NEW ISSUE

RATINGS: Moody's: Aaa
S&P: AAA

BOOK-ENTRY ONLY

In the opinion of McCarter & English, LLP, Bond Counsel to the Authority, assuming compliance by the Authority and the University (as defined below) with certain tax covenants described herein, under existing law, interest on the 2015 Series D Bonds (as defined below) is excluded for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the 2015 Series D Bonds is not an item of tax preference under Section 57 of the Code. Under existing law, interest on the 2015 Series D Bonds and net gains from the sale of the 2015 Series D Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. In the case of certain corporate holders of the 2015 Series D Bonds, interest on the 2015 Series D Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the 2015 Series D Bonds in "adjusted current earnings" of certain corporations. See "TAX EXEMPTION" herein.

NJEFA
NEW JERSEY EDUCATIONAL

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

$150,000,000 Princeton University Revenue Bonds, 2015 Series D

PRINCETON UNIVERSITY

Dated: Date of Delivery

Due: July 1, as shown on the inside cover hereof

The New Jersey Educational Facilities Authority Princeton University Revenue Bonds, 2015 Series D (the "2015 Series D Bonds") will be issued by the New Jersey Educational Facilities Authority (the "Authority") as fully registered bonds by means of a book-entry system evidencing ownership and transfer thereof on the records of The Depository Trust Company, New York, New York ("DTC") and its participants. Purchases of the 2015 Series D Bonds will be made in book-entry form in denominations of $5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2015 Series D Bonds purchased. So long as DTC or its nominee is the registered owner of the 2015 Series D Bonds, payments of the principal and redemption premium, if any, of and interest on the 2015 Series D Bonds will be made directly to DTC. Disbursement of such payments to the Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners of the 2015 Series D Bonds is the responsibility of the Direct Participants and the Indirect Participants. See "DESCRIPTION OF THE 2015 SERIES D BONDS - Book-Entry Only System" herein. The Bank of New York Mellon, Woodland Park, New Jersey, shall act as Trustee, Registrar and Paying Agent for the 2015 Series D Bonds. The 2015 Series D Bonds are subject to optional redemption prior to maturity, as more fully described herein.

The 2015 Series D Bonds are being issued pursuant to the New Jersey Educational Facilities Authority Law (*N.J.S.A.* 18A:72A-1 *et seq.*), as amended and supplemented, the Princeton University Revenue Bond Resolution adopted by the Authority on February 16, 1999, as heretofore amended and supplemented (collectively, the "General Resolution"), and as further amended and supplemented by the 2015 Series D Series Resolution adopted by the Authority on March 24, 2015 (the "2015 Series D Series Resolution" and together with the General Resolution, the "Resolution"). The 2015 Series D Bonds are being issued for the purpose of making a loan to The Trustees of Princeton University (the "University") to (i) finance (in whole or in part) the costs of the acquisition, construction, renovation and installation of certain capital assets to be located at or near the University's main campus in Princeton, New Jersey, at its Forrestal Campus in Plainsboro, New Jersey, or at its administrative building at 701 Carnegie Center in West Windsor, New Jersey; (ii) refund a portion of the Authority's Princeton University Commercial Paper Notes, Series 2012A (Tax-exempt); (iii) refund a portion of the Authority's Princeton University Commercial Paper Notes, Series 2014A (Tax-exempt); (iv) refund a portion of The Trustees of Princeton University Taxable Commercial Paper Notes; and (v) pay a portion of certain costs incidental to the sale and issuance of the 2015 Series D Bonds. See "PLAN OF FINANCE" herein. The Authority and the University will enter into a Loan Agreement dated as of May 1, 2015 with respect to such loan.

THE 2015 SERIES D BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY, AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION), OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION). THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR 2015 SERIES D BONDS" HEREIN FOR A DESCRIPTION OF THE SECURITY FOR THE 2015 SERIES D BONDS AND THE OTHER PARITY BONDS OUTSTANDING UNDER THE GENERAL RESOLUTION.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2015 Series D Bonds are offered when, as and if issued by the Authority and received by the successful bidder, subject to the approval of their legality by McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the Authority. Certain legal matters will be passed on for the University by Ballard Spahr LLP, Philadelphia, Pennsylvania and by Ramona E. Romero, Esq., General Counsel to the University. The 2015 Series D Bonds are expected to be available for delivery through the facilities of DTC, on or about May 15, 2015.

BofA Merrill Lynch

Dated: May 5, 2015

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

$150,000,000 Princeton University Revenue Bonds, 2015 Series D

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP No.**
2017	$ 2,725,000	5.000%	0.620%	646066HW3
2018	2,860,000	5.000	0.950	646066HX1
2020	3,005,000	5.000	1.390	646066HY9
2021	3,155,000	5.000	1.580	646066HZ6
2022	3,315,000	5.000	1.750	646066JA9
2023	3,480,000	5.000	1.940	646066JB7
2024	3,655,000	5.000	2.100	646066JC5
2025	10,000,000	5.000	2.170	646066JD3
2026*	4,335,000	5.000	2.300	646066JE1
2027*	4,550,000	5.000	2.410	646066JF8
2028*	4,780,000	5.000	2.530	646066JG6
2029*	5,020,000	5.000	2.610	646066JH4
2030*	5,270,000	5.000	2.700	646066JJ0
2031*	5,535,000	5.000	2.760	646066JK7
2032*	5,810,000	5.000	2.820	646066JL5
2033*	6,100,000	5.000	2.860	646066JM3
2034*	6,405,000	5.000	2.900	646066JN1
2035*	20,000,000	4.000	3.320	646066JP6
2045*	50,000,000	4.000	3.500	646066JQ4

* Priced at the stated yield to the first optional redemption date of July 1, 2025 at a redemption price of 100%.

** Copyright, American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Bondholders only at the time of issuance of the 2015 Series D Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2015 Series D Bonds as a result of various subsequent actions including, but no limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2015 Series D Bonds.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2015 SERIES D BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

No dealer, broker, salesperson or other person has been authorized by the Authority or the University to give any information or to make any representations with respect to the 2015 Series D Bonds other than those 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 either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2015 Series D Bonds by any person in any such jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information contained herein has been obtained from the University and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation of the Authority. The Authority has not reviewed or approved any information in this Official Statement except the information under the headings "THE AUTHORITY" and "LITIGATION – The Authority." The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Authority or the University since the date hereof.

The information set forth herein relative to The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry only system has been supplied to the Authority by DTC for inclusion herein, and the Authority takes no responsibility for the accuracy thereof. Such information has not been independently verified by the Authority or the University and neither the Authority nor the University makes any representation as to the accuracy or completeness of such information.

The 2015 Series D Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution (as hereinafter defined) has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the 2015 Series D Bonds and the security therefor, including an analysis of the risk involved. The 2015 Series D Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the 2015 Series D Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the 2015 Series D Bonds have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the 2015 Series D Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

References in this Official Statement to statutes, laws, rules, regulations, resolutions (including the Resolution), agreements (including the Continuing Disclosure Agreement) (all as hereinafter defined), reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is submitted in connection with the sale of the 2015 Series D Bonds referred to herein and may not be reproduced or used, in the whole or in part, for any other purpose.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "will" and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance, governmental regulations, litigation and various other events, conditions and circumstances many of which are beyond the control of the Authority and the University. These forward-looking statements speak only as of the date of this Official Statement. The Authority and the University disclaim any obligation or agreement to release publicly any update or revision to any forward-looking statement contained herein to reflect any change in the Authority's or the University's expectation with regard thereto to any change in events, conditions or circumstances on which any such statement is based. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued) **Page**

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
103 COLLEGE ROAD EAST
PRINCETON, NEW JERSEY 08540-6612

OFFICIAL STATEMENT
RELATING TO

$150,000,000

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
PRINCETON UNIVERSITY REVENUE BONDS, 2015 SERIES D

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information concerning the New Jersey Educational Facilities Authority (the "Authority") and its $150,000,000 New Jersey Educational Facilities Authority, Princeton University Revenue Bonds, 2015 Series D (the "2015 Series D Bonds"), to be dated the date of issuance thereof, authorized by the Princeton University Revenue Bond Resolution, adopted by the Authority on February 16, 1999, as heretofore amended and supplemented (collectively, the "General Resolution"), and as further amended and supplemented by the 2015 Series D Series Resolution adopted by the Authority on March 24, 2015 (the "2015 Series D Series Resolution" and together with the General Resolution, the "Resolution"). Capitalized terms used but not defined in this Official Statement shall have the respective meanings assigned to such terms in the Resolution. The information contained in this Official Statement has been prepared under the direction of the Authority for use in connection with the sale and delivery of the 2015 Series D Bonds.

Authority for Issuance

The 2015 Series D Bonds are being issued pursuant to the New Jersey Educational Facilities Authority Law, constituting Chapter 72A of Title 18A of the New Jersey Statutes as enacted by Chapter 271 of the Laws of 1967, as amended and supplemented (the "Act"). The Act, among other things, empowers the Authority to issue its bonds, notes and other obligations to obtain funds to finance an eligible project as such may be required or convenient for the purpose of a public or private participating institution of higher education, such as The Trustees of Princeton University, a New Jersey corporation and a privately endowed, non-sectarian institution for higher education situated in the Borough of Princeton, Mercer County, New Jersey (the "University"). For information concerning the University, see "APPENDIX A - PRINCETON UNIVERSITY," and "APPENDIX B – REPORT OF THE TREASURER" hereto.

Purpose

The 2015 Series D Bonds are being issued to provide funds to be loaned to the University to: (i) finance (in whole or in part) the costs of the acquisition, construction, renovation and installation of certain capital assets to be located at or near the University's main campus in Princeton, New Jersey, at its Forrestal Campus in Plainsboro, New Jersey, or at its administrative building at 701 Carnegie Center in West Windsor, New Jersey consisting of (a) the renovation and repair of various University buildings and other facilities, including utility systems, roads, grounds and parking, (b) the construction of academic, administrative and/or student related capital facilities, and (c) the acquisition of land (collectively, "Facility AA"); (ii) refund a portion of the Authority's Princeton University Commercial Paper Notes, Series 2012A (Tax-exempt); (iii) refund a portion of the Authority's Princeton University Commercial Paper Notes, Series 2014A (Tax-exempt); (iv) refund a portion of The Trustees of Princeton University Taxable Commercial Paper Notes ((i), (ii), (iii) and (iv) collectively referred to as the "2015 Project"); and (v) pay certain costs incidental to the sale and issuance of the 2015 Series D Bonds, including deposits to certain funds created under the Resolution. See "PLAN OF FINANCE" herein.

Security

The 2015 Series D Bonds will be issued on parity with those of the Authority's Princeton University Revenue Bonds, 2003 Series D, 2004 Series D, 2005 Series A, 2005 Series B, 2006 Series D, 2006 Series E, 2007 Series E, 2007 Series F, 2008 Series J, 2008 Series K, 2010 Series B, 2011 Series B, and 2014 Series A heretofore issued under the General Resolution to finance certain facilities of the University and which will remain outstanding after the issuance of the 2015 Series D Bonds (the "Outstanding Parity Bonds") and any Additional Parity Bonds that may hereafter be issued under the General Resolution (the "Additional Parity Bonds"). The 2015 Series D Bonds are secured by a pledge of the revenues (the "Revenues") derived by the Authority pursuant to a Loan Agreement to be dated as of May 1, 2015 (the "Loan Agreement"), by and between the Authority and the University relating to the 2015 Project, pursuant to loan agreements relating to the facilities financed by the Outstanding Parity Bonds (the "Prior Loan Agreements") and pursuant to any subsequent loan agreements relating to any approved facility that the Authority may finance in the future.

On May 15, 2015, the Authority anticipates the issuance of a separate fixed-rate series of Additional Parity Bonds under the General Resolution in the amount of $156,790,000 (the "2015 Series A Bonds"). The proceeds of these bonds will be loaned to the University to finance the current refunding and defeasance of a portion of the Authority's Revenue Refunding Bonds, 2005 Series A, and Princeton University Revenue Bonds, 2005 Series B (the "Bonds to be Refunded"). The issuance of the 2015 Series D Bonds is neither dependent nor contingent upon the issuance of the 2015 Series A Bonds.

Pursuant to the Loan Agreement, the Prior Loan Agreements and any subsequent loan agreements relating to any approved facility, the University agrees to make loan repayments to the Authority equal to all sums necessary for the payment of the debt service on the 2015 Series D Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds, and the full faith and credit of the University is pledged to the payments required to be made thereunder. See "SECURITY FOR 2015 SERIES D BONDS" herein.

THE 2015 SERIES D BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION), OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION). THE AUTHORITY HAS NO TAXING POWER. SEE "SECURITY FOR 2015 SERIES D BONDS" HEREIN FOR A DESCRIPTION OF THE SECURITY FOR THE 2015 SERIES D BONDS AND THE OTHER PARITY BONDS OUTSTANDING UNDER THE GENERAL RESOLUTION.

Facility AA

Facility AA consists of the following primary components: (i) the major maintenance of various University buildings and other facilities, including utility systems, roads and grounds; (ii) the renovations of several buildings for extensive reconstruction; and (iii) the undertaking of several new construction projects, and may include the acquisition of land. See "PLAN OF FINANCE" herein.

THE AUTHORITY

Powers of the Authority

The Authority was duly created under the Act (*N.J.S.A.* 18A:72A-1 *et seq.*) as a public body corporate and politic constituting an instrumentality exercising public and essential governmental functions of the State of New Jersey (the "State"). The Act empowers the Authority, among other things, to make loans to public and private colleges and universities for the construction, improvement, acquisition, and refinancing of eligible projects in accordance with a lease agreement, a loan agreement or a mortgage approved by the Authority. The Authority is also authorized to provide financing for capital improvements at qualified public libraries.

The Act provides that the Authority shall not be required to pay taxes or assessments upon any of the property acquired or used by it or under its jurisdiction, control, possession or supervision, or upon its activities in the operation and maintenance of the facilities acquired or constructed for any participating college or university or upon any moneys, revenues or other income received therefrom by the Authority.

Authority Organization and Membership

Under the Act and pursuant to Reorganization Plan 005-2011, the Authority membership consists of the State Treasurer, the Secretary of Higher Education, both *ex officio*, and five citizen members appointed by the Governor of the State (the "Governor") with the advice and consent of the Senate for terms of five years each. The Act provides that deputies of the *ex officio* members may be designated to act on their behalf. Members of the Authority whose terms have expired continue to serve on the Authority until their successors are appointed and qualified. The members of the Authority serve without compensation but are entitled to reimbursement of actual and necessary expenses incurred in the discharge of their official duties.

The present members and officers of the Authority, the dates of expiration of their terms as members, their business affiliations and places of residence are as follows:

Roger B. Jacobs, Esq., Chair; term as a member expires April 30, 2017; Partner, Jacobs Law Offices, LLC; Roseland, New Jersey.

The Honorable Rochelle R. Hendricks, Vice-Chair, Secretary of Higher Education, *ex officio*.

Joshua E. Hodes, Treasurer; term as a member expired April 30, 2014; Partner, Public Strategies Impact; Trenton, New Jersey.

Ridgeley Hutchinson; term as a member expired April 30, 2015; Executive Director, New Jersey Carpenters Apprentice Training and Educational Fund; Lambertville, New Jersey.

Katherine M. Ungar; term as a member expires April 30, 2018; Manager of Business Relations for Executive Health Program, Atlantic Health System; Mendham, New Jersey.

Louis A. Rodriguez, P.E.; term as a member expires April 30, 2016; Engineering Consultant; Marlboro, New Jersey.

The Honorable Andrew P. Sidamon-Eristoff, Treasurer, State of New Jersey, *ex officio*.

Sheryl A. Stitt, Acting Executive Director, serves as the Acting Secretary to the Authority.

Katherine A. Newell, Director of Risk Management, serves as an Assistant Secretary to the Authority.

Marie P. Mueller, Controller, serves as the Assistant Treasurer to the Authority.

Outstanding Obligations of the Authority

As of December 31, 2014, the Authority has heretofore authorized and issued its obligations in a total outstanding amount of $5,655,325,028 to finance eligible projects at certain of the participating public and private colleges and universities and public libraries located in the State.

The Authority has never defaulted in payment of the maturing principal of or interest on any of its obligations.

STATE OF NEW JERSEY HIGHER EDUCATION

Pursuant to Governor Christie's Reorganization Plan 005-2011, The Commission on Higher Education has been abolished, and the responsibilities, duties, and authorities of the former Commission have been transferred to the Secretary of Higher Education.

The former New Jersey Commission on Higher Education, established by the Higher Education Restructuring Act of 1994, provided coordination, planning, policy development, and advocacy for the state's higher education system. The Commission was also responsible for institutional licensure and the administration of the Educational Opportunity Fund and other programs.

The New Jersey Higher Education system serves as the principal advocate for an integrated system of higher education which provides a broad scope of higher education programs and services. The system includes both thirty (30) public and thirty-six (36) independent institutions and enrolls over 440,000 full- and part-time credit-seeking students statewide.

The thirty (30) public colleges and universities are comprised of Rutgers, The State University of New Jersey; Rowan University; the New Jersey Institute of Technology; four (4) state colleges and four (4) state universities; and nineteen (19) community colleges. Pursuant to the New Jersey Medical and Health Sciences Restructuring Act, effective July 1, 2013, all liabilities and debt of the University of Medicine and Dentistry of New Jersey ("UMDNJ") and its assets were transferred to Rutgers University, Rowan University and University Hospital, and UMDNJ, as a legal entity, ceased to exist. The thirty-six (36) independent institutions include fourteen (14) senior colleges and universities with a public mission, one (1) independent two-year religious college, thirteen (13) rabbinical schools and theological seminaries and eight (8) proprietary institutions with degree-granting authority.

