount by which the Amortization Requirements so determined are to be reduced.

Upon the retirement of any Term Bonds by purchase or redemption pursuant to the provisions of this Section, 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 incurred in connection with the purchase or redemption of any such Term Bonds shall be paid by the College. (Section 505.)

5. 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 under the provisions of Article III 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. Such redemption shall be made pursuant to the provisions of Article III. 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 in accordance with the latest certificate signed by a College Representative filed by the College with the Bond Trustee designating the maturities of such Bonds to be purchased or redeemed. In the event no such certificate signed by a College Representative is filed, the Bond Trustee shall apply such money to the purchase or redemption of Bonds as it shall determine. The Bond Trustee shall purchase or redeem Bonds by lot within maturities in such fashion as the Bond Trustee may, in its discretion, determine. For purposes of this paragraph (C), the Bonds shall be considered to mature on each Amortization Date in amounts equal to the aggregate Amortization Requirement therefor; and

(D) Upon the retirement of any Bonds by purchase or redemption pursuant to the provisions of this Section, 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 hereby secured, 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 five years 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 provisions of Article VI as an investment of such money.

All money deposited with the Bond Trustee shall be credited to the particular fund or account to which such money belongs.

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. For the purposes of this Section, 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 at any time give to the Bond Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of Article VI of the Bond Indenture, and the Bond Trustee shall then invest such money under this Section as so directed by the College. If the Bond Trustee receives no instructions from the College as to the investment of money, then the Bond Trustee shall invest money required to be invested under the Bond Indenture in Government Obligations.

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 acquired with money and 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 in which money in such fund or account shall have been invested 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 established under this Indenture on the last business day prior to each Principal Payment Date. 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 (which period of notice may be waived or reduced by 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 hereby declared 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 of or the purchase price, if any, or 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 referred to in Section 802 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 Section 7.02 of 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) of 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 hereunder 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 hereinbefore granted 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 hereby declared in every case at the option of the Bond Trustee to be conditions precedent to any suit, action or proceeding for the enforcement thereof; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right or remedy hereunder except in the manner herein provided, that all proceedings shall be in accordance with Section 803 of 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 in Section 802 within thirty (30) days after the Bond Trustee shall have 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 Section 7.01(a) of the Loan Agreement and Section 802(A) and (B) of the Bond Indenture, 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. (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 herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder, 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 hereto in such manner as to permit the qualification hereof and thereof 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.

(H) to make such changes as may be requested by S&P or Moody's in connection with any assignment of rating to the Bonds after a Mode Change Date. (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 nothing herein contained 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. Nothing herein contained, however, shall be construed as making necessary the approval by Bondowners of the execution of any supplement or amendment to the Bond Indenture as authorized in Section 1101.

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 designated corporate trust 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 as herein provided, 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), 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 herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder 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; or

(F) to make such changes as may be requested by S&P or Moody's in connection with any assignment of rating to the Bonds after the Fixed Rate Conversion Date therefor. (Section 1201.)

2. Supplements and Amendments Requiring Consent of Owners of 51 Percent in Principal Amount of Bonds. Except for supplements or amendments provided for in Section 1201, 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 Section 1102 hereof 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 Article XII 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 hereunder by the Agency, and (e) the Bond Trustee shall have received a Rating Confirmation Notice, then and in that case the right, title and interest of the Bond

Trustee in the Note, 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, and 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 Article III of the Bond Indenture, 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, transfer and exchange of Bonds.

All money and Defeasance Obligations held by the Bond Trustee pursuant to this Section 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 description does not purport to be comprehensive or definitive and is subject to all of the provisions of the Loan Agreement to which reference is hereby made. This summary uses various terms defined in the Loan Agreement and such terms as used herein shall have the same meanings as so defined.

<u>Representations by the College</u>. 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 Agreement and the Contract of Purchase 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 Agreement, the Note and the Contract of Purchase.

(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 such Code.

(E) The representations, warranties, certifications and other information contained in the Tax Certificate, together with any additional certificates and 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 Agreement, the Agency shall lend to the College the proceeds of the sale 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 Note to the Agency for assignment to the Bond Trustee under the Bond Indenture.

Each Note 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), purchase price (but only for Bonds in a Mode for which no Liquidity Facility was ever in effect), if any, 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 Note or Loan. Notwithstanding anything to the contrary contained herein, the College covenants that it will make Note Payments at such times and in such amounts to assure that payment of the principal (by reason of scheduled amortization, acceleration or redemption), purchase price (if a Liquidity Facility is not in effect), if any, premium, if any, and interest on the related Bonds shall be made when due. (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 such term as used on the Act and irrevocably and unconditionally assumes in writing all the obligations of the College herein and under the Note and the Contract of Purchase.