DESCRIPTION OF THE 2015 SERIES D BONDS

General

The 2015 Series D Bonds will be issued in the aggregate principal amount of $150,000,000. The 2015 Series D Bonds will be initially dated and bear interest from the date of issuance thereof at the rates per annum and will mature on July 1 in the years and in the principal amounts shown on the inside cover page of this Official Statement.

The 2015 Series D Bonds will be issued in fully registered form, without coupons, in denominations of $5,000 each or in any integral multiple thereof, all in accordance with the Resolution. Interest on the 2015 Series D Bonds will be payable initially on January 1, 2016 and semiannually thereafter on each January 1 and July 1.

Book-Entry Only System

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the 2015 Series D Bonds. The 2015 Series D 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 2015 Series D Bond certificate will be issued for each stated maturity of the 2015 Series D Bonds in the principal amounts shown on the inside front cover page of this Official Statement, 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2015 Series D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Series D Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 Series D 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 2015 Series D 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 2015 Series D Bonds, except in the event that use of the book-entry system for the 2015 Series D Bonds is discontinued.

To facilitate subsequent transfers, all 2015 Series D 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 the 2015 Series D 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 2015 Series D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Series D Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2015 Series D Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2015 Series D Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2015 Series D Bonds may wish to ascertain that the nominee holding the 2015 Series D Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Series D Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2015 Series D Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2015 Series D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, and principal and interest payments on the 2015 Series D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the 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 the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Series D Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificated bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, certificated bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

The principal or Redemption Price of, and interest on the 2015 Series D Bonds are payable to DTC by the Trustee.

Redemption Provisions

Optional Redemption. The 2015 Series D Bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to their stated maturities. The 2015 Series D Bonds maturing on or after July 1, 2026 are subject to redemption prior to their stated maturities on or after July 1, 2025 at the option of the Authority upon the consent of the University or by operation of the Redemption Fund, as a whole or in part at any time (if less than all of the Outstanding 2015 Series D Bonds of any maturity shall be called for redemption, such 2015 Series D Bonds to be so redeemed shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee), at a Redemption Price equal to 100% of the principal amount to be redeemed, plus interest accrued to the redemption date.

Redemption of any of the 2015 Series D Bonds shall otherwise be effected in accordance with the General Resolution.

Notice of Redemption

Notice of redemption will be mailed by the Trustee to DTC, as the registered owner of the 2015 Series D Bonds, and such mailing shall be a condition precedent to such redemption; *provided*, *however*, that the failure of any holder to receive any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any 2015 Series D Bonds. If less than all of the 2015 Series D Bonds of one maturity shall be called for redemption, the Trustee, at the direction of the Authority, shall notify DTC not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption of the particular amount of such maturity to be redeemed. DTC shall determine the amount of each Participant's interest in such maturity to be called for redemption, and each Participant shall then select the ownership interest in such maturity to be redeemed. At such time as DTC or its nominee is not the registered owner of the 2015 Series D Bonds, the transfer provisions and notice of redemption provisions applicable to the 2015 Series D Bonds will be adjusted pursuant to the Resolution. Any notice of optional redemption of any 2015 Series D Bonds may specify that the redemption is contingent upon the deposit of moneys with the Trustee in an amount sufficient to pay the redemption price of all the 2015 Series D Bonds or portions thereof which are to be redeemed on that date.

Negotiable Instruments

The 2015 Series D Bonds will be fully negotiable within the meaning of the Uniform Commercial Code of the State, subject only to the provisions for registration contained in the 2015 Series D Bonds.

Annual Debt Service Requirements

The following table sets forth, for each 12-month period ending on June 30, the amounts required for the payment of the principal of and interest on the Outstanding Parity Bonds issued under and pursuant to the General Resolution, the principal of and interest on certain additional long-term debt of the University, the principal of and interest on the 2015 Series D Bonds, and the total of all of such principal and interest. In accordance with the Resolution, the principal and interest requirements relating to the Outstanding Parity Bonds and the 2015 Series D Bonds for each 12-month period ending on June 30 are defined to include the respective amounts required to provide for the payment of interest due on each January 1 and each next July 1 and for the payment of principal due on each next July 1.

12 MONTHS ENDING JUNE 30[1]	GENERAL RESOLUTION[2]	ADDITIONAL LONG-TERM DEBT[3]	SERIES 2015 D BONDS PRINCIPAL	SERIES 2015 D BONDS INTEREST	SERIES 2015 D BONDS TOTAL	TOTAL DEBT SERVICE[*]
2015	$ 135,686,654	$ 60,773,603	$ -	$ -	$ -	$ 196,460,257
2016	140,434,042	63,762,438	-	7,668,889	7,668,889	211,865,369
2017	147,094,829	62,928,338	2,725,000	6,800,000	9,525,000	219,548,167
2018	147,082,723	62,928,027	2,860,000	6,663,750	9,523,750	219,534,499
2019	146,381,204	562,929,673	-	6,520,750	6,520,750	715,831,626
2020	142,753,923	38,179,058	3,005,000	6,520,750	9,525,750	190,458,731
2021	133,298,391	38,177,795	3,155,000	6,370,500	9,525,500	181,001,686
2022	131,244,391	38,012,177	3,315,000	6,212,750	9,527,750	178,784,318
2023	123,094,535	38,012,727	3,480,000	6,047,000	9,527,000	170,634,262
2024	111,423,000	38,011,889	3,655,000	5,873,000	9,528,000	158,962,889
2025	110,214,175	38,012,779	10,000,000	5,690,250	15,690,250	163,917,204
2026	135,361,713	38,012,229	4,335,000	5,190,250	9,525,250	182,899,192
2027	134,438,513	38,012,334	4,550,000	4,973,500	9,523,500	181,974,347
2028	133,558,681	38,012,326	4,780,000	4,746,000	9,526,000	181,097,008
2029	132,737,150	38,011,847	5,020,000	4,507,000	9,527,000	180,275,997
2030	86,230,925	38,012,727	5,270,000	4,256,000	9,526,000	133,769,652
2031	79,776,800	38,012,245	5,535,000	3,992,500	9,527,500	127,316,545
2032	74,830,738	38,012,496	5,810,000	3,715,750	9,525,750	122,368,984
2033	74,911,263	38,023,584	6,100,000	3,425,250	9,525,250	122,460,096
2034	74,894,888	38,023,401	6,405,000	3,120,250	9,525,250	122,443,538
2035	74,910,638	37,777,650	20,000,000	2,800,000	22,800,000	135,488,288
2036	70,032,413	37,777,650	-	2,000,000	2,000,000	109,810,063
2037	70,231,338	37,777,650	-	2,000,000	2,000,000	110,008,988
2038	50,061,638	37,777,650	-	2,000,000	2,000,000	89,839,288
2039	34,540,700	537,777,650	-	2,000,000	2,000,000	574,318,350
2040	34,654,513	9,277,650	-	2,000,000	2,000,000	45,932,163
2041	18,568,531	9,277,650	-	2,000,000	2,000,000	29,846,181
2042	2,500,000	179,277,650	-	2,000,000	2,000,000	183,777,650
2043	2,500,000	3,545,250	-	2,000,000	2,000,000	8,045,250
2044	52,500,000	78,545,250	-	2,000,000	2,000,000	133,045,250
2045	-	-	50,000,000	2,000,000	52,000,000	52,000,000
Total[*]	$2,805,948,303	$2,352,673,394	$150,000,000	$125,094,139	$275,094,139	$5,433,715,836

[1] With respect to principal and interest payments by the University on the Outstanding Parity Bonds, the 2015 Series A Bonds and the 2015 Series D Bonds, the table reflects the amount of principal and interest payments required to be provided by the University to the Trustee during each 12-month period ending on June 30; includes principal and interest due on July 1 of the following period. With respect to principal and interest on the taxable debt, the table reflects payments that are due on July 1 of the following period.

[2] Includes the 2003 Series D Bonds, the 2005 Series A Bonds (other than the Bonds to be Refunded), the 2005 Series B Bonds (other than the Bonds to be Refunded), the 2006 Series D Bonds, the 2006 Series E Bonds, the 2007 Series E Bonds, the 2007 Series F Bonds, the 2008 Series J Bonds, the 2008 Series K Bonds, the 2010 Series B Bonds, the 2011 Series B Bonds, and the 2014 Series A Bonds and the 2015 Series A Bonds. For the period ending June 30, 2015, full debt service is shown for the 2005 Series A Bonds and the 2005 Series B Bonds, including the Bonds to be Refunded.

[3] Includes the University's portion of the Authority's Capital Improvement Fund Bonds and Dormitory Safety Trust Fund Bonds which are not secured by the General Resolution, the Taxable Bonds 2009 Series A, the 2012 Taxable Notes and the 2013 Taxable Notes. Does not include other third party debt. See Appendix A - "Princeton University – Third Party Debt" herein for additional information regarding the outstanding indebtedness of the University.

[*] Totals may not add due to rounding.

PLAN OF FINANCE

The proceeds of the 2015 Series D Bonds will be used to: (i) finance (in whole or in part) the costs of the acquisition, construction, renovation and installation of certain capital assets to be located at or near the University's main campus in Princeton, New Jersey, at its Forrestal Campus in Plainsboro, New Jersey, or at its administrative building at 701 Carnegie Center in West Windsor, New Jersey consisting of (a) the renovation and repair of various University buildings and other facilities, including utility systems, roads, grounds and parking, (b) the construction of academic, administrative and/or student related capital facilities, and (c) the acquisition of land (collectively, "Facility AA"); (ii) refund a portion of the Authority's Princeton University Commercial Paper Notes, Series 2012A (Tax-exempt); (iii) refund a portion of the Authority's Princeton University Commercial Paper Notes, Series 2014A (Tax-exempt); (iv) refund a portion of The Trustees of Princeton University Taxable Commercial Paper Notes ((i), (ii), (iii) and (iv) collectively referred to as the "2015 Project"); and (v) pay certain costs incidental to the sale and issuance of the 2015 Series D Bonds, including deposits to certain funds created under the Resolution.

Facility AA consists of the following primary components:

(i) *Major Maintenance.* The University defines major maintenance as all of those projects designed to extend the useful life of a building or other facility or to make that building or facility suitable for other uses. The University expects to spend approximately $3,000,000 on such projects between June 2014 and January 2017.

(ii) *Renovations.* The University has identified several buildings, particularly dormitories, that comprise a multi-year program of extensive reconstruction to bring the buildings up to all current code requirements and functionality standards. These projects go beyond the usual definition of *Major Maintenance*, and may require removing an entire building from service for periods of one year or more while reconstruction takes place. The University expects to spend approximately $37,634,153 on such projects between June 2014 and January 2017.

(iii) *Construction.* The University is undertaking a number of new construction projects at this time. These projects consist of the construction of certain academic, athletic, residential and administrative facilities for the University at its main campus and may include the acquisition of certain land. The University expects to spend approximately $29,000,000 on such projects between June 2014 and January 2017.

Estimated Costs

Major Maintenance	$ 3,000,000
Renovations	37,634,153
Construction	29,000,000
TOTAL FACILITY AA	$ 69,634,153
Refunding Portion	$100,000,000
TOTAL	$169,634,153

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the 2015 Series D Bonds, along with other available moneys of the University, will be applied approximately as follows:

Sources:		
	Principal Amount of 2015 Series D Bonds	$150,000,000.00
	Original Issue Premium	19,793,153.70
	University Contribution for Costs of Issuance	171,250.00
	TOTAL SOURCES	$169,964,403.70
Uses:		
	Deposit to Construction Fund	$169,634,153.70
	Underwriter's Discount	159,000.00
	Costs of Issuance Expenses [1]	171,250.00
	TOTAL USES	$169,964,403.70

[1] Includes fees and expenses of Bond Counsel, the Trustee and other associated issuance costs.

SECURITY FOR 2015 SERIES BONDS

General

The 2015 Series D Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds that may hereafter be issued under the General Resolution are special and limited obligations of the Authority payable from the Revenues received by the Authority pursuant to the Loan Agreement, the Prior Loan Agreements and any subsequent loan agreements relating to future facilities to be financed or refinanced by Additional Parity Bonds.

The General Resolution provides, among other things, that (i) the General Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the owners, from time to time, of the 2015 Series D Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds; (ii) the pledge made and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the owners of all of the 2015 Series D Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds, which, regardless of their times of issue or maturity, shall be of equal rank without preference, priority or distinction of any of the 2015 Series D Bonds, the Outstanding Parity Bonds or any Additional Parity Bonds over any other thereof, except as expressly provided or permitted under the Resolution; (iii) the Authority pledges and assigns to the Trustee the Revenues as security for the payment of the 2015 Series D Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds and the interest thereon and as security for the performance of any other obligation of the Authority under the General Resolution; (iv) the pledge made by the General Resolution is valid and binding from the time when such pledge is made, the Revenues shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof; and (v) the 2015 Series D Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds shall be special and limited obligations of the Authority payable from and secured by a pledge of the Revenues as provided in the General Resolution.

THE 2015 SERIES D BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION), OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY (TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION). THE AUTHORITY HAS NO TAXING POWER.

The 2015 Series D Bonds are secured by a pledge of the Revenues. The payments of the University required under the Loan Agreement are general, unconditional obligations of the University. The University has pledged its full faith and credit to make such payments pursuant to the Loan Agreement.

CONTINUING DISCLOSURE

Pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the University will enter into an undertaking in the form of a Continuing Disclosure Agreement, substantially in the form included as Appendix D to this Official Statement, in which the University will covenant, for the benefit of the holders of the 2015 Series D Bonds, to provide or cause a dissemination agent to provide certain financial information and operating data and notice of certain enumerated events to the MSRB (as such term is defined in the Continuing Disclosure Agreement).

The successful bidder’s obligation to purchase and accept delivery of the 2015 Series D Bonds is conditioned upon their receiving, at or prior to the delivery of the 2015 Series D Bonds, evidence that the University has made the continuing disclosure undertaking set forth in the Continuing Disclosure Agreement.

A failure by the University to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in the Continuing Disclosure Agreement will not constitute an Event of Default under either the Resolution or the Loan Agreement, and the holders of the 2015 Series D Bonds are limited to the remedies set forth in the Continuing Disclosure Agreement.

The Authority and the holders of the 2015 Series D Bonds are recognized under the Continuing Disclosure Agreement as being third-party beneficiaries thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder in favor of the Trustee or the holders of the 2015 Series D Bonds, as the case may be.

In connection with the issuance of the Outstanding Parity Bonds, the University entered into continuing disclosure undertakings to provide certain financial information, operating data and notices of certain listed events with certain national repositories in accordance with the terms thereof. The continuing disclosure undertakings required the University to timely file, or cause its dissemination agent to file, for each fiscal year its annual audited financial statements and updates of financial and operating data contained in Appendix A of the offering documents for the Outstanding Parity Bonds (collectively, the “annual report”). The University filed all required information in the annual report for each of the past five years; however, the University’s annual reports for the fiscal years ended in 2011 and 2012 were each filed approximately two weeks late and the annual report for the fiscal year ended in 2012 was not linked with the Authority’s Princeton University Revenue Refunding Bonds, 2003 Series E Bonds (the “2003 Series E Bonds”). The 2003 Series E bonds are no longer outstanding. The University intends to fully comply with all current and future continuing disclosure undertakings and has implemented internal procedures to ensure all future filings are completed on a timely basis in accordance with Rule 15c2-12.

RATINGS

Moody's Investors Service (“Moody's”) and Standard & Poor's Ratings Services (“S&P”), a Standard & Poor’s LLC business, have assigned the 2015 Series D Bonds ratings of “Aaa” and “AAA”, respectively. The ratings represent the respective rating agency's evaluation of debt service repayment capacity of the University.

Such ratings reflect the view of Moody’s and S&P at the time such ratings were given and the Authority makes no representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained from Moody’s and S&P. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by Moody’s and S&P if, in the judgment of Moody’s and S&P, circumstances so warrant. Any such downward revision, qualification or withdrawal of the ratings can be expected to have an adverse effect on the market price of the 2015 Series D Bonds.

TAX EXEMPTION

Exclusion of Interest on 2015 Series D Bonds from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the 2015 Series D Bonds in order to assure that interest on the 2015 Series D Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Authority or the University to comply with such requirements may cause interest on the 2015 Series D Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the 2015 Series D Bonds. The Authority and the University have covenanted to comply with the provisions of the Code applicable to the 2015 Series D Bonds, and have covenanted not to take any action or fail to take any action that would cause interest on the 2015 Series D Bonds to lose the exclusion from gross income under Section 103 of the Code or cause interest on the 2015 Series D Bonds to be an item of tax preference under Section 57 of the Code.

Assuming the Authority and the University observe their covenants with respect to compliance with the Code, McCarter & English, LLP, Bond Counsel to the Authority, is of the opinion that, under existing law, interest on the 2015 Series D Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the 2015 Series D Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Tax Treatment of Original Issue Premium

The excess, if any, of the tax basis of the 2015 Series D Bonds to a purchaser (other than a purchaser who holds such 2015 Series D Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (the "Premium Bonds") is amortizable bond premium, which is not deductible from gross income for federal income tax purposes.

Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the 2015 Series D Bonds, interest on the 2015 Series D Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the 2015 Series D Bonds in "adjusted current earnings" of certain corporations.