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 Agreement 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 thereunder 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 180 days after the end of each of its fiscal years, beginning after its 2008 fiscal year, with each nationally recognized municipal securities information repository and to any Vermont state information depository, 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 "Faculty and Staff", "Student Enrollment", "Tuition and Fees", "Financial Aid" and "Gifts, Grants and Bequests" and, so long as the College has not terminated its affiliation with the Monterey Institute of International Studies, the table under the caption "Monterey Institute of International Studies" in Appendix A to this Official Statement; and

(B) to file in a timely manner, with each nationally recognized municipal securities information repository or with the Municipal Securities Rulemaking Board, and with any Vermont state information depository, notice of any failure of the College to comply with clause (A) above and notice of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(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 or events affecting the tax-exempt status of the security;

(vii) modifications to rights of security holders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities; and

(xi) rating changes.

No beneficial owner may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of any covenant in paragraph (a) of this Section (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 accordance with the filings mentioned in said paragraph (a) may be prosecuted by any beneficial owner except in compliance with the remedial and enforcement provisions of the Loan Agreement.

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; this Section, 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 adoption of this resolution, ceases to be in effect for any reason, and the College elects that this Section 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.

Any assertion of beneficial ownership must be filed, with full documentary support, as part of the written request described in the preceding paragraph.

Any filing required by the Disclosure Covenant may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.com unless the Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004. (Section 5.14.)

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 Agreement (other than a failure to make any Note Payment required under the 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 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 within the meaning of this Section 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 within the meaning of this Section 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 in Section 7.01 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 Section 7.01(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 an Event of Default described in Section 7.01 other than in Section 7.01(A), 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 Agreement; or

(C) In the case of an Event of Default described in Section 7.01 other than in Section 7.01(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 Section 7.02, 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 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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FOUNDED 1866

April 1, 2008

Vermont Educational and Health
Buildings Financing Agency
Montpelier, 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"):

$55,260,000

VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY REVENUE BONDS (MIDDLEBURY COLLEGE PROJECT) SERIES 2008

Dated, maturing and bearing interest all as provided in the Bond Indenture

The Bonds are issued under and pursuant to the Act and a Bond Indenture dated as of March 1, 2008 (the "Bond Indenture"), between the Agency and The Bank of New York Trust Company N.A., Boston, Massachusetts, as trustee (the "Trustee"). The Bonds bear interest from their date and are subject to tender and 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 $100,000 and integral multiples of $5,000 in excess 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 March 1, 2008 (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 examinations, 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"), the interest on the Bonds is not includible in gross income for federal income tax purposes under existing statutes, regulations and court decisions. Interest on the Bonds will not be treated as a specific preference item in calculating the alternative minimum tax on individuals and corporations imposed by the Code; provided, however, such interest will be included in the computation of the alternative minimum tax on corporations imposed by the Code. Failure by the Agency or the College to comply with their respective covenants to comply with the provisions of the Code 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 may cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactive to their date of issuance. The covenant of the Agency described above does not require the Agency to make any financial contribution for which it does not receive funds from the College. The opinion expressed in the first sentence of 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 the taking of any action in reliance upon the opinion of counsel other than this firm. In rendering the opinion set forth in the first sentence of this paragraph, we have relied upon the

representations made by the College with respect to certain material facts within its knowledge which we have not independently verified and the opinion of Dinse, Knapp & McAndrew, P.C., Burlington, Vermont, counsel for the College, that the College is an organization described in Section 501(c)(3) of the Code or corresponding provisions of prior law and such counsel is not aware of any actions taken by the College which would jeopardize such status. 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, 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 this opinion we have relied, without independent investigation, upon the opinion 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,

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APPENDIX E

SUMMARY OF INITIAL LIQUIDITY FACILITY

The Initial Liquidity Facility

The following is a summary of certain provisions of the initial liquidity facility (the "Initial Liquidity Facility") with respect to the Bonds to be entered into among the College, TD Banknorth, National Association (the "Bank") and the Bond Trustee, as bond trustee and as Tender Agent. The following summary does not purport to be a full and complete statement of the provisions of the Initial Liquidity Facility. The Initial Liquidity Facility should be read in full for a complete understanding of all the terms and provisions thereof. Copies of the Initial Liquidity Facility is on file with the Bond Trustee. For certain information regarding the Bank, see "APPENDIX F - INFORMATION CONCERNING THE INITIAL LIQUIDITY PROVIDER"