Prospective purchasers of the 2015 Series D Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the 2015 Series D Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the 2015 Series D Bonds from gross income pursuant to Section 103 of the Code and interest on the 2015 Series D Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the 2015 Series D Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the 2015 Series D Bonds.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the 2015 Series D Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Changes in Federal Tax Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the 2015 Series D Bonds, gain from the sale or other disposition of the 2015 Series D Bonds, the market value of the 2015 Series D Bonds, or the marketability of the 2015 Series D Bonds, or otherwise prevent the owners of the 2015 Series D Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the 2015 Series D Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the 2015 Series D Bonds or the market price for, or marketability of, the 2015 Series D Bonds. Prospective purchasers of the 2015 Series D Bonds should consult their own tax advisers regarding such matters.

LEGALITY FOR INVESTMENT

Pursuant to the Act, all bonds, notes and other obligations issued by the Authority under the provisions of the Act, including the 2015 Series D Bonds, are securities in which the State and all political subdivisions of the State, their officers, boards, commissions, departments or other agencies, all banks, bankers, savings banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever who now or hereafter may be authorized to invest in bonds or other obligations of the State, may properly and legally invest any funds, including capital belonging to them or within their control. Bonds, notes or other securities or obligations of the Authority are also securities that may properly and legally be deposited with and received by any State or municipal officer or agency of the State for any purpose for which the deposit of bonds or other obligations of the State are authorized by law.

PLEDGE OF STATE NOT TO AFFECT RIGHTS OF BONDHOLDERS

Pursuant to the provisions of the Act, the State has pledged to and agrees with the holders of the 2015 Series D Bonds issued pursuant to authority contained in the Act, and with those parties who may enter into contracts with the Authority pursuant to the provisions of the Act, that the State will not limit, alter or restrict the rights vested by the Act in the Authority and the participating colleges (as defined in the Act) to maintain, construct, reconstruct and operate any project (as defined in the Act) or to establish and collect such rents, fees, receipts or other charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the Bondholders authorized by the Act, and with the parties who may enter into contracts with the Authority pursuant to the provisions of the Act, or in any way impair the rights or remedies of such Bondholders or such parties until the 2015 Series D Bonds, together with interest thereon, are fully paid and discharged and such other contracts are fully performed on the part of the Authority.

LEGAL MATTERS SUBJECT TO APPROVAL OF COUNSEL

All legal matters incident to the authorization and issuance of the 2015 Series D Bonds are subject to the unqualified approving opinion of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the Authority. Copies of said approving opinion, in substantially the form included as Appendix E to this Official Statement, will be available at the time of delivery of the 2015 Series D Bonds. Certain legal matters will be passed on for the University by Ballard Spahr LLP, Philadelphia, Pennsylvania, Counsel to the University and by Ramona E. Romero, Esq., Princeton, New Jersey, General Counsel to the University.

LITIGATION

The Authority

There is not now pending or, to the knowledge of the Authority, threatened any proceeding or litigation restraining or enjoining the issuance or delivery of the 2015 Series D Bonds or questioning or affecting the validity of the 2015 Series D Bonds or the proceedings or authority under which the 2015 Series D Bonds are to be issued. There is no litigation pending or, to the knowledge of the Authority, threatened that in any manner questions the right of the Authority to adopt the Resolution, to enter into the Loan Agreement or to secure the 2015 Series D Bonds in the manner herein described.

The University

There is not now pending or, to the knowledge of the University, threatened any proceeding or litigation contesting the 2015 Project, the Loan Agreement or the 2015 Series D Bonds or the ability of the University to perform its obligations under the Loan Agreement.

FINANCIAL ADVISOR TO THE AUTHORITY

The Authority has engaged Lamont Financial Services Corporation ("Lamont") to act as its Financial Advisor for this issue and as its Independent Registered Municipal Advisor for purposes of SEC Rule 15B1-1(d)(3)(vi). Lamont's role has been limited to the final structuring and pricing of the 2015 Series D Bonds. Lamont did not participate in the preparation of the Official Statement. Lamont's fee is not contingent upon the sale and closing of the 2015 Series D Bonds.

FINANCIAL ADVISOR TO THE UNIVERSITY

The Yuba Group LLC, also known as Yuba Group Advisors, is serving as financial advisor to the University (the "University Financial Advisor") in connection with the issuance of the 2015 Series D Bonds. The University Financial Advisor is not contractually 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 the Official Statement and the Appendices hereto. The University Financial Advisor is a financial advisory and consulting organization, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instruments.

INDEPENDENT ACCOUNTANTS

The financial statements of the University as of June 30, 2014 and 2013 and for the years then ended, included in Appendix B to this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing therein, which expresses an unqualified opinion on those financial statements.

UNDERWRITING

The 2015 Series D Bonds have been sold by public sale in a competitive bid and are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"), as successful bidder for the 2015 Series D Bonds pursuant to the Official Notice of Sale dated April 29, 2015. The Underwriter submitted a winning bid to purchase all of the 2015 Series D Bonds at a discount of $159,000.00 from the original offering prices determined based upon the original offering yields set forth on the inside cover of this Official Statement.

MISCELLANEOUS

The foregoing summaries of the provisions of the Act, the Resolution, the 2015 Series D Bonds, and the Continuing Disclosure Agreement, and the summaries of the General Resolution, the 2015 Series D Resolution and the Loan Agreement contained in Appendix C of this Official Statement do not purport to be complete and are made subject to the detailed provisions thereof to which reference is hereby made. Copies of the above and of the most recent financial statements of the Authority are available for inspection at the office of the Authority. So far as any statements are made in this Official Statement involving estimates, projections or matters of opinion whether or not expressly so stated, such statements are intended as such and not as representations of fact.

The description of the University contained in Appendix A to this Official Statement, the information contained in Appendix B to this Official Statement and the information under the headings "LITIGATION – the University" and "CONTINUING DISCLOSURE" has been provided by the University.

The information herein regarding DTC has been provided by DTC and is not to be construed as a representation of either the Authority or the University.

The execution and delivery of this Official Statement have been duly authorized by the Authority and approved by the University.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY

By: /s/ Sheryl A. Stitt
Sheryl A. Stitt
Acting Executive Director

Approved:

THE TRUSTEES OF PRINCETON UNIVERSITY

By: /s/ Carolyn N. Ainslie
Carolyn N. Ainslie
Vice President for Finance and Treasurer

Dated: May 5, 2015

APPENDIX A

PRINCETON UNIVERSITY

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX A

PRINCETON UNIVERSITY

General

Princeton University (the "University") is a privately endowed non-sectarian institution of higher learning. When Princeton University was chartered in 1746 as The Trustees of the College of New Jersey, it became the fourth college in British North America. It was renamed Princeton University in 1896. Originally located in Elizabeth, New Jersey, and later located in Newark, New Jersey, the school was moved to Princeton, New Jersey in 1756.

Midway between New York and Philadelphia, the University has expanded considerably since its early years. It now covers over 2,500 acres, of which about 500 comprise the main campus. The Forrestal campus, located approximately three miles from the main campus in Plainsboro Township, contains mostly support and research facilities. The University has over 11 million gross square feet of building space on and off campus: about 42% for academic buildings including the library, about 23% for administrative and athletic facilities, about 30% for dormitories and graduate housing and more than 5% for off-campus housing and commercial real estate properties.

As of the fall of 2014, the student body numbers approximately 5,275 undergraduates and 2,700 graduate students in approximately 90 departments and programs. The University offers instruction in the liberal arts and sciences and in professional programs of the School of Architecture, the School of Engineering and Applied Science and the Woodrow Wilson School of Public and International Affairs. The Faculty numbers approximately 1,175 including visitors and part-time appointments.

Governance and Administration

The University is governed by a Board of Trustees (the "Trustees") whose number, unless otherwise approved by the board, is set at not fewer than twenty-three nor more than forty, with two members *ex officio* (the Governor of the State of New Jersey and the President of the University), not more than twenty-one Charter Trustees, not fewer than four nor more than ten Term Trustees, and not more than thirteen Alumni Trustees. As of December 1, 2014, the Trustees are as follows:

Ex Officio

Christopher L. Eisgruber
President of the University

Christopher J. Christie
Governor of the State of New Jersey

Charter Trustees

Thomas A. Barron
A. Scott Berg
Katherine Brittain Bradley
John D. Diekman
C. Kim Goodwin
Paul G. Haaga, Jr.
Kathryn A. Hall (Chair)
Brent L. Henry (Vice Chair)
Robert J. Hugin
Randall Kennedy
Robert S. Murley *(Clerk)*
Nancy B. Peretsman
Peter Wendell

Term Trustees

Denny Chin
Carl Ferenbach III
Charles Gibson
Philip U. Hammarskjold
Lisa P. Jackson
Mitchell R. Julius
Anthony H.P. Lee
Margarita Rosa
Ruth J. Simmons
Bradford L. Smith
John O. Wynne

Alumni Trustees

Aku Ammah-Tagoe
Jaime I. Ayala
Victoria Baum Bjorklund
Pyper Davis
Heather K. Gerken
Angela A. Groves
Steven D. Leach
Kanwal S. Matharu
Laurence C. Morse
Brian M. Reilly
Yvonne Gonzalez Rogers
Sheryl WuDunn
Min Zhu

The principal trustee committees are the Executive Committee, the Committee on Finance, the Audit and Compliance Committee, the Committee on Grounds and Buildings, the Committee on Academic Affairs, the Committee on Student Life, Health and Athletics, and the Committee on University Resources. The Committee on Finance is responsible for the financial management and budgeting of the University. In April 1987, the responsibility for day-to-day oversight of the University's investment portfolio was delegated to the directors of the Princeton University Investment Company ("PRINCO"). The directors of PRINCO are responsible to the Trustees for the management of the portfolio, reporting directly to the Committee on Finance. PRINCO has a twelve-member Board of Directors. Eight members are elected; the President and the Treasurer of the University, the President of PRINCO and the Chair of the Committee on Finance serve as *ex officio* members. Andrew K. Golden is the President of PRINCO and Philip U. Hammerskjold is the Chair of its Board of Directors.

The policies of the Trustees are carried out under the direction of the President of the University, Christopher L. Eisgruber. Among the other principal officers of the University are the Provost – David S. Lee; Vice President for Finance and Treasurer – Carolyn N. Ainslie; Vice President and Secretary – Robert K. Durkee; Executive Vice President – Treby McL. Williams; Vice President of Facilities – Michael E. McKay; and General Counsel – Ramona E. Romero.

A brief description of each of these University Officials, including the President of PRINCO, follows:

Christopher L. Eisgruber has served as Princeton University's 20th President since July 2013. He is the Laurance S. Rockefeller Professor of Public Affairs in the Woodrow Wilson School and the University Center for Human Values. Before becoming President, he served as Princeton's Provost from 2004 – 2013 and as Director of Princeton's Program in Law and Public Affairs from 2001 – 2004. A renowned constitutional scholar, he is the author of *The Next Justice: Repairing the Supreme Court Appointments Process* (Princeton 2007), *Religious Freedom and the Constitution* (co-authored with Lawrence G. Sager, Harvard 2007), and *Constitutional Self-Government* (Harvard 2001), as well as numerous articles in books and academic journals. Before joining the faculty in 2001, he clerked for Judge Patrick Higginbotham of the United States Court of Appeals for the Fifth Circuit and for Justice John Paul Stevens of the United States Supreme Court, and he served on the faculty of the New York University School of Law for eleven years. President Eisgruber received an A.B. *magna* *cum laude* in Physics from Princeton, an M. Litt. in Politics from Oxford University, and a J.D. from the University of Chicago Law School.

David S. Lee became the Provost of Princeton University effective July 1, 2013. He joined the University in 2007 as professor of economics and public affairs and in 2009 became director of the Industrial Relations Section, an academic unit that promotes research and training in labor economics. Before joining the Princeton faculty as a member of the Department of Economics and the Woodrow Wilson School of Public Affairs, Dr. Lee was a professor of economics at Columbia University from 2006-07, an associate professor at the University of California-Berkeley in 2006, an assistant professor at the University of California-Berkeley from 2000-06, and an assistant professor at Harvard University from 1999 – 2000. He was a faculty research fellow for the National Bureau of Economic Research from 1999 – 2008, and has been a research associate for the bureau since 2009. Dr. Lee received a bachelor's degree in economics from Harvard University and a master's and Ph.D. in economics from Princeton.

Carolyn N. Ainslie was appointed Vice President for Finance and Treasurer of Princeton University effective October 1, 2008. From 1998 to 2008, she served as Vice President for Planning and Budget at Cornell University and held various other positions at Cornell since 1986. She is a graduate of Bucknell University with an M.B.A. from the University of Rochester. Ms. Ainslie serves on the board of PRINCO, the University Concert Committee and the National Student Clearinghouse Board.

Robert K. Durkee was appointed Vice President and Secretary of Princeton University effective January 1, 2004. In this capacity he serves as a senior advisor to the President, provides administrative support for the Trustees and oversees the official convocations of the University such as Commencement. He also serves as the University's Vice President for public affairs, a position he has held since 1978. In addition to his work at the University, Mr. Durkee's board memberships have included the Washington, D.C.- based Fair Labor Association (which he has served as acting chair), the Association of Independent Colleges and Universities for New Jersey, the Council for Advancement and Support of Education, the Consortium of Financing Higher Education, and McCarter Theater. Mr. Durkee received his A.B. degree magna cum laude from Princeton in 1969, and earned a Master of Arts degree in teaching from Montclair State University in 1971.

Treby McL. Williams was appointed Executive Vice President of Princeton University effective November 18, 2013. She has been with the University since 2005. Prior to joining the Office of the Executive Vice President, Ms. Williams was Director of the Office of Development Priorities for two years. Ms. Williams served as an Assistant U.S. Attorney in the Southern District of New York and the District of New Jersey from 1992 to 2004 and also worked as an attorney for three years for Coudert Brothers in London and New York. Ms. Williams is a 1984 graduate of Princeton University and earned a law degree from New York University School of Law.

Michael E. McKay was appointed Vice President for Facilities of Princeton University effective July 2003. He has been with the University since 1977. Prior to being appointed Vice President for Facilities, Mr. McKay served as the General Manager of Plant and Services for ten years. He earned a B.S. in engineering from the U.S. Military Academy of West Point and a masters degree in management from Boston University. Mr. McKay has served as president of the International District Energy Association and on the boards of the New Jersey Independent Energy Producers and Coalition for Competitive Energy.

Ramona E. Romero was appointed General Counsel of Princeton University effective December 1, 2014. Ms. Romero previously served as General Counsel of the United States Department of Agriculture (USDA) and as chief legal advisor to Secretary of Agriculture, Tom Vilsack. As the USDA's chief legal officer she collaborated with the White House, the Department of Justice and other federal agencies. She also interacted with Congress and led the USDA Office of Ethics. Before joining the USDA, Ms. Romero served from 1998 to 2011 in a series of roles of increasing responsibility as a lawyer at E.I. DuPont de Nemours & Co. based in Wilmington, Delaware. When she left DuPont, she was corporate counsel for logistics and energy, and general counsel for Sentinel Transportation, a DuPont joint venture. From 1988 to 1996, she was a litigator for the Crowell and Moring law firm in Washington, D.C. Ms. Romero earned a bachelor of arts degree in political science from Barnard College at Columbia University and a juris doctor degree from Harvard Law School.

Andrew K. Golden became the third President of the Princeton University Investment Company in January 1995. He came to PRINCO from Duke Management Company where he was an Investment Director. Prior to that time, he served as a Senior Associate in the Investments Office at Yale University. Mr. Golden holds a B.A. from Duke University and a M.P.P.M. from the Yale School of Organization and Management.

Academic Programs and Facilities

The University is a relatively small university that combines many of the advantages of a small liberal arts college with those of a large research-oriented university. With approximately 7,900 students, the University is smaller than most major research universities, yet its faculty is one of the most distinguished in the world and its research activities are internationally recognized.

The University offers two undergraduate degree programs: the Bachelor of Arts and the Bachelor of Science in Engineering. Programs of study in the humanities, the natural sciences and the social sciences lead to the Bachelor of Arts degree, with courses and programs of study offered in more than sixty subjects. The Bachelor of Science in Engineering degree is offered in the departments of chemical engineering, civil and environmental engineering, operations research and financial engineering, electrical and biological engineering, computer science, and mechanical and aerospace engineering; additionally, students may study in the subject areas of applications of computing, architecture and engineering, engineering and management systems, engineering biology, engineering physics, geological engineering, technology and society, materials science and engineering, and robotics and intelligent systems.

The Graduate School comprises forty-two degree granting academic departments and programs offering over sixty areas of concentration. Fields of study leading to the doctorate are offered in humanities, social and natural sciences, engineering, architecture and public affairs. In addition, the Graduate School offers courses of study leading to the degrees of Master of Architecture, Master of Arts in Near Eastern Studies, Master in Public Affairs (2 years), Master in Public Policy (1 year), Master of Engineering (1 year), Master of Finance, Master of Science in Engineering (2 years) and Master of Science in Chemistry. The Master of Arts and Master of Fine Arts (music only) are incidental degrees for which doctoral students may apply after passing the appropriate department requirements.

The University is accredited by the Middle States Commission on Higher Education. It also has professional accreditation from the National Architectural Accreditation Board, the Engineering Accrediting Commission of the Accreditation Board for Engineering and Technology, and the Teacher Education Accreditation Council.

The University is a member of the American Academy of Arts and Sciences, American Council on Education, American Council of Learned Societies, Association of American Universities, The College Board, Consortium of Social Science Associations, Council on Government Relations, Council for Higher Education Accreditation, Folger Institute, Forum for the Future of Higher Education, Greater Mercer Transportation Management Association, National Association of College and University Business Officers, National Association of Independent Colleges and Universities, New Jersey

Association of Colleges and Universities, New Jersey Business & Industry Association, PlanSmart NJ, and the Rotary Club of Princeton.