The Bank agrees under the Liquidity Facility, on the terms and conditions set forth therein, to purchase, at the Purchase Price (as defined in such Initial Liquidity Facility), Bonds bearing interest at the Daily Rate or the Weekly Rate and which are not Bonds owned by or on behalf of, or for the benefit of or for the account of, the College or the Bank, which Bonds are tendered pursuant to an optional or mandatory tender ("Tendered Bond") pursuant to certain provisions of the Bond Indenture and not remarketed. *See* "THE BONDS." The Amount of the Bank's commitment under the Initial Liquidity Facility is initially equal to the principal amount of the Bonds and up to 35 days of interest thereon at a maximum rate of 12% per annum. The amount of the commitment under the Initial Liquidity Facility may be adjusted as provided in the Initial Liquidity Facility. The Initial Liquidity Facility is scheduled to terminate on April 1, 2011 but may be extended as set forth therein, or may be earlier terminated as described below. Failure to extend the Initial Liquidity Facility may result in a mandatory tender of the Bonds as described under the heading "THE BONDS – Optional and Mandatory Tender for Purchase - Mandatory Purchase."

If Tendered Bonds are not remarketed by the Remarketing Agent on the day such Bonds are to be tendered, the Bond Trustee will give the Bank notice as provided in the Initial Liquidity Facility. Upon receipt of such notice, and upon the Bank's determination that the conditions precedent to purchase specified in the Initial Liquidity Facility are satisfied, the Bank will transmit to the Bond Trustee in immediately available funds an amount equal to the aggregate purchase price of such Tendered Bonds for which remarketing proceeds are not available as requested by the Bond Trustee. Tendered Bonds purchased with such funds provided by the Bank will be registered in the name of the Bank and shall be held by the Bond Trustee for the benefit of the Bank.

THE INITIAL LIQUIDITY FACILITY IS AVAILABLE TO FUND PURCHASES OF BONDS WHICH ARE TENDERED BUT FOR WHICH REMARKETING PROCEEDS ARE NOT AVAILABLE. THE INITIAL LIQUIDITY FACILITY DOES NOT SUPPORT THE PAYMENT OF PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS AS THE SAME BECOMES DUE AND PAYABLE. UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, PURCHASES WILL NOT BE MADE UNDER

THE INITIAL LIQUIDITY FACILITY AND, THEREFORE, FUNDS MAY NOT BE AVAILABLE TO PURCHASE TENDERED BONDS.

The Initial Liquidity Facility contains certain covenants on the part of the College. The Initial Liquidity Facility provides that, without the prior written consent of the Bank, the College will not agree or consent to any amendment, supplement or modification of, or any waiver under, any Related Document if such amendment, supplement, modification or waiver would adversely affect the Bank. As used in the Initial Liquidity Facility, the term "Related Documents" means the Initial Liquidity Facility, the Bond Indenture, the Loan Agreement, the Note, the Bond Purchase Agreement, the Remarketing Agreement, this Official Statement, and the Bonds and certain other agreements relating thereto.

Events of Default Under Initial Liquidity Facility

The following are "Events of Default" under the Initial Liquidity Facility:

(a) any material representation or warranty made by the College in the Initial Liquidity Facility (or incorporated therein by reference) or in any of the other Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Initial Liquidity Facility or with any of the other Related Documents, shall prove to have been incorrect, incomplete or misleading in any material respect when made;

(b) any *"event of default"* shall have occurred under any of the Related Documents (as defined respectively therein);

(c) failure by the College to pay to the Bank the principal amount of or accrued interest on any Purchased Bonds when and as due under the Initial Liquidity Facility;

(d) failure by the College to pay to the Bank any other obligations when and as due thereunder;

(e) principal of or interest on the Bonds shall not be paid by the College when due, whether on any regularly scheduled interest payment date, at maturity, upon redemption or acceleration (other than as a result of an acceleration relating to the Bank's remedies as described below under *"Consequences of Events of Default"*), or otherwise;

(f) default in the due observance or performance by the College of certain specified covenants set forth (or incorporated by reference) in the Initial Liquidity Facility;

(g) default in the due observance or performance by the College of any other term, covenant or agreement set forth (or incorporated by reference) in the Initial Liquidity Facility and the continuance of such default for thirty (30) days after the occurrence thereof;