The Princeton University Library is one of the world's leading research libraries. Its holdings include almost nine million printed volumes, five million manuscripts, two million non-print items, and extensive collections of digital text, data, and images. The Library employs more than 300 staff members working in a large central library, nine branch libraries, and three storage facilities.

Faculty

The University consists of a single faculty that teaches both the graduate and undergraduate levels. There are 913 full-time faculty members with the titles Professor, Associate Professor, Assistant Professor, Instructor, Senior Lecturer and Lecturer. In addition, approximately 260 people each year are appointed to the positions of visiting or part-time faculty. Including all faculty, there is one faculty member for each seven students (graduate plus undergraduate), one of the most favorable ratios of any school in the country.

Approximately 62% of the University's full-time faculty is tenured. The University has generally followed a policy of not paying the academic year salaries of its tenured faculty members with sponsored research funds. Although there are certain exceptions to this policy, the University has been generally successful in allocating other funds to support faculty positions, including endowment earnings and tuition revenues. This policy is specifically designed to protect the University's instructional program from the inevitable fluctuations in federal support for sponsored research.

The table below sets forth the full-time equivalent faculty over the last five years:

Full-Time Equivalent Faculty*

Academic Year	Tenured	Non-Tenured on Tenure Track	Others Non-Tenured	Total
2010 – 11	539	164	240	943
2011 – 12	544	171	243	958
2012 - 13	567	178	245	990
2013 – 14	582	191	231	1,004
2014 - 15	592	178	248	1,018

*The actual number of people appointed to the faculty is slightly higher than indicated, but the University maintains budget control by limiting the number of full-time equivalents.

Student Enrollments

The University places primary emphasis on undergraduate education within the setting of a major research university. The following table provides data on student enrollments and the number of degrees awarded in the past five academic years:

	Enrollments			Degrees Awarded	
Academic Year	Undergraduate	Graduate	Total	Bachelor	Advanced
2010 – 11	5,149	2,545	7,694	1,219	815
2011 – 12	5,173	2,584	7,757	1,248	832
2011 – 13	5,264	2,648	7,912	1,271	892
2013 – 14	5,244	2,666	7,910	1,267	996
2014 – 15	5,275	2,671	7,946		

The University's students come from every section of the country, with students from each of the fifty states represented in the student body almost every year. The University has a high retention rate of 98% and a high graduation rate of 96%.

The table below sets forth the recent undergraduate applicants to the University, the number of such applicants admitted by the University and the number of those who enrolled:

Undergraduate Application & Enrollment

Academic Year of Matriculation	Completed Applications	Total Admitted	Selectivity Rate	Total Enrolled	Yield Rate
2010 – 11	26,247	2,311	9%	1,312	57%
2011 – 12	27,189	2,300	8%	1,304	57%
2012 – 13	26,664	2,094	8%	1,367	65%
2013 – 14	26,498	1,963	7%	1,291	66%
2014 – 15	26,641	1,983	7%	1,313	66%

The average freshman typically scores in the top 5% of the high school seniors who annually take the College Entrance Examination Board's SAT and ranks in the top 10% of their high school class. The middle 50 percent of the fall 2014 freshman class scored between 690 and 800 on the critical reasoning section of the SAT and between 710 and 800 on the math section, and between 700 and 800 on the writing section. Approximately 1% of recent graduating classes have been awarded scholarships for study which includes the Rhodes, Marshall and Fulbright awards. A high percentage of Princeton graduates pursue graduate and professional education. In recent years, roughly 20 – 25% of each senior class has planned to attend graduate or professional school after graduation from the University.

The University expects the number of applications to remain quite high for the foreseeable future.

The table below sets forth applications and enrollment statistics for the graduate school:

Graduate Application & Enrollment*

Academic Year of Matriculation	Completed Applications	Total Admitted	Total Enrolled
2010 – 11	11,123	1,193	636
2011 – 12	11,689	1,197	623
2012 – 13	12,077	1,232	620
2013 – 14	11,179	1,223	586
2014 – 15	10,964	1,231	608

*Excludes visitors and non-degree candidates.

Tuition and Fees

The full-time tuition charge for the 2014 – 2015 academic year is $41,820 for both the undergraduate and graduate students. The table below provides a five-year summary of annual tuition rates:

Academic Year	Tuition Rate
2010 – 11	$36,640
2011 – 12	37,000
2012 – 13	38,650
2013 – 14	40,170
2014 – 15	41,820

In addition, the standard room rate for undergraduates for the 2014 – 2015 academic year is $7,570 and the board rate is $6,050. For graduate students, the average room rate is $6,570 and the average board rate is $3,494.

Tuition and room and board expenses are expected to increase over the next five years. Although no assurances can be given that such increases will exactly match the general rate of inflation, it is the intention of the University to make every effort to ensure that Princeton University is affordable.

Financial Aid

As a matter of policy, the University's undergraduate admission decisions are made without any consideration of a student's financial need, and all admitted students who have demonstrated financial need are provided the financial aid they require. A portion of each student's financial aid package has traditionally comprised loans and part-time employment, but scholarship assistance is provided as well. The formulas for determining student and parental contributions were substantially liberalized for all classes entering in 1998 and subsequent years. Starting with 2001 – 2002 academic year, the Trustees approved further significant expansions in aid for undergraduate and graduate students, including the elimination of any loan requirement for all undergraduate aid students. The University has been able to sustain its commitment to financial aid for several reasons. First, financial aid is given a high priority in the normal budgeting process. Second, alumni and other benefactors have been especially generous in providing endowment support for the financial aid program; earnings from the endowment are expected to provide approximately $105 million for undergraduate scholarships in the 2014 – 2015 academic year.

Third, State and federal student aid programs complement the funds the University itself has provided in this area. The University expects to meet all of its commitments to students, using University funds as necessary in order to continue to admit students without consideration of financial need.

Approximately 59% of the current undergraduate student body annually receives need-based financial aid from the University or from outside sources. In 2014 – 2015, a total of $130.5 million is budgeted for undergraduate scholarship aid through the University. State and federal government funds account for 3% of this figure, and outside scholarships (such as National Merit awards and other similar scholarships supported by non-University groups) make up another 3% of the total. The remaining 94% is provided from income earned on the endowment or from general University funds.

Graduate student aid is substantial and awarded largely on the basis of merit. During the 2014 – 2015 academic year, approximately $175 million is budgeted for this purpose, including research and teaching assistantships. This total reflects expanded support for first-year fellowships in engineering and the natural sciences and summer support for students in the humanities and social sciences, both of which began in 2001 – 2002 along with the undergraduate aid enhancements described above.

Alumni

Princeton University alumni have contributed with leadership and distinction to many fields of human endeavor. Its alumni have included Presidents of the United States, distinguished public servants and diplomats, Nobel Prize winners in several academic fields, outstanding writers and recognized leaders in business, law and finance. The University has assisted in the education of talented and diverse individuals from throughout the country and the world. At present, the University has approximately 85,000 living alumni with the greatest concentrations in New York, California, New Jersey, Massachusetts and Pennsylvania.

Fund Raising

For the most recent five fiscal years, the University has received, on average, $239.2 million per year in gifts from alumni and other supporters of the University. Support from alumni, corporations and foundations is used to support the University's priorities. Annual Giving is a hallmark of the University's fundraising providing unrestricted resources to the operating budget.

For the year ended June 30, 2014, receipts from private gifts and grants totaled $238.4 million, while the present value of outstanding pledges at year-end was $209.9 million. Annual Giving for fiscal year 2014 was $58.7 million, with 61.4% participation by undergraduate alumni.

Financial Statements

The University presents its financial statements in accordance with the reporting and accounting standards established by the Financial Accounting Standards Board for not-for-profit organizations. Under these standards, resources are grouped into separate classes of net assets based on the existence or absence of donor-imposed use and/or time restrictions. Net assets that have similar characteristics are combined into one of the net asset classes briefly described below:

Unrestricted net assets are derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. The unrestricted category also includes income and gains or losses on these funds.

Restricted net assets are generally established to fund specific purposes such as professorships, research, faculty support, scholarships and fellowships, athletics, library and art museum, building construction and other donor-specified purposes. Temporarily restricted net assets include gifts, pledges, trusts and remainder interests, and income and gains which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions and time restrictions imposed by donors or implied by the nature of the gift, or by the interpretations of law. Temporary restrictions are normally released upon the passage of time or the incurrence of expenditures that fulfill the donor-imposed purpose. Permanently restricted net assets include gifts, pledges, trusts and remainder interests, and income and gains that are required to be permanently retained. Investment earnings are spent for general or specific purposes in accordance with donor wishes, based on the University's endowment spending rule.

The financial statements of the University include the Statements of Financial Position as of June 30, 2014 and 2013, and the Statements of Activities and the Statements of Cash Flows for the years ended June 30, 2014 and 2013. See Appendix B attached hereto. The University's consolidated financial statements include the accounts of its wholly owned subsidiaries and foundations controlled by the University.

The Statement of Activities reflects the annual change in the amount and nature of the University's net assets. The following selected financial data for the five years ended June 30, 2014 are derived from the audited financial statements of the University. The data should be read in conjunction with the audited financial statements and related notes.

(in thousands of dollars)

	As of June 30, 2010	As of June 30, 2011	As of June 30, 2012	As of June 30, 2013	As of June 30, 2014
Operating Activities:					
Total revenues	$1,256,899	$1,356,316	$1,401,215	$1,479,205	$1,566,267
Total expenses	(1,235,024)	(1,286,513)	(1,317,454)	(1,358,553)	(1,495,230)
Net increase	$ 21,875	$ 69,803	$ 83,761	$ 120,652	$ 71,037
Non-operating activities:					
Net increase (decrease)	$1,268,510	$2,512,252	$ 7,124	$1,218,499	$2,693,835
Increase (decrease) in net assets	$1,290,385	$2,582,055	$ 90,885	$1,339,151	$2,764,872

From fiscal year 2010 to fiscal year 2014, total revenues increased from $1.3 billion to $1.6 billion or by 25%. Over the same five-year period, total expenses increased from $1.2 billion to $1.5 billion or by 21%.

Operating activity includes sources of revenue such as tuition, gifts and grants, auxiliary activities and investment income made available for spending pursuant to the University's spending rule. The costs and expenses necessary to meet the University's education and research mission are deducted from operating revenue. Non-operating activity includes all investment income (less the amount made available for spending), including realized and unrealized gains, the present value of promises to give and revenue from miscellaneous sources.

The Statement of Activities is designed to illustrate an organization's financial performance over a period of time, generally twelve months, and reflects the University's ability to meet its annual operating costs and expenses from current revenues. Explanations of the major revenue and expense categories in the Statement are given in the following paragraphs.

Tuition and Fees represent an important source of the University's income. The full amount of tuition for each student is taken into income even though a portion may be derived from scholarships or loan funds or student employment. Under accounting requirements, scholarship and fellowship expenditures are shown as a reduction of revenue. For fiscal year 2015, the tuition rate reflects a 4.1% increase, with an overall increase in tuition and fees of 4.1% over fiscal year 2014. Although tuition has increased more than the Consumer Price Index over the last decade, the University has increased its financial aid significantly to ensure that all admitted undergraduate students can afford to attend.

Government Grants and Contracts represent another source of University income; however, nearly 82% of these funds were restricted in fiscal year 2014. Of these restricted funds, roughly one half were for the Princeton Plasma Physics Laboratory. Although the bulk of total grant receipts comes from the federal government, the State of New Jersey contributed approximately $0.5 million in fiscal year 2014 for a variety of specific purposes. There would clearly be an adverse impact on the University if government funds were eliminated or significantly reduced, but most of these funds support specific research projects that would not be continued at their current levels if outside funds were reduced.

In addition to funds for direct research expenditures on federal government grants and contracts, the University is permitted to recover indirect costs for a percentage share of administrative costs, library expenditures, maintenance of the physical plant and similar items that are essential components of the University environment, and therefore are necessary to conduct research in that setting. These facilities and administrative recoveries comprised approximately $45 million of revenues in fiscal year 2014.

Private Gifts, Grants and Contracts consist of two major components: support for particular projects sponsored by foundations, corporations or individuals; and spendable gifts and grants, including the University's Annual Giving campaign, which are unrestricted revenue. Gift revenues include amounts that are unrestricted, temporarily restricted and permanently restricted depending on donor-imposed conditions. Under FASB Accounting Standards Codification ("ASC") 958-310, *Not-for-Profit Entities-Receivables* (formerly Statements of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made), unconditional promises to give are recognized as revenues in the year made, not in the year in which the cash is received, and the amounts are present-valued based on expected collections.

Sales and Services of Auxiliary Activities include revenues from the Athletics Department, dormitory and food services, systems and technical support, and rental housing.

Investment Income includes dividends, interest, and realized and unrealized appreciation and depreciation arising from the investments in the University's portfolio. The University follows a policy of reinvesting a portion of the portfolio's return, in order to provide some protection against inflation and, in general, in managing the endowment in such a way that its value will be preserved in order to meet future needs. Consistent with the spending rule, the amount of investment earnings made available for spending is shown as operating revenue and the balance as non-operating activities.

The University's spending policy is reviewed regularly by the Trustees in light of the actual investment performance of the endowment and inflation expectations, and adjustments are made as required. The current standard policy calls for the spending distribution to grow at a rate of 5% annually as long as the resulting spending rate, expressed as a percentage of the endowment market value, remains within a band between 4% and 5.75%. If the standard rule results in a spending rate that falls outside of the recommended band, the rule may be modified for a given year.

The principal items affecting expenditures of the University are as follows:

Academic Departments and Programs reflect instructional and research costs of the faculty during the academic year, plus all other direct costs of operating academic departments and programs.

Student Services include the costs of those offices dealing directly with students, such as the various Deans' Offices, University Health Services, and the Athletics Department.

Library costs reflect the acquisition of books and other library materials in addition to the direct costs of operating the Library.

General Administration and General Institutional Support reflect the expenditures of the departmental "business offices" and other administrative offices that serve the University.

Operation and Maintenance of Plant reflects the cost of maintaining the University's buildings and grounds, excluding auxiliary enterprises, and is allocated among functional expense categories. The University expenses operating maintenance as incurred, and has followed a policy of not deferring maintenance costs in order to avoid even larger capital rehabilitation expenditures in the future.

Investments

Below are the market values of all of the University's investments at the end of the past five fiscal years:

INVESTMENTS
(in thousands of dollars)

Year Ended June 30	Market Value
2010	$14,659,000
2011	17,201,900
2012	17,291,900
2013	18,655,700
2014	21,451,600*

*The unaudited market value of all the University's investments as of December 31, 2014 is estimated at $20.8 billion based upon its standard reporting protocols, which involve using information that is the best available as of the interim reporting date. The values for non-marketable investments, which comprise more than half of the portfolio, are reported with lagged estimates until the end of the fiscal year.

In order to oversee the management of the endowment and related investments, the University established PRINCO in January 1987. PRINCO administers the procedure for selection and oversight of external investment managers and advisors who will continue to make daily decisions about individual securities and other particular investments.

Self-Liquidity

The University provides its own liquidity for its existing $300 million commercial paper programs from its investment resources. As of June 30, 2014, there was more than $1.3 billion in available liquidity consisting primarily of United States Treasury Securities, Treasury repos, and cash. As of June 30, 2014, $24.5 million of tax-exempt commercial paper and $65.2 million of taxable commercial paper was outstanding. The University expects to maintain self-liquidity investment resources in excess of any commercial paper outstanding.

Third Party Debt

As of June 30, 2014, the University had outstanding indebtedness of $3.2 billion (including unamortized premium/discount), in the form of taxable debt, loans from the New Jersey Educational Facilities Authority ("NJEFA" or "Authority"), advances from a commercial bank to fund a parental loan program, notes and commercial paper.

INDEBTEDNESS OF THE UNIVERSITY

	June 30, 2014	June 30, 2013
	(in thousands of dollars)	
NJEFA Bonds – Tax-Exempt Revenue Bonds, 2003 Series D, 2004 Series D, 2005 Series A*, 2005 Series B*, 2006 Series D, 2006 Series E, 2007 Series E, 2007 Series F, 2008 Series J, 2008 Series K, 2010 Series B, 2011 Series B, 2014 Series A	$1,848,283	$1,702,567
Taxable Bonds, Series 2009A	997,254	997,144
Taxable Notes, 2012 and 2013	245,000	170,000
NJEFA Higher Education Capital Improvement Fund, Series 2005A, Series 2006A, Series 2014B	4,215	1,087
NJEFA Dormitory Safety Trust Fund Bonds, Series 2001 A	1,664	2,497
Parental Loans	44,562	43,328
Commercial Paper		
Taxable	65,200	67,000
Tax Exempt (NJEFA)	24,500	50,700
Notes	1,075	1,244
Total Third Party Debt	$3,231,753	$3,035,567

*The University anticipates the issuance by the NJEFA of a separate fixed-rate series of Additional Parity Bonds under the General Resolution in the amount of $156,790,000 on May 15, 2015 (the "2015 Series A Bonds"). The proceeds of the 2015 Series A Bonds will be loaned to the University to finance the current refunding and defeasance of a portion of the 2005 Series A Bonds and 2005 Series B Bonds.

The debt of the University described in the table above is unsecured general obligation debt of the University. Although the University has issued debt designated as "Senior Unsecured Taxable Notes," no debt of the University is senior in right of payment to any other debt of the University.

The debt service on the NJEFA revenue bond issues in the above table is payable by the Authority from loan payments received from the University.

The 2003 Series D Bonds were issued to partially refund the 1994 Series A Bonds, the 1995 Series C Bonds, the 1996 Series C Bonds, the 1997 Series E Bonds, the 1998 Series F Bonds, the 1999 Series B Bonds, the 2000 Series E Bonds and the 2000 Series H Bonds. The 2004 Series D Bonds were issued to provide funds for the construction, renovation and repair of various University facilities, the purchase of capital equipment, and to refund all or a portion of the Commercial Paper Notes Series 2002B and Series 2004A. The 2005 Series A Bonds were issued to partially refund the 1995 Series C Bonds, the 1998 Series E Bonds, the 1998 Series F Bonds, the 1999 Series A Bonds, the 1999 Series B Bonds, the 2000 Series E Bonds, the 2000 Series H Bonds, the 2003 Series E Bonds and the 2004 Series A Bonds. The 2005 Series B bonds and 2006 Series D Bonds were issued to provide fund for the construction, renovation and repair of various University Facilities, and the purchase of capital equipment. The 2006 Series E Bonds were issued to partially refund the 1999 Series A Bonds, the 2000 Series H Bonds, the 2003 Series E Bonds, the 2004 Series D Bonds, and the 2005 Series B Bonds. The 2007 Series E Bonds were used to provide funds for the construction, renovation and repair of various University Facilities, the purchase of capital equipment, and to refund all or a portion of the Commercial Paper Notes Series 2002B, Series 2004A, and Series 2005A. The 2007 Series F Bonds were issued to partially refund the 1999 Series A Bonds, the 2003 Series E Bonds, the 2004 Series D Bonds, the 2005 Series A Bonds, and the 2005 Series B Bonds. The 2008 Series K Bonds were issued to refund the 2001 Series B, the 2002 Series B and the 2003 Series F variable rate bonds. The 2008 Series J Bonds, the 2010 Series B Bonds, and the 2011 Series B were issued to provide funds for the construction, renovation and repair of various University facilities, and the purchase of capital equipment. The 2014 Series A Bonds were issued to provide funds for the construction, renovation and repair of various University Facilities, the purchase of capital equipment, and to refund a portion of taxable and tax-exempt commercial paper notes.

The Series 2009A Taxable Bonds were issued to provide funds for working capital and other corporate purposes.

In August 2012 and December 2013, the University privately placed Senior Unsecured Taxable Notes in the amounts of $170 million and $75 million, respectively, for capital purposes and other taxable needs. The notes were structured as bullet maturities due July 1, 2042 and July 1, 2044, respectively.

In fiscal year 1999, the University entered into a loan facility with a national bank to fund its parental loan program. Fixed or variable rate loans may be drawn on a pass-through basis to borrowers. As of June 30, 2014 and 2013, the balances outstanding were $44.6 million and $43.3 million.

The University has available bank lines of credit totaling $250 million under which the University may borrow on an unsecured basis. As of June 30, 2014, approximately $15.5 million was outstanding in the form of letters of credit.

Long-term debt service for each of the past five fiscal years has been (in thousands):

2010	$176,614
2011	183,034
2012	197,964
2013	206,803
2014	207,224

The following is the long-term projected debt service for fiscal years 2015 through 2019 for the debt outstanding as of June 30, 2014 (in thousands):

Year Ended June 30	Principal	Interest	Total
2015	$74,437	$147,133	$221,570
2016	69,419	143,268	212,687
2017	77,912	139,953	217,865
2018	81,131	136,110	217,241
2019	583,813	132,185	715,998

Short-Term Borrowing

In fiscal year 1998, a commercial paper program was authorized and the University's first commercial paper program was implemented through the NJEFA. In fiscal year 2013, the University initiated a separate taxable commercial paper program under which the University directly issues commercial paper. Proceeds of the NJEFA and University commercial paper programs, now authorized to a maximum combined level of $300 million, may be used to provide construction funds for capital projects until permanent funding in the form of gifts or other sources is secured. The taxable commercial paper program may also be used for other corporate purposes. As of June 30, 2014 and 2013, NJEFA tax-exempt commercial paper outstanding totaled $24.5 million and $50.7 million, respectively. As of June 30, 2014 and 2013, the University taxable commercial paper outstanding was $65.2 million and $67.0 million, respectively.

Capital Plan

The University initiated a Ten-Year Capital Plan (the "Plan") in September 2007 to serve as an overarching framework for its capital activity from FY08 through FY17. The Plan integrates all capital activity undertaken by the University during this period, including the construction of new facilities and the renovation of existing buildings. Also included under the Plan umbrella are annual commitments to major maintenance and other renewal programs – for life safety, security, and accessibility initiatives, laboratories, classrooms, equipment, furnishings and landscaping – as well as University's real estate activity. The Plan incorporates direct funding from multiple sources including annual contributions from the operating budget, donor gifts, strategic reserves, and other revenue allocated to capital purposes. In addition, the University plans to issue long-term debt to finance a portion of it capital program – which focuses on long-term assets. The Plan in total is updated regularly and is reviewed in detail with the Trustees on an annual basis and each individual project within the Plan undergoes a separate review and approval process.

The Plan calls for approximately $1,630 million of projected new construction over ten years including $1,165 million for the following major academic initiatives: a new Chemistry Building and related enabling work; an "arts district" for the Creative and Performing Arts, including associated infrastructure improvements; a Neuroscience and Psychology building; and a Center for Energy and the Environment in the Engineering School. Investments in student and staff housing, a high performance computing research center, an off-campus administrative building, athletic fields and complexes, and other improvements are expected to result in additional expenditures of approximately $465 million over the ten-year period.

The Plan also incorporates a significant investment in the maintenance of the University's plant through its renovation, major maintenance and annual renewal program components, with these activities totaling approximately $1,275 million over the ten-year period. Included in the $820 million renovation component are projects totaling approximately $680 million for academic purposes, including the renovation of the University's main library facility and the repurposing of the old Chemistry building for the economics department and international programs; $115 million for campus life, housing and athletics projects; and $125 million for administrative and other campus improvements. The Plan targets an annual level of investment in plant, primarily from the University's operating budget, of 2% of the estimated replacement value of the physical plant, both for the period of the Plan and thereafter.

Employees

As of June 2014, 6,175 people were employed by the University (other than students), consisting of 1,136 faculty members, 3,244 other professionals and 1,795 other employees. In addition, 852 maintenance, service and support staff are represented by six unions. In recent years, relationships with both organized and unorganized groups have been good, with no significant labor disputes in about thirty years.

Retirement Plans

Effective January 1, 1994, faculty and staff who meet specific employment requirements participate in the Princeton University Retirement Plan. This is a non-contributory, tax qualified defined contribution plan funded through the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) and Vanguard. The University also maintains a voluntary contributory Tax Deferred Annuity Plan for all faculty and staff.

Prior to January 1, 1994, faculty and monthly paid staff who met specific requirements participated in a non-contributory defined contribution plan and biweekly staff who met certain requirements participated in a non-contributory, tax-qualified benefit plan. The latter was terminated in 2000.

Litigation

The University is subject to certain legal claims that have arisen in the normal course of operations. In the opinion of management, the ultimate outcome of these actions will not have a material effect on the University's financial position, statement of activities or cash flows.

Insurance

The University currently has a primary general liability policy in the amount of $2 million, with a deductible of $500,000 per occurrence. The University has an automobile liability policy in the amount of $2 million, with a deductible of $25,000 per occurrence. Above the primary layer for general liability, the University has various umbrella and excess layers of coverage, which generally follow the form of the commercial primary coverage, with total umbrella and excess limits of $148 million. The University also carries property insurance for all of its building and contents with a limit of liability of $1.5 billion for any occurrence at replacement cost with a deductible amount of $250,000 per occurrence. The University separately insures its fine arts and rare books in the amount of $750 million with a deductible of $1,000. The University has Trustees and Officers liability coverage in the amount of $35 million with a $300,000 deductible for all claims.

APPENDIX B

REPORT OF THE TREASURER

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

Report of the Treasurer 2013-14

PRINCETON
UNIVERSITY

Princeton University Highlights

Fiscal years ended June 30

FINANCIAL

(dollars in thousands)	2014	2013
Principal sources of revenues		
Tuition and fees (net)	$ 107,840	$ 105,643
Government grants and contracts	272,280	249,132
Private gifts, grants, and contracts	83,873	87,889
Investment earnings, including unrealized gains or losses	3,395,428	1,892,079
Principal purposes of expenditures		
Educational and general	1,239,678	1,115,847
Auxiliary	130,123	118,135
Summary of financial position		
Assets	25,796,425	22,754,060
Liabilities	4,288,237	4,010,744
Net assets	21,508,188	18,743,316
Net assets		
Unrestricted/designated	8,354,141	7,260,637
Temporarily restricted	11,334,911	9,716,400
Permanently restricted	1,819,136	1,766,279
Total	**$ 21,508,188**	**$ 18,743,316**

STUDENTS

Enrollment		
Undergraduate students	5,244	5,264
Graduate students	2,666	2,648
Degrees conferred		
Bachelor degrees	1,267	1,271
Advanced and all other degrees	996	892
Annual tuition rate		
Undergraduate	$ 40,170	$ 38,650
Graduate	40,170	38,650

FACULTY

Full-time equivalent	1,004	990

“The arts are an essential facet of the world-class education we seek to provide all Princeton students. Students who engage deeply with the arts broaden their perspectives, enhance their creativity, and enrich their lives.”

—**President Christopher L. Eisgruber ’83**

Letter from the Treasurer

I am pleased to report that Princeton University continues to enjoy a strong financial position, as reflected in the enclosed financial statements, the unqualified auditors' report, and the report on investments. We ended the fiscal year with revenue exceeding operating expenditures by over $71 million, and an endowment valued at $21 billion, an increase of $2.8 billion from the previous year.

Our resources enable us to provide a premier educational opportunity to an increasingly diverse group of students, and to support innovation, creativity, and scholarship of the highest quality. Our financial strength also provides a firm foundation as we look to the future, guided by President Eisgruber's strategic planning process. One of the central questions the President has asked us to address is how we can sustain the teaching and research excellence that has an impact on our world. This ambitious mission—to make a true difference in the world—is what inspires my colleagues and me each day in our efforts to be responsible stewards.

Motivated by our responsibility to manage efficiently and effectively, we launched the Princeton Prime project three years ago, resulting in new systems and processes that went live as planned on July 1, 2014. As I think about the remarkable collaboration that occurred during this project, I am reminded of the words of one of Princeton's most visionary leaders and a member of the Class of 1879, Woodrow Wilson—"I not only use all the brains I have, but all I can borrow." Princeton Prime's success was the result of our "borrowing" the brains, talents, time, and dedication of colleagues from virtually every corner of campus. The result is upgraded systems, improved financial reporting, a centralized system of support for University travelers, and a new chart of accounts. All of us on campus are engaged in the learning process as we adapt and adjust to our new environment, and I am confident the changes will continue to yield enormous benefits in the years to come.

Of course, the most compelling motivation to secure our fiscal health is to see the impact it has on the lives of our students. The pages that follow focus on a distinctive element of the Princeton student experience—engagement with the arts. While many institutions offer strong curricular and co-curricular arts programs, the incomparable quality, diversity, and breadth of arts offerings on our campus enrich our students' lives beyond measure. Inspired by the belief that creating and studying art deepens the academic experience, in 2006 we began to develop plans for a comprehensive center for the creative and performing arts. That vision is becoming realized in

"The opportunity to be a voice for engineering, working with our Prime partners during the final planning and testing stages, was invaluable."

—Linda Geraci, Finance and Administration Manager, School of Engineering and Applied Science

"As a faculty member who oversees a few international programs, I have tremendously enjoyed the new Prime system. It gives me great tools and saves time. I can easily book travel tickets myself, follow-up on issues for guests, and manage expense reports, and I'm looking forward to mastering the reporting features."

—Florent Masse, Senior Lecturer in French and Italian

what is now known as the Lewis Center for the Arts in honor of its lead donor, the late Peter B. Lewis '55. Through the Lewis Center, students explore creative writing, theater, dance, and a wide variety of visual arts, and participate in its Atelier, a multidisciplinary experience that enables students to work with professionals and create new work in a semester-long course. The programs of the Lewis Center, along with the outstanding offerings of the Department of Music and the Princeton University Art Museum, add a rich and distinctive dimension to the residential liberal arts experience. In addition to the curricular and co-curricular programs offered by the University, there are more than 80 arts-related independent student groups, providing an unparalleled opportunity for students' creative expression.

As President Eisgruber has noted, the arts are "an essential facet of the world-class education we seek to provide all Princeton students." I am proud to lead the effort to align and steward the resources that support the arts and the other elements of Princeton's outstanding academic experience, and to share the good news found in this report with you.

Carolyn N. Ainslie

Carolyn N. Ainslie
Vice President for Finance and Treasurer

"The implementation of Prime and Concur has afforded us many benefits: faster payments, greater control, and improved monitoring of revenues and spending thanks to enhanced reporting features."

—Robert Leckie, Finance and Budget Director, Woodrow Wilson School of Public and International Affairs

PRINCETON PRIME

By the Numbers

Automated 8 Core Financial Functions
1. Travel booking 2. Expense management 3. Budgeting 4. eProcurement 5. Supplier request 6. Grants billing 7. Grants award setup 8. Capital project budgeting

51 financial business processes reviewed, redesigned, and documented.

90+ administrative and academic financial systems updated with new chart of accounts.

91% of expense reports submitted were processed electronically (as of November 2014).

48% (June 2014) to 4% (December 2014) was the reduction in the number of transactions processed on paper; this equates to a reduction of approximately 88,000 paper transactions per year.

52% of purchase orders were generated from our electronic supplier catalogs.

16,561 invoices were electronically received and processed directly into our financial system.

5.7 days is the average from when an individual submits an expense report to when it is approved for payment.

**Unless otherwise noted, all data reflected is as of December 2014*

The Lewis Center for the Arts

"We make art—and open ourselves to the art that others make—in the hope that the process will help us understand some aspect of life just a little bit better."

—Michael Cadden, Chair, Lewis Center for the Arts

HOUSED IN MULTIPLE venues across the campus, the Lewis Center for the Arts is home to five academic programs—theater, dance, creative writing, visual arts, and the Atelier—grounded in the belief that the arts are intrinsic to the human experience and have the power to transform individuals and societies.

The Lewis Center programs work in concert with the Department of Music and share the resources of the Princeton University Art Museum and the McCarter Theatre Center for the Performing Arts to offer students unbounded opportunities to experience the arts on campus. The case for an enhanced arts experience was articulated in a report presented to the University's Board of Trustees on January 20, 2006, when then-President Shirley M. Tilghman called for Princeton "not only to expand its programs in the creative and performing arts, but to establish itself as a global leader in the quality of its offerings and in their integration into a broader liberal arts education."

Joyce Carol Oates, the renowned American author and the Roger S. Berlind '52 Professor of the Humanities, has taught at Princeton for more than 35 years.

Engagement with the arts develops analytical skills, expands communication skills, builds problem-solving capacities, and sparks the creativity and innovation needed to excel in any discipline or profession. The Lewis Center provides an exciting space where established artistry, academic inquiry, and an enthusiasm for innovation come together and inspire the work of Princetonians in service of the imagination.

Asawari Sodhi '15 (foreground) is a politics major, pursuing a certificate in dance. As a junior, she received the Lewis Center Award for Distinctive Achievement in Dance, and last summer she was awarded a fellowship to assist a faculty member with a dance tour in Greece.

THEATER

"You are invited to make theater with us. You are our collaborators as much as our students. Don't hold back."
—Tim Vasen, Director, Program in Theater

Any Princeton student can engage in the creative processes of the theater by taking courses in acting, directing, playwriting, design, dramaturgy, performance history, and criticism, all of which are taught by a distinguished faculty of working artists, critics, and scholars. The fall theater production gives students the chance to perform as actors, as well as to work behind the scenes in the technical areas of lighting, stage management, sound, and design, guided by nationally and internationally acclaimed scholars, artists, performers, and practitioners. For their culminating thesis projects, seniors can write, direct, design, or act in original productions.

The Program in Theater also sponsors the Music Theater Lab, where students can take courses that support and develop all forms of music theater, including Broadway musicals, musical comedy, cabaret, and experimental music theater.

and the Spring Dance Festival, which features both repertory and new works performed at the Roger S. Berlind '52 Theatre at the McCarter Theatre Center.

In addition to courses, the Program in Dance offers daily ballet, conditioning, and modern dance classes open to all Princeton students on a drop-in basis, free of charge.

CREATIVE WRITING

"We hear over and over from Princeton graduates long out of school—and in careers that span medicine and finance and diplomacy and, yes, authorship—that their experience studying creative writing here was one of, if not the, key formative endeavors of their academic careers." —Susan Wheeler, Director, Program in Creative Writing

DANCE

"Dance gives students a place on campus to solve problems physically, to move and act consciously." —Susan Marshall, Director, Program in Dance

Prompted, in part, by the University's desire to meet the needs of its first female students, the Program in Dance was launched in 1969, with an exclusive focus on modern dance. Today, students can choose from dozens of courses in modern, contemporary, ballet, experimental, and African dance techniques, repertory, and choreography, as well as in dance history, analysis, and criticism.

Public dance performances occur throughout the year, with highlights such as the Collaborative Senior Dance Thesis show, where students present original choreography,

The Program in Creative Writing has a long and storied history, and has been led by some of the nation's most illustrious and celebrated authors. Current undergraduates have the unparalleled opportunity to study with faculty including Jeffrey Eugenides, Chang-Rae Lee, Paul Muldoon, Joyce Carol Oates, James Richardson, Tracy K. Smith, Susan Wheeler, and Edmund White. Courses in poetry, fiction, screenwriting, and translation are structured as small workshops, where students receive valuable feedback from faculty and peers, while also studying works of great literature.