(h) any material provision of the Initial Liquidity Facility, the Bonds, the Bond Indenture, the Loan Agreement or the Note with respect to the payment of principal of or interest on the Bonds shall cease to be valid and binding, or the College shall contest any such provision with respect to the payment of principal of or interest on the Bonds, or the College or any agent or trustee on behalf of the College shall deny that it has any or further liability with respect to any material provision of the Initial Liquidity Facility, the Bonds, the Bond Indenture, the Note, or the Loan Agreement with respect to the payment of principal of or interest on the Bonds;

(i) the College shall (i) have commenced against it, any case, proceeding or other action of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due or suspend payment of its obligations, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, conservator, liquidator or similar official for it or any substantial part of its property, or a c receiver, custodian, trustee, conservator, liquidator or similar official shall be appointed for the College or any substantial part of the property of the College, and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, or any other bankruptcy or similar law, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer in such proceeding or other pleading denying the material allegations of any such proceeding filed against it, (vi) fail to contest during a period of sixty (60) or more days any appointment or proceeding described in clause (iv) of this subsection (i), or (vii) take any corporate action to authorize or consent to any of the actions described above in this subsection (i);

(j) (i) default shall occur in any payment of principal of or premium, if any, or interest on any evidence of certain indebtedness issued on a parity basis with, or senior to, the Bonds in an aggregate principal amount in excess of $1,000,000 issued or assumed by the College or under any indenture, agreement or other instrument under which the same may be issued, or (ii) default shall occur on any evidence of indebtedness in an aggregate principal amount in excess of $1,000,000 issued, assumed, or guaranteed by the College or under any indenture, agreement or other instrument under which the same may be issued and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such indebtedness (whether or not such maturity is in fact accelerated) or any such indebtedness shall not be paid when and as due (whether by lapse of time, acceleration or otherwise);

(k) any final, non-appealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of $5,000,000 shall be entered or filed against the College or against any of its property and remain unvacated, unbonded or unstayed for a period of sixty (60) days;

(l) the College shall fail to pay when due an amount or amounts aggregating in excess of $1,000,000 which it shall have become liable to pay with respect to any retirement or pension plans maintained by the College, or certain other events shall have occurred with respect to any pension or retirement plan maintained by the College;

(m) principal of or interest on any bonds issued on a parity basis with, or senior to, the Bonds shall, in either case, not be paid when due, whether on any regularly scheduled interest payment date, at maturity, upon redemption or acceleration (other than an acceleration of purchased bonds), or otherwise; or

(n) both of Moody's and S&P shall have lowered their respective ratings of certain of the College's long-term un-enhanced indebtedness which is on a parity basis with, or is senior to, the Bonds to below "Baa3" and "BBB-" (or to the equivalent rating then in effect with respect to Moody's and/or S&P), respectively, or shall have suspended or withdrawn such ratings for credit-related reasons.

Consequences of Events of Default

Upon the occurrence of any Event of Default under the Initial Liquidity Facility described in paragraphs (c), (e), (h), (i), (j)(i), (k), (m) or (n) above the Bank's obligation to purchase the Bonds (or any portion thereof) under the Initial Liquidity Facility shall immediately terminate without notice or other action on the part of the Bank and its commitment to purchase Tendered Bonds under the Initial Liquidity Facility shall immediately terminate and all accrued fees and other amounts due and outstanding under the Initial Liquidity Facility shall be immediately due and payable.

Upon the occurrence and during the continuance of any event or condition described in paragraph (i) above which, but for the giving of notice or the lapse of time, or both, would constitute an Event of Default, the obligation of the Bank to purchase Bonds (or any portion thereof) under the Initial Liquidity Facility shall be immediately and automatically suspended, without notice, and the Bank shall be under no further obligation to purchase Bonds (or any portion thereof) under such Initial Liquidity Facility, until the bankruptcy, insolvency or similar proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated, then the obligations of the Bank under the Initial Liquidity shall be automatically reinstated and the terms of the Initial Liquidity Facility shall continue in full force and effect (unless the obligation of the Bank to purchase Bonds thereunder shall otherwise have terminated as provided in the Initial Liquidity Facility) as if there had been no such suspension.