Opportunities for exploring and creating writing abound outside the classroom as well. The Althea Ward Clark W'21 Reading Series offers monthly presentations by award-winning authors throughout the academic year, culminating with public readings of senior thesis works. The biennial Poetry Festival brings accomplished poets from around the world to Princeton for readings and discussions, and the Emerging Writers Series puts students at the podium alongside a roster of guest writers selected by seniors in the program.

VISUAL ARTS

"In the Program in Visual Arts, we maintain an 'open door' that welcomes and encourages student artists and potential artists at all levels to explore their creativity. It is amazing how many Princeton students discover they have an interest, ability, vision, or passion they did not recognize until they stepped into one of our studios." —Joe Scanlan, Director, Program in Visual Arts

The Program in Visual Arts offers students the opportunity to create and study painting, drawing, sculpture, photography, filmmaking, film history, and criticism, taught by faculty members with national and international distinction. Students have access to state-of-the-art technical, analog, and digital labs, including a fully functional letterpress studio. The facility at 185 Nassau Street also houses the James M. Stewart '32 Theater for frequent film and video screenings.

Most courses are open to all Princeton students, but for those who wish to pursue deeper study, there are two certificate options. Students who are interested in concentrating in visual arts can earn a bachelor's degree in art and archaeology with a focus on studio courses, or work toward a visual arts certificate or the film track certificate (which focuses on film history and theory). Program concentrators enjoy 24/7 access to shared studio loft spaces as juniors and spacious, semiprivate studios as seniors. Each presents a senior thesis exhibition or screening.

Kanoa Mulling '15 is an English major pursuing certificates in Theater and Teacher Prep. He has performed in a number of Program in Theater productions, including creating two senior thesis projects in theater, and played the lead in the Fall 2014 Theater fall production *Red Noses.* He participated in a summer Global Seminar that traveled to Greece with theater faculty to see and perform on the stages of the ancient Greeks. He is a member of Princeton Shakespeare Company.

THE ATELIER

"As with all our courses in the Lewis Center for the Arts, we're committed to the idea that the eighteen-year-old stands at least as good a chance of making significant art as the eighty-year-old." —Paul Muldoon, Director, Princeton Atelier

Founded in 1994 by Nobel Laureate and the Robert F. Goheen Professor of the Humanities Emerita Toni Morrison, the Atelier is not a traditional academic program, but a unique opportunity for students to spend a semester in an open environment, working with Princeton faculty and visiting professional artists from different disciplines. A painter might team with a composer, a choreographer might join with an electrical engineer, a company of theater artists might engage with environmental scientists, or a poet might connect with a videographer.

While the intent is to create new work each semester, the format is a collaborative workshop, where the focus is as much on the process as it is on the result. The traditional hierarchies and pedagogies are overturned in the Atelier, so that both artists and students are free to explore areas outside their own expertise and their familiar modes of expression. Students from all disciplines are welcomed and encouraged to enroll in the Atelier. Each course culminates in a public presentation of new work, often a highlight of the University's performing arts calendar.

"The Atelier is a model for the types of inventive and collaborative artistic expressions that can take place at this University—and we have Toni Morrison to thank for bringing it to life."
—President Christopher L. Eisgruber '83

Department of Music

"I am particularly interested in serving the eager as well as the able and I am pleased that many hundreds of non-majors participate in our courses at all levels. Some are just discovering a passion that will enrich their lives in the future." **—Steve Mackey, Professor and Chair, Department of Music**

THROUGH THE DEPARTMENT of Music, students can nurture a personal passion, pursue a certificate or undergraduate major, earn a Ph.D., prepare for a professional career, or perform with an ensemble simply for the pleasure of making music. The graduate program offers doctoral degrees in composition and musicology, and an undergraduate major can choose from several areas of focus, including composition, performance, musical history or theory, or music technology.

Darya Koltunyuk '15

"Through an opportunity with the Princeton University Concerts series, I was invited to play in a master class with Richard Goode, who is like a god to me. It was incredible. He helped me transform my piece in a subtle, human way and I know it will have an impact for the rest of my life."

Two certificate programs—one in musical performance and one in jazz studies—provide advanced student performers and composers with a rich array of courses and experiences that bring music to life. Musical Performance students benefit from private study with faculty and participation in the University's instrumental and vocal ensembles, while those working toward a jazz studies certificate explore the historical, cultural, social, theoretical, stylistic, and creative issues that pertain to the jazz idiom. The department is led by a distinguished faculty, many of whom are affiliated with organizations such as the New York Philharmonic and the Metropolitan Opera. In addition, visiting professionals join the department through the Edward T. Cone Performers-in-Residence program. Currently, Sō Percussion, an American percussion quartet, holds this post. The four members of this acclaimed group teach courses, lead workshops, commission and perform student and faculty works, give master classes, and present two public concerts each year.

The department also offers students with specialized interest and talent the opportunity to attend the Royal College of Music in London and earn a dual degree—a bachelor of arts from Princeton and a master of music from the Royal College of Music.

The ensembles sponsored by the Department of Music provide a full range of performance options for all Princeton students. Classical, traditional, contemporary, and experimental music is performed by the ensembles sponsored by or affiliated with the department, including the Glee Club, Jazz Ensemble, University Orchestra, Sinfonia, Chamber Choir, Wind Ensemble, and Princeton Sound Kitchen, a self-described "lab for Princeton composers," featuring the original work of Princeton graduate students and faculty.

Princeton University Art Museum

"Close study of original works of art hones critical thinking skills, affords insights into cultures, times, and peoples wholly different from our own, and awakens empathy—taking us beyond our direct experience to understand what connects us in a wider, shared humanity." **—James Christen Steward, Director, Princeton University Art Museum**

Rishi Kaneriya '16 is a computer science major whose interest in art history led him to train to become a student tour guide. He says the most rewarding part of working with the museum is "the ability to share a passion with other students and the Princeton community through the tours, as well as engaging with humanities students whom I might not have an opportunity to meet otherwise given my concentration in computer science."

BECAUSE IT IS LOCATED in the heart of campus, students have easy access to the Princeton University Art Museum—one of the world's leading university museums, with collections of more than 92,000 works of art. Many students are introduced to the Museum through academic courses. The popular freshman seminar "Behind the Scenes: Inside the Princeton University Art Museum" is taught by a team of curators, the Museum director, and other members of the Museum staff. In recent years, the Mellon Foundation has funded the work of staff members dedicated to building relationships with faculty, resulting in a significant increase in the number of student precept discussion groups coming to study original works in the Museum.

Each year, 20 students are selected to serve on the Student Advisory Board. They work with Museum staff members to plan co-curricular and social programming that brings hundreds of students to lectures, panel discussions, receptions, and major events including the annual Gala—an evening of music, food, and student performances—and Inspiration Night, when students gather to create original art inspired by the Museum's collections. Held early in the fall semester, the annual Nassau Street Sampler attracts thousands of students, faculty, staff, and community members to enjoy food provided by local restaurants and cafes and visit the galleries. Tom Dunne, deputy dean of the Office of Undergraduate Students, noted that the Museum programs are "on fire….They have a broad-based appeal. The Museum staff build terrific partnerships with students to develop innovative, high-energy events."

Dozens of students vie each year for a coveted spot on the team of student tour guides. Students from all academic disciplines are welcome to apply, as long as they have a passion for art and a willingness to participate in a week-long training session held in January.

The origins of the Museum's collections date nearly to the University's founding in the mid-18th century. Since that time, the Museum's holdings, locations, and activities have changed, but its vision remains steadfast —to bring the visual arts to the heart of the Princeton University experience for students, scholars, and visitors.

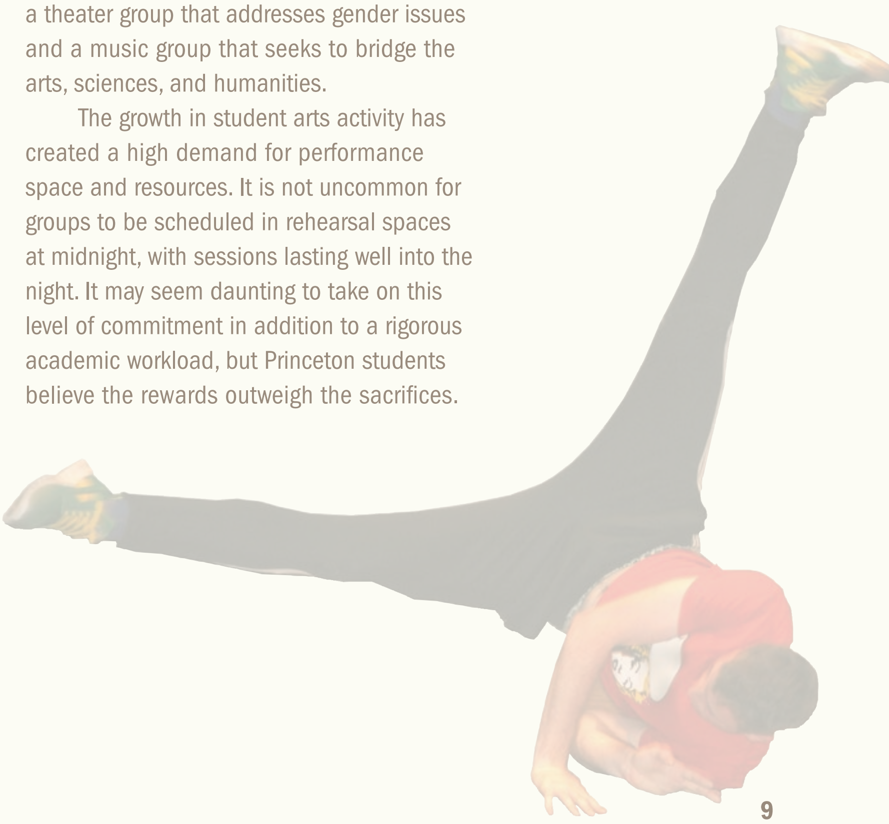
Student Arts Groups

> "Before I came to Princeton, I thought I would be doing all academics, all the time, but the sheer enthusiasm for the arts on campus made me want to participate. I didn't know I could do both. Every show is so well-attended; you just have to be a part of it." **—Sophia Andreassi '16**

THE IMPACT of the academic and administrative emphasis on the arts may best be seen in the impressive number of arts groups run independently by students. The Office of the Dean of Undergraduate Students (ODUS) reports that 85 such organizations are currently active and span six different categories—dance, music, a cappella, theater, spoken word/publication, and visual arts. Although the groups receive support from ODUS and Campus Venue Services, they are responsible for organizing, planning, programming, and promoting their performances. The Performing Arts Council, a student-led group, manages scheduling and assigning resources and acts as a liaison to University administrators.

The breadth and scope of the student organizations are extraordinary. There are groups that perform in traditional genres such as ballet, opera, chamber music, and Shakespearean theater; groups that celebrate international art forms such as Bhangra Punjabi dance, Chinese theater, Caribbean steel drumming, northern Brazilian Maracatu music, and Mexican folkloric ballet; groups with roots in religious traditions including a cappella groups dedicated to Jewish and Christian music, an Anglican sacred music choir, and a gospel ensemble; and groups that explore intellectual and social issues such as a theater group that addresses gender issues and a music group that seeks to bridge the arts, sciences, and humanities.

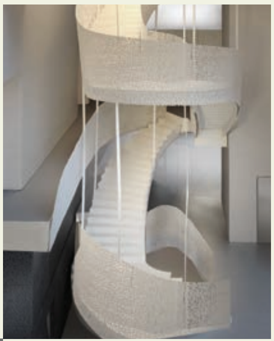
The growth in student arts activity has created a high demand for performance space and resources. It is not uncommon for groups to be scheduled in rehearsal spaces at midnight, with sessions lasting well into the night. It may seem daunting to take on this level of commitment in addition to a rigorous academic workload, but Princeton students believe the rewards outweigh the sacrifices.



A Home for the Arts

"This center brings together two of my great passions—Princeton, with its constant quest for excellence, and the arts, which help people to explore their limitless human creativity." **—Peter B. Lewis '55**

SINCE THE TRUSTEES endorsed the 2006 report on the arts, many of its goals have been realized: increased numbers of programs, courses, and faculty; broader and deeper engagement with national and international scholars and artists of distinction; an artist fellowship program; expanded resources for student-run organizations; and innovative, inter-disciplinary programs. More students are engaged with the arts, at more advanced levels, than ever before. The creative and performing arts are dispersed across campus, from the loft-like spaces for the visual arts at 185 Nassau Street, to the performing venues at Richardson Auditorium and the Roger S. Berlind '52 Theatre, to the creative writing, theater, and dance facilities in New South, in what the report described as "edge-to-edge deployment of the arts." Although this expansive approach has its value, there is a critical need for a state-of-the-art performing arts complex that will be a resource to the campus and the larger community, and worthy of the brilliant work being created by the faculty, guests, and students.



This new complex, named the Lewis Center for the Arts in honor of its lead benefactor, Peter B. Lewis '55, will anchor Princeton's "arts neighborhood." Anticipated to be completed in 2017, its three distinctive structures—the Wallace Dance Building and Theater, a music performance building, and a tower housing administrative offices—will house theaters, dance and actvity studios, music studios, a gallery, and ample spaces for interdisciplinary collaboration. Its sophisticated and expansive design will encourage unexpected encounters with the arts that can take a project—or a life—in an entirely new direction.

"The center cannot succeed ... unless the creative and performing arts have a proper physical home on campus.... Princeton's initiative in the arts must include a substantial investment in new facilities, not merely to house the expanded programs but to give the arts a visible place on campus—one that makes Princeton's commitment to the arts clear to the University and the world."

—Report to the Trustees submitted by then-President Shirley M. Tilghman, January 2006

Financial Statement Overview

LETTER FROM THE CONTROLLER

Fiscal year 2014 was a financially strong year for Princeton University, a period during which it continued to build upon its sound financial position. Net assets for the fiscal year ended June 30, 2014, increased by $2.8 billion, or 14.8 percent, due to impressive investment gains combined with a healthy operating surplus. Total net assets of $21.5 billion at year-end set a new high-water mark for Princeton. A return of 19.6 percent from the managed investment portfolio places Princeton in the highest-performing tier of large university endowments over the long term. The University's Endowment spending rate of 4.6 percent in 2014 was below the midpoint of the spending policy band established by its Board of Trustees, and on par with Princeton's conservative fiscal management record. An operating surplus of $71.0 million, or 4.5 percent of total operating revenues, was achieved primarily through prudent management of operating expenses, as well as careful stewardship of the University's financial resources.

While revenues from tuition and fees, net of scholarships and fellowships, increased slightly in fiscal 2014, Princeton's steadfast commitment to financial aid and affordability has held net tuition growth to only 2 percent annually on a nominal basis for more than a decade. Revenues from gifts and pledges were consistent with Princeton's long history of successful fundraising. Annual Giving raised a record $58.7 million, a testament to the generosity of the University's loyal alumni. Revenues from government sponsors grew during the year, although the long-term trend is flat due to ongoing constraints on federal spending.

The University successfully followed its annual practice of issuing debt for capital expenditure and property renewal purposes. Princeton's bonds and notes continue to draw high demand as a safe haven for conservative investors. In connection with a $219 million tax-exempt bond issue during the year, Princeton again received the highest attainable credit ratings from both Moody's Investors Service and Standard & Poor's agencies, affirming the University's stellar credit standing.

ACCOUNTING PRINCIPLES

Princeton University's financial statements, which follow herein, are presented in accordance with generally accepted accounting principles set forth by the Financial Accounting Standards Board (FASB) as supplemented by the American Institute of Certified Public Accountants (AICPA) audit and accounting guide for not-for-profit entities. In addition to general accounting guidance, the statements reflect the impact of specific reporting requirements of not-for-profit organizations prescribed by FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, on the subjects of accounting for contributions and the format of general-purpose external financial statements. Compliance with AICPA guidance includes consolidating wholly owned subsidiaries and significant trusts in which the University is a beneficiary, as well as reporting tuition discounts, primarily fellowships and scholarships, as reductions of tuition revenue. The financial statements are fully comparable, including prior-year data on the consolidated statements of activities.

Financial Statement Overview

(Continued)

FINANCIAL REPORTS

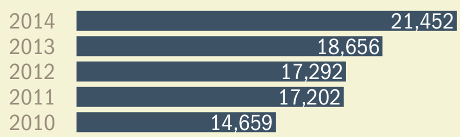
The principal objectives of the accounting standards are to provide consistency among the financial statements of not-for-profit organizations and to make them more comparable to those of the for-profit sector. The standards require not-for-profit organizations to provide, for their external financial reports, a statement of financial position, a statement of activities, and a statement of cash flows. The organization's resources are classified among three categories of net assets, that is, gross assets less related liabilities, based solely on the existence or absence of donor-imposed restrictions. Amounts for each of the three classes of net assets—permanently restricted, temporarily restricted, and unrestricted—are displayed in a statement of financial position, and the changes in each category are displayed in a statement of activities.

Permanently restricted net assets are those resources that may never be spent, mainly Endowment funds. They are generally the result of gifts and bequests with donor stipulations that they be invested to provide a permanent source of income. They may also include gifts-in-kind, such as works of art or real property. Temporarily restricted net assets include those that, again by donor stipulation, must be invested only for a certain period of time or that may be used in a future period for a specified purpose. Temporarily restricted net assets also include income and gains on temporarily and permanently restricted funds, absent explicit donor stipulations to the contrary, until appropriated for expenditure. Unrestricted net assets may be expended for any purpose and result from gifts, other institutional resources, and income and gains on those funds.

Table 1

MANAGED AND OTHER INVESTMENTS

$ in Millions



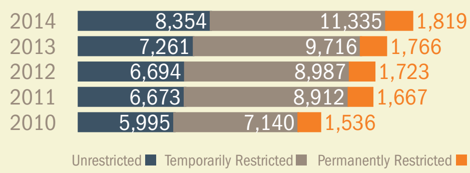
Statement of Financial Position

The statement of financial position is a snapshot of the University's resources and obligations at the close of the fiscal year and is comparable to the document commonly referred to as the balance sheet. Assets on the statement, which totaled $25.8 billion as of June 30, 2014, are presented in decreasing order of liquidity, from cash to property, the least liquid of its assets. As of June 30, 2014, managed and other investments totaling $21.5 billion comprise 84 percent of total assets, and increased 15.0 percent from the prior year primarily due to managed investment returns of 19.6 percent less spending appropriations of 4.6 percent (see Table 1). Property (net of accumulated depreciation) totaling $3.5 billion accounted for an additional 14 percent of total assets. Other significant assets are contributions receivable, which totaled $210 million, and educational and mortgage loans receivable, which totaled $366 million.

Liabilities, which totaled $4.3 billion as of June 30, 2014, are presented in order of anticipated time of liquidation. Indebtedness to third parties totaling $3.2 billion, which primarily includes loans to finance the construction, renovation, and maintenance of University facilities and bonds issued for working capital and general corporate purposes, comprise 74 percent of total liabilities as of June 30, 2014. Also included are the liabilities under unitrust agreements totaling $97 million, which represent the estimated amounts payable to donors under the University's planned giving programs. The accounting rules require donees to record a liability for the present value of the expected lifetime payments to donors and to recognize the net amount received as a contribution in the year of receipt.

Net assets, which totaled $21.5 billion as of June 30, 2014, are calculated as total assets less total liabilities, and are classified into three categories—unrestricted, temporarily restricted, and permanently restricted, as discussed above (see Table 2). Unrestricted net assets, which totaled $8.4 billion as of June 30, 2014, include gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. In accordance with the accounting rules, certain unrestricted net assets have been partially earmarked, or designated, according to their intended use by the University. Temporarily restricted net assets, which totaled $11.3 billion, include promises to give that are receivable in future years as well as donor-restricted contributions whose purpose has not yet been fulfilled. A significant portion of temporarily restricted net assets represents the income and gains on Endowment assets that have been reinvested. Permanently restricted net assets, which total $1.8 billion, include Endowment gifts that cannot be spent and funds held in perpetual trust by others.

Table 2
NET ASSETS
$ in Millions



Statement of Activities

The statement of activities is a summary of the income and expenses for the year, classified according to the existence or absence of the restrictions described above. Sources such as tuition, sponsored research, and auxiliary activities are normally shown as unrestricted income, while income from certain gifts or sponsored agreements may be includible in any of the three classes of income, depending upon the donor's specifications. Gifts to the Endowment, for example, are permanently restricted. Income from temporarily restricted sources is reclassified as unrestricted income when the circumstances of the restriction have been fulfilled. All expenditures are made from unrestricted net assets, since an amount cannot be spent until all restrictions on its use have been removed.

The statement of activities is presented in two sections, operating and nonoperating, which reflect the principles of the University's operating budget. Items of income reported in the operating section, which totaled $1.6 billion for the year ended June 30, 2014, include all unrestricted receipts as well as the Endowment earnings made available for spending under the spending rule. The major components of operating revenue

Financial Statement Overview

(Continued)

Figure 1
OPERATING REVENUES
Fiscal Year 2014

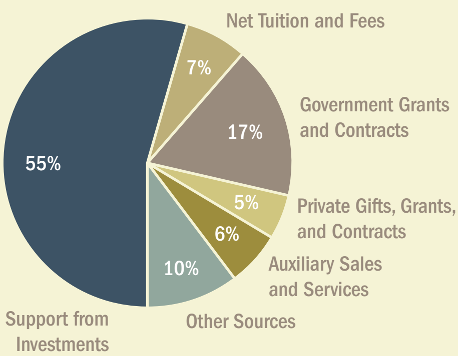
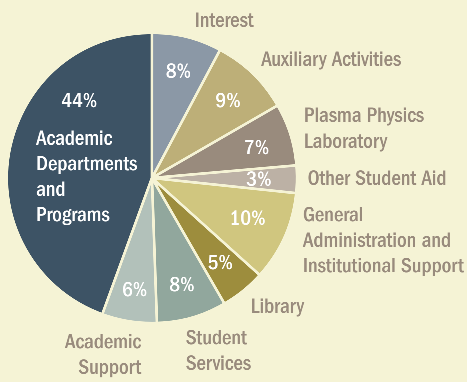


Figure 2
OPERATING EXPENSES
Fiscal Year 2014



and their relative proportion are shown in Figure 1.

Virtually all expenses, which totaled $1.5 billion, are considered to be associated with operating activity. The major components of operating expenses and their relative proportions are shown in Figure 2.

For the year ended June 30, 2014, the University produced a surplus from operating activities in the amount of $71 million, calculated as total operating revenues less total operating expenses as illustrated in Table 3.

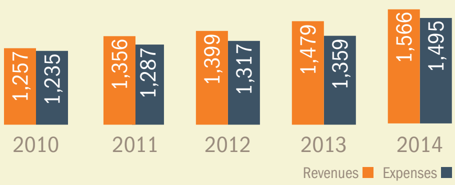
Major items of income that are considered nonoperating, which amounted to $2.7 billion for the year ended June 30, 2014, include unrealized appreciation on investments and Endowment income earned in the current year to be used in the current and succeeding years, in accordance with operating budget policy. Unrestricted gift income, primarily from Annual Giving, is shown as operating income, whereas income from promises to give (pledges) is considered a non-operating source of income.

The statement of activities concludes with a reconciliation of the change in each class of net assets for the year to the balance of net assets shown on the statement of financial position. The total change in net assets for the year ended June 30, 2014, for all classes of net assets was an increase of $2.8 billion.

Statement of Cash Flows

The statement of cash flows is intended to be the bridge from the increase or decrease in net assets for the year to the change in cash balances from one year-end to the next. Several items shown as expenses in the statement of activities, such as depreciation, do not require an outlay of cash, whereas the purchase of capital assets, which does require the expenditure of cash, is added directly to the statement of financial position and shows on the statement of activities only on a depreciation basis. Other items that affect cash balances but are not required to be included in the statement of activities include the purchase and sale of investment securities, borrowing

Table 3
OPERATING ACTIVITIES
$ in Millions



proceeds and the repayment of loan principal, and the net change in accounts receivable and payable.

The reconciling items on the statement of cash flows are grouped into three categories. Operating activities, which used $279 million in net cash for the year ended June 30, 2014, are those items of income and expense that occur during the normal course of providing services as an educational institution. Cash flows from operating activities also include investment earnings distributions of interest and dividends. Investing activities, which provided $31 million in net cash, include the acquisition and disposal of capital assets such as buildings and equipment, and the purchase and sale of investments. Financing activities, which provided $249 million in net cash, include the issuance of indebtedness and the repayment of debt principal, as well as, contributions restricted for long term purposes such as endowments. Also included are the proceeds from long-term borrowing to finance capital additions, renewal, and replacement, and the repayment of principal on such indebtedness, as well as the disbursement of funds for new parent and employee loans, and the collection of principal payments on such loans.

CONTRIBUTIONS

In accordance with FASB ASC 958-310, *Not-for-Profit Entities—Receivables*, donors' unconditional promises to give are required to be recorded as revenue and as amounts receivable by donees in the year received. Where collection is not expected within one year, the amount recorded is determined on a present-value basis. Conditional promises to give are recognized when they become unconditional, that is, when the conditions imposed by the donor have been substantially met.

Contributions must be classified among those that are permanently restricted, temporarily restricted, or unrestricted, as determined solely by the donor. For the year ended June 30, 2014, contributions classified as permanently restricted totaled $30 million, those classified as temporarily restricted totaled $79 million, and those classified as unrestricted totaled $84 million. The classification of contributions is essential for the proper presentation of revenue in the statement of activities and of net assets in the statement of financial position, previously discussed.

ENDOWMENT MANAGEMENT

A significant portion of the operating budget is financed from Endowment earnings. Consequently, the University's investment portfolio is managed for a total return that is accounted for under a consistently applied formula.

Most invested funds participate in the Primary Pool, which is operated on a market-value basis. Long-term growth of principal and increased future earnings are the University's objectives

Financial Statement Overview

(Continued)

in the investment of these funds. Funds participating in the Primary Pool are assigned units on a market-value basis. Funds withdrawn from the Primary Pool receive appreciation or depreciation based on the change in unit market value. After deducting investment management fees, the earnings are allocated on the basis of units owned by participating funds.

The University follows an Endowment spending rule that provides for an annual increase in the amount of Primary Pool earnings allocated for spending, provided that the resulting spending rate, expressed as a percentage of the market value, remains within a policy band as further discussed in the Report on Investments, which follows. For the Primary Pool's year ended June 30, 2014, the interest and dividends per unit (net of service charges) were $75.78. The unit earnings allocated for spending were $407.41 in fiscal year 2014 and $388.01 in fiscal year 2013. The market value of a unit was $10,099.61 at June 30, 2014, and $8,829.74 at June 30, 2013.

The Balanced Fund and the Income Fund have been established for funds subject to the donor's reservation of life income. The fiscal year-end for each pool is December 31. These pools are operated on a market-value basis in a manner similar to the operation of the Primary Pool. Earnings are distributed quarterly to the beneficiaries. For the year ended December 31, 2013, the earnings distribution from the Balanced Fund was $101.90 per unit, and the average market value of a unit was $2,787.90; the earnings distribution from the Income Fund was $6.48 per unit, and the average market value of a unit was $143.07.

The University also maintains a group of separately invested funds. Included therein are funds established from gifts of investments restricted as to sale by donors, funds held in trust by others, and the University's investments in strategic real estate.

CONCLUSION

Princeton hopes that the readers of these financial statements find the presentations and explanations helpful in interpreting the financial state of the University. Princeton is blessed with significant financial resources, which it is charged with protecting and preserving over a very long time horizon. This long-term view allows Princeton to weather any near-term financial challenge, such as the global recession experienced only a few years ago. The University is committed to utilizing its financial resources in a thoughtful, prudent, and consistent manner in support of its current educational and research programs, while preserving their value for future generations.

Kenneth Molinaro
Controller

Report on Investments

PRINCETON UNIVERSITY INVESTMENT COMPANY

As of June 30, 2014, Princeton's Endowment stood at $21.0 billion, an increase of approximately $2.8 billion from the year before.[1] The vast majority of the Endowment, $20.6 billion, is actively managed by the Princeton University Investment Company ("PRINCO").[2] While PRINCO maintains its own Board of Directors (the "Directors"), it is a University office operating under the final authority of the University's Board of Trustees (the "Trustees").

The purpose of the Endowment is to provide steady support to the University's current and future operating needs, while preserving real value for future generations. This mission requires an expected long-term return that exceeds the sum of the annual rate of spending and University inflation. To pursue this goal, PRINCO maintains an equity-biased portfolio and seeks to partner with best-in-class investment management firms across diverse asset categories.

As detailed below, the portion of the Endowment actively managed by PRINCO generated a 19.6 percent investment return during fiscal 2014. It was generally a strong year across the board, with four different asset classes boasting returns of 20 percent or more. Venture capital investments had a particularly vibrant year, as we reaped the benefits of investments sown in the past, serving as yet another reminder of the critical importance of a long-term focus in investing. Along that line, the evaluation of our investment program should also focus on the long term, and our long-term results remain very strong in both absolute and relative terms. The Endowment's annualized return over the past ten years was 10.5 percent, which, as discussed further below, compares well to all yardsticks.

Spending

Each year the Trustees decide upon an amount to be spent from the Endowment for the following fiscal year.[3] In their deliberations, the Trustees use a spending framework that is designed to enable sizable amounts to be spent in a reasonably stable fashion, while allowing for reinvestment sufficient to preserve purchasing power in perpetuity. The framework targets annual spending rates of between 4.00 percent and 5.75 percent.

In fiscal 2014, the Endowment spending distribution, in aggregate, equaled $834 million.[4] Spending per Endowment unit equated to 4.6 percent of market value at the start of fiscal 2014.

Asset Allocation

Asset allocation involves deciding what share of the portfolio should be placed in the various broad asset categories. The decisions attempt to balance the relative merits of equities versus fixed income, domestic versus foreign investments, and publicly-traded versus non-marketable assets.

Princeton's long-term asset allocation decisions are embodied in a Policy Portfolio that describes the asset categories in which Princeton will invest, a set of target weights that indicate how the portfolio will be positioned in "normal" market conditions, and a range of weightings within which exposures can be adjusted in response to mid-term opportunities arising from significant market disequilibria or to other unusual circumstances. Figure 1 depicts the Policy Portfolio targets.

Readily manifest is PRINCO's bias towards equities or equity-like assets—95 percent of the portfolio is allocated toward these investments. Also striking

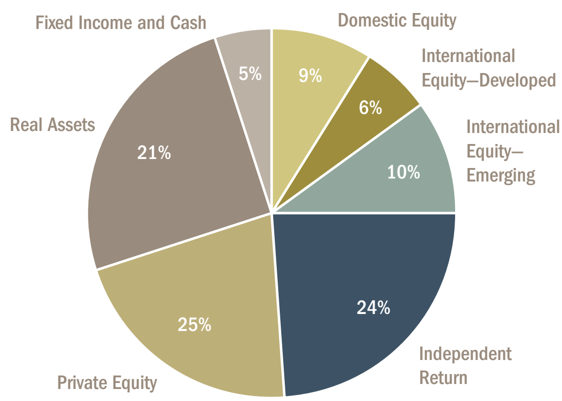
[1] Excluded from Princeton's traditional definition of "Endowment" are working capital, planned giving investments, and proceeds from debt.

[2] The pool actively managed by PRINCO excludes University mortgages, loans, and other assets held primarily for strategic University purposes. "Endowment net assets" as reported in the notes to the Consolidated Financial Statements in the amount of $20.4 billion as of June 30, 2014 further exclude agency funds in custody for others.

[3] Excluded from these decisions are funds devoted to certain strategic purposes, such as subsidizing faculty and staff housing.

[4] Investment earnings distributed in fiscal year 2014 in the amount of $841 million in the Statement of Activities is comprised of Endowment spending of $834 million, plus earnings from funds held in trust by others, working capital, planned giving investments, and other non-endowment investments.

Figure 1
PRINCETON UNIVERSITY POLICY PORTFOLIO
Fiscal Year 2015



is the relatively small portion, 9 percent, of the portfolio dedicated directly to Domestic Equities. Large portions of the portfolio are allocated to other high expected-return categories. Independent Return, Private Equity, and Real Assets bear further description. Independent Return is broadly defined as consisting of investment vehicles that seek high absolute returns that are typically independent of broad market trends. Private Equity and Real Assets include investments in private companies, venture capital opportunities, real estate, and natural resources. These areas can offer attractive opportunities for skilled, patient investors.

The Policy Portfolio is diversified among asset categories for a number of reasons. Most importantly, PRINCO seeks return premia, in both risk-adjusted and absolute terms. In each equity asset category, Princeton has competitive advantages that create superior return potential. A broader opportunity set means that the portfolio may be capable of producing high returns more often and in a greater variety of environments. The multi-asset class approach also offers diversification benefits that help to control risk in most environments.

PRINCO's Directors, working closely with PRINCO Staff, review the Policy Portfolio annually. As part of the fiscal 2014 review, PRINCO increased the Domestic Equity policy target from 8 percent to 9 percent, decreased the Emerging Markets target from 11 percent to 10 percent, increased the Private Equity target from 23 percent to 25 percent, and decreased the Real Assets target from 23 percent to 21 percent. The first two of these changes can be considered one pairing and the third and fourth another. The decision to shift exposure from Emerging Markets to Domestic Equity was motivated by bottom-up, manager specific considerations, with the aim of optimizing *alpha* generation potential at the manager level. It did not represent a comment on the attractiveness of these markets. The second pairing recognized the Endowment's finite tolerance for illiquidity, and a view that we could better use "illiquidity units" by shifting allocation from Real Assets to Private Equity. Private Equity is the Endowment's highest return potential category, and we believe that we have an exceptional manager roster and can very effectively maintain exposure at the 25 percent level. While we also have confidence in the Real Assets roster, Private Equity's roster is broader and deeper (paralleling a richer set of prospective managers) and provides better opportunities to deploy capital with managers who can generate very high absolute returns.

Table 1

PRINCETON UNIVERSITY ENDOWMENT POLICY PORTFOLIO TARGETS*

Every Five Years Since 1995

Asset Class	1995	2000	2005	2010	2015
Domestic Equity	45.0%	20.0%	17.0%	7.5%	9.0%
International Equity:					
Developed Markets	10.0%	7.5%	8.5%	6.5%	6.0%
Emerging Markets	0%	7.5%	8.5%	9.0%	10.0%
Independent Return	0%	25.0%	25.0%	25.0%	24.0%
Private Equity	15.0%	15.0%	15.0%	23.0%	25.0%
Real Assets	10.0%	10.0%	14.0%	23.0%	21.0%
Total Equity	**80.0%**	**85.0%**	**88.0%**	**94.0%**	**95.0%**
Fixed Income and Cash	20.0%	15.0%	12.0%	6.0%	5.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

**Policy targets are pro-forma based on current asset class definitions*

Table 1 gives a historical perspective, showing how the Policy Portfolio has evolved over two decades. Clearly evident is the long-standing practice of aggressive positioning. While non-traditional investments have grown as a share of the portfolio, this growth represents deliberate-paced, incremental expansion reflecting extensive consideration over multiple years.