In addition to the rights and remedies described above, upon the occurrence of any other Event of Default under the Initial Liquidity Facility, the Bank may, in its sole and absolute discretion, terminate its obligations to purchase Tendered Bonds under the Initial Liquidity Facility by written notice to the Tender Agent (such termination and reduction to be effective thirty (30) days after such notice is received by the Tender Agent), specifying the applicable mandatory tender date, which is at least two Business Days prior to the date when the Bank will terminate its stated obligations thereunder, but no less than 15 days from the date that the Tender Agent has received the termination notice, and declare that all accrued fees and other amounts due and outstanding under such Initial Liquidity Facility shall be immediately due and payable.

In addition to the rights and remedies set forth in above, upon the occurrence of any Event of Default under the Initial Liquidity Facility, the Bank may take any other action or remedies available to it under the Initial Liquidity Facility, the Related Documents or otherwise pursuant to law or equity in order to enforce the rights of the Bank thereunder, under the Related Documents or otherwise, provided, however, that the Bank shall not have the right to terminate its obligation to purchase unremarketed Bonds, to declare any amount due under the Initial Liquidity Facility due and payable, or to accelerate the maturity date of the Bonds except as provided in the Initial Liquidity Facility and in the Bond Indenture.

Termination of the Initial Liquidity Facility

The obligation of the Bank to purchase Bonds under the Initial Liquidity Facility shall expire on the earliest of (i) April 1, 2011 (subject to annual extensions as provided in the Initial Liquidity Facility), (ii) the date on which no Bonds are outstanding, (iii) the date on which the Available Commitment is voluntarily terminated by the College, (iv) the date on which the Bank's obligation to purchase Tendered Bonds has been terminated as described under *"Consequences of Event of Default"* above, (v) the Bank's close of business on the date on which the interest rate on all Bonds covered by the Initial Liquidity Facility is converted to an Auction Rate, Flexible Rate, Term Rate or Fixed Rate, so long as the Bank has honored any purchase of Bonds resulting from such conversion or change in accordance with the terms of such Initial Liquidity Facility and the Bond Indenture, or (vi) the Bank's close of business on the effective date of an Alternate Liquidity Facility pursuant to the terms of the Bond Indenture, so long as the Bank has honored any purchase of Bonds resulting from such substitution or replacement in accordance with the terms of the Initial Liquidity Facility and the Bond Indenture.

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APPENDIX F

INFORMATION CONCERNING THE INITIAL LIQUIDITY PROVIDER

TD Banknorth, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Portland, Maine. The Bank is a wholly-owned subsidiary of TD Banknorth Inc. (the "Corporation") and offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust, investment advisory and insurance agency services. The Bank operates banking offices in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania and Vermont. As of December 31, 2007, the Bank had consolidated assets of $45.5 billion, consolidated deposits of $28.4 billion and stockholder's equity of $9.2 billion, based on regulatory accounting principles.

The Corporation is a registered bank/financial holding company with its principal executive offices located in Portland, Maine, and on April 20, 2007, became an indirect wholly-owned subsidiary of The Toronto-Dominion Bank ("TD"), a Canadian chartered bank. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the year ended December 31, 2006 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. As of July 2007, the Corporation ceased filing periodic and other reports with the Securities and Exchange Commission (the "SEC").

On October 2, 2007, TD entered into a merger agreement with Commerce Bancorp, Inc. ("Commerce"), the holding company for Commerce Bank, N.A., Philadelphia, Pennsylvania, and Commerce Bank/North, Ramsey, New Jersey (together, the "Commerce Banks"), which provides for Commerce to be acquired by TD. Commerce's shareholders have approved the merger agreement and the transaction has received necessary regulatory approvals. The Bank has filed an application with the Office of the Comptroller of the Currency for approval to merge the Commerce Banks with and into the Bank. The proposed merger of the Commerce Banks with the Bank would occur after the acquisition of Commerce by TD, which currently is expected to occur in March 2008.

Additional information regarding the foregoing is available from the filings made by TD and the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Initial Liquidity Facility has been issued by the Bank and is the obligation of the Bank and not the Corporation or TD.

The Bank will provide copies of the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

TD Banknorth Inc.
P.O. Box 9540
Portland, ME 04112-9540
Attn: Corporate Communications
Mail Stop: ME 089-71

As noted above, effective July 2007, the Corporation ceased filing periodic and other reports with the SEC. Information regarding the financial condition and results of operations of the Bank will continue to be contained in the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency and available online at https://cdr.ffiec.gov/public. General information regarding the Corporation and the Bank may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles ("US GAAP").

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

The Bank is responsible only for the information contained in this Appendix and did not participate in the preparation of, or in any way verify, the information contained in any other part of the Official Statement. Accordingly, the Bank assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.