Diversification into international investments is an important part of our multi-asset class approach. Princo believes such investments have the potential to increase long-term expected returns while helping to manage portfolio risk. Relative to the U.S., international markets tend to be less efficient, providing meaningful opportunities for adding value through active management.

An important part of Princo's approach to international investments is an emphasis on "foreign local" managers based outside of the U.S. Over time we have gained more exposure to such managers in both marketable and non-marketable categories. Indeed, we have formally articulated efforts in this regard as our "Grand Unifying Theme." This theme, while very important, is not fully visible in the Policy Portfolio as it cuts across several asset categories. On June 30, 2014, about 32 percent of the Endowment (including uncalled commitments) was controlled by managers based outside of the U.S.

Table 2 compares Princo's long-term Policy Portfolio asset allocation targets with the actual weights as of June 30, 2014. Within relatively small and

Table 2

ASSET ALLOCATION

June 30, 2014

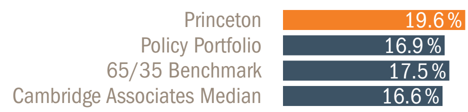
Allocation	FY 2015 Policy Target	Actual
Domestic Equity	9.0%	7.4%
International Equity		
Developed Markets	6.0%	6.0%
Emerging Markets	10.0%	8.9%
Independent Return	24.0%	21.1%
Private Equity	25.0%	32.2%
Real Assets	21.0%	19.1%
Fixed Income and Cash	5.0%	5.3%

pre-determined ranges, PRINCO's Staff and Directors will intentionally over- or under-weight more or less compelling asset categories. These deliberate allocation overlays occur most frequently in the marketable asset categories. Within Private Equity and Real Assets, deviations from Policy Portfolio targets can occur without deliberate intent, due to funding and market dynamics. When the Policy Portfolio targets for Private Equity and Real Assets were established, and when they are reviewed, it is with the understanding that allocation deviations in these categories are neither easily, nor cheaply, controlled with great precision, and therefore will often need to be offset by allocation adjustments in other categories.

That said, the large overweight in Private Equity is unintentional and deserves further comment. With hindsight we recognize that our commitments to Private Equity funds during fiscal years 2006 through 2008 were too high. Since that time, we have reduced our commitment pace to a sustainable steady-state rate, and are in the process of gliding gradually over several years back to the target allocation. Indeed, exposure to the category has declined from 38.2 percent at the end of fiscal 2011 to 32.3 percent at the end of fiscal 2014, despite the category's strong performance. (Private Equity has generated a 17.5 percent annualized return over the past four years relative to a 12.2 percent return for the Endowment excluding Private Equity.) It will, however, take time for exposure to decline to the 25 percent policy target level.

Within Fixed Income and Cash we hold predominately Cash due to a combination of exceptionally low yields that U.S. government bonds offer, increased price risk, and decreased "insurance" functionality.[5]

Figure 2
FISCAL YEAR 2014 PERFORMANCE



Performance

For the fiscal year ending June 30, 2014 (see Figure 2), the Endowment produced a positive 19.6 percent return on invested assets, outperforming our primary benchmark, the Policy Portfolio Index (or "PPI"), by 2.7 percent, as well as our secondary benchmark—a 65/35 blend of the S&P 500 and the Barclays Government/Credit Bond Index—by 2.1 percent.[6] The Endowment's return also outpaced the median college and university endowment by 3.0 percent.[7]

All of Princeton's asset categories generated positive returns during the year, with four different asset classes boasting returns of 20 percent or more (see Figure 3). Relative results were also robust, with five of seven asset classes beating benchmarks. Private Equity was the clear star, with exceptional gains by venture capital funds helping drive the asset class to a 28.8 percent return. Domestic Equity, International Developed Equity and Emerging Markets all produced very strong absolute gains. Emerging Markets' outstanding relative performance is particularly notable; it beat its benchmark by nearly ten percentage points. In contrast,

[5] A key reason for holding high quality fixed income is that it provides "insurance" against deflation and extended equity market declines. In particular, we expect yields to decline and bond prices to rise in many crisis scenarios. However, given current low yields, there is less room for further declines, reducing the insurance functionality.

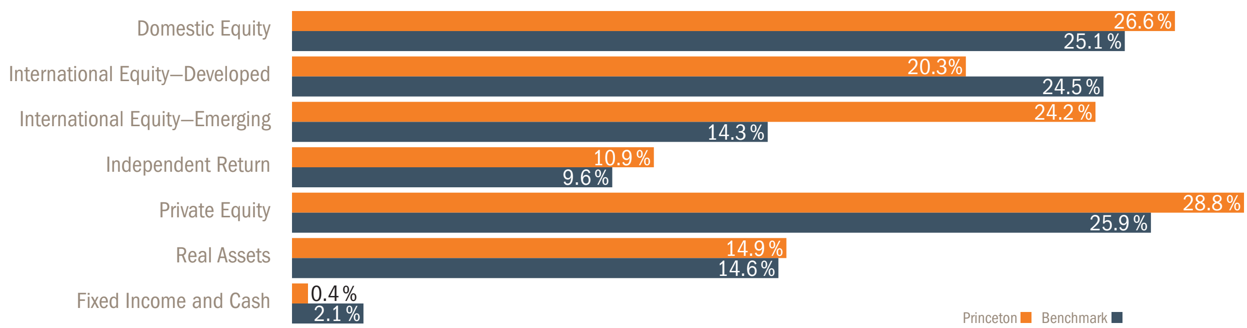
[6] The 65% S&P 500/35% Barclays Government/Credit Index portfolio represents what an investor would earn from a 65/35 investment in these equity and fixed income market indices, rebalanced annually. Since its inception in 1987, PRINCO has used this benchmark to represent the returns that might have been earned by institutional investors pursuing more traditional investment approaches.

[7] Policy Portfolio returns represent a weighted average of individual benchmark returns. The median college and university endowment returns represent data compiled by Cambridge Associates for over 150 college and university endowments.

Figure 3

PRINCETON ASSET CLASS RETURNS VS. BENCHMARKS

Fiscal Year 2014



Benchmarks used:
Domestic Equity: Wilshire 5000 Index;
International Equity–Developed: MSCI World ex-US IMI;
International Equity–Emerging: MSCI Emerging Markets IMI;
Independent Return: HFRI Fund Weighted Composite Index + 50 basis points per annum;
Private Equity: Customized Cambridge Associates benchmark;
Real Assets: Blend of Cambridge Associates Real Estate benchmark, a timber component, and an energy component;
Fixed Income & Cash: Barclays Government Bond Index.

International Developed Equity lagged its benchmark, as several managers underperformed for the year, despite having strong longer-term track records. Independent Return gained 10.9 percent, a healthy result given the asset category's low market exposure. Real Assets generated a solid return, led by gains from public real assets and private energy investments. In Fixed Income and Cash, the decision to hold predominately Cash led to lackluster absolute and relative performance.

Generally speaking, the evaluation of our investment program should focus on the long-term, and our long-term results are strong in both absolute and relative terms (see Figure 4). In a decade of challenging market conditions and lower than average inflation, Princeton's portfolio earned an annualized return of 10.5 percent. (For context, the Higher Education Price Index—a measure of University inflation—averaged 2.9 percent over this period.) The portfolio's gain compares favorably against the 10.0 percent return for the Policy Portfolio Index and the 7.7 percent return for the median college and university endowment. The managed investment portfolio also did very well relative to the passive 65/35 benchmark, which produced an annualized ten-year return of 7.2 percent. Over the past ten years, Princeton's excess performance relative to the Policy Portfolio, median college

Figure 4

10 YEAR ANNUALIZED PERFORMANCE

Ending June 30, 2014

and university, and 65/35 benchmark has added approximately $1 billion, $5 billion, and $7 billion, respectively, to the Endowment.

Additional long-term perspective is available by looking at performance over rolling ten-year periods. Table 3 compares PRINCO's investment performance over rolling-ten-year periods versus that of the 65/35 benchmark. Over rolling decade-long periods the Endowment has consistently outperformed the more conventional, more liquid 65/35 benchmark.

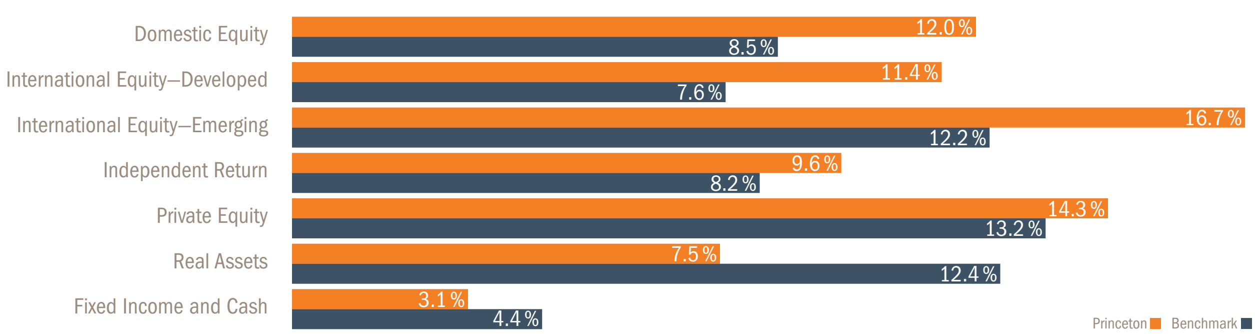
Over the past ten years, Princeton outperformed within asset categories by an average annualized margin of 1.2 percent, with five of seven asset categories outperforming their respective benchmarks (see Figure 5).

Table 3
ANNUALIZED 10 YEAR RETURNS

Fiscal Year	PRINCO	65/35	Difference
1996-2005	15.6 %	9.3%	6.3%
1997-2006	15.6 %	8.0%	7.6%
1998-2007	16.2 %	7.1%	9.1%
1999-2008	14.9 %	4.2%	10.7%
2000-2009	9.7 %	1.0%	8.7%
2001-2010	7.9 %	1.6%	6.3%
2002-2011	9.8 %	4.2%	5.6%
2003-2012	9.9 %	5.9%	4.0%
2004-2013	10.2 %	6.7%	3.5%
2005-2014	10.5 %	7.2%	3.3%

Results in the easily benchmarked categories (Domestic Equity, International Developed Equity, and Emerging Markets) have been very strong in absolute terms, and exceptional in relative terms. Emerging Markets produced the highest return of any asset category, despite

Figure 5
PRINCETON ASSET CLASS RETURNS VS. BENCHMARKS
Ten Years Ending June 30, 2014



Benchmarks used:
Domestic Equity: Wilshire 5000 Index;
International Equity—Developed: MSCI World ex-US Index prior to 6/30/10; MSCI World ex-US IMI thereafter;
International Equity—Emerging: MSCI Emerging Markets Index prior to 6/30/10; MSCI Emerging Markets IMI thereafter;
Independent Return: (40% Wilshire 5000 + 60% 91-day T-Bill) + 550 bps annualized until 6/30/10;
40% MSCI All Country World Index + 60%*(91-day T-Bill + 650 bps annualized) through 6/30/12; thereafter,
HFRI Fund Weighted Composite Index + 50 basis points per annum;
Private Equity: Customized Cambridge Associates benchmark;
Real Assets: Blend of levered NCREIF Property Index, a timber component, and an energy component.
Levered NCREIF Property Index changed to Cambridge Associates Real Estate benchmark at 6/30/10;
Fixed Income & Cash: Barclays Government Bond Index.

suffering through a sharp decline during the 2008-2009 financial crisis. Key to performance was the shift in our Emerging Markets manager roster over the last decade, from employing generalist managers to investing primarily with foreign-based, single-country and regional specialists.

Independent Return's long-term performance has been strong and consistent, with meaningful outperformance over the period. Private Equity was the second best performing asset class, generating strong absolute and relative returns. The Real Assets portfolio produced solid absolute returns, modestly outpacing our inflation-adjusted return expectations for the asset class. However, the asset class has lagged benchmark results meaningfully. Real Assets underperformance is partially explained by some regrettable investment decisions, as well as some good decisions that generated bad results. More significantly, the comparison to the benchmark is made less meaningful by the fact that Real Assets is an inherently difficult asset class to benchmark. Indeed, we have often had to select the "least bad" benchmark. As a result, a substantial amount of the long-term underperformance relates to differences between the composition of our real estate and energy programs and those of their benchmarks.

Fixed Income and Cash results were slightly below expectations in absolute terms, while also trailing the benchmark. The underperformance is due to the buildup of cash holdings in recent years, as well as the episodic presence of significant cash balances, held transitionally during periods of portfolio wide rebalancing.

Professor of Creative Writing and Pulitzer Prize-winning poet Tracy K. Smith works with students.

Some year's results are better than others. The good years tend to be more fun, but oddly and ironically, they can pose, subtly, more risk to future long-term success. Good years provide fertile fields to grow complacency. Good years tantalize such that it is easy to forget that the road to long-term success is, well, long.

In years when our results disappoint, we remind readers to focus on the long term, just as we do, or try to do. The importance of maintaining a long-term focus is important to remember in years like this as well.

Andrew Golden
President, Princeton University Investment Company

pwc

Independent Auditor's Report

To the Trustees of Princeton University:

We have audited the accompanying consolidated financial statements of Princeton University (the "University"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013 and the related consolidated statements of activities and consolidated statements of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Princeton University at June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

November 24, 2014

PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 300 Madison Avenue, New York, NY 10017
T: (646) 471 3000, F: (813) 286 6000, www.pwc.com/us

Consolidated Statements of Financial Position

June 30, 2014 and 2013

(dollars in thousands)	2014	2013
Assets		
Cash	$ 4,788	$ 3,449
Accounts receivable	84,014	82,480
Receivables associated with investments	-	4,078
Educational and mortgage loans receivable	366,435	366,305
Contributions receivable	209,861	261,330
Inventories and deferred charges	29,320	22,563
Managed investments at market value	20,769,281	17,971,823
Funds held in trust by others	148,870	130,434
Other investments	682,313	683,875
Property, net of accumulated depreciation	3,501,543	3,227,723
Total assets	**$ 25,796,425**	**$ 22,754,060**
Liabilities		
Accounts payable	$ 99,564	$ 121,862
Liabilities associated with investments	192,920	182,564
Deposits, advance receipts, and accrued liabilities	105,132	113,384
Deposits held in custody for others	148,363	125,004
Deferred revenues	39,900	40,244
Liability under planned giving agreements	96,680	90,700
Federal loan programs	6,671	6,609
Indebtedness to third parties	3,231,753	3,035,567
Accrued postretirement benefits	367,254	294,810
Total liabilities	**$ 4,288,237**	**$ 4,010,744**
Net assets		
Unrestricted	$ 8,354,141	$ 7,260,637
Temporarily restricted	11,334,911	9,716,400
Permanently restricted	1,819,136	1,766,279
Total net assets	**$ 21,508,188**	**$ 18,743,316**
Total liabilities and net assets	**$ 25,796,425**	**$ 22,754,060**

See notes to consolidated financial statements.

Consolidated Statements of Activities

Year ended June 30, 2014

(dollars in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Operating revenues				
Tuition and fees	$ 311,426	-	-	$ 311,426
Less scholarships and fellowships	(203,586)	-	-	(203,586)
Net tuition and fees	107,840	-	-	107,840
Government grants and contracts	272,280	-	-	272,280
Private gifts, grants, and contracts	83,873	-	-	83,873
Auxiliary sales and services	101,378	-	-	101,378
Other sources	160,015	-	-	160,015
Investment earnings distributed	334,944	$ 505,937	-	840,881
Operating revenues	1,060,330	505,937	-	1,566,267
Net assets released from restrictions	536,806	(536,806)	-	-
Total operating revenues	**1,597,136**	**(30,869)**	**-**	**1,566,267**
Operating expenses				
Educational and general:				
Academic departments and programs	669,040	-	-	669,040
Academic support	91,417	-	-	91,417
Student services	124,125	-	-	124,125
Library	75,592	-	-	75,592
General administration and institutional support	143,331	-	-	143,331
Other student aid	37,850	-	-	37,850
Plasma Physics Laboratory	98,323	-	-	98,323
Total educational and general	1,239,678	-	-	1,239,678
Auxiliary activities	130,123	-	-	130,123
Interest on indebtedness	125,429	-	-	125,429
Total operating expenses	**1,495,230**	**-**	**-**	**1,495,230**
Results of operations	**101,906**	**(30,869)**	**-**	**71,037**
Nonoperating activities				
Adjustments to planned giving agreements	-	7,653	$ 4,096	11,749
Increase in value of assets held in trust by others	-	-	18,436	18,436
Private gifts, noncurrent	-	78,778	30,325	109,103
Net realized and unrealized appreciation on investments	1,326,542	2,068,886	-	3,395,428
Distribution of investment earnings	(334,944)	(505,937)	-	(840,881)
Increase from nonoperating activities	991,598	1,649,380	52,857	2,693,835
Increase in net assets	1,093,504	1,618,511	52,857	2,764,872
Net assets at the beginning of the year	**7,260,637**	**9,716,400**	**1,766,279**	**18,743,316**
Net assets at the end of the year	**$ 8,354,141**	**$ 11,334,911**	**$ 1,819,136**	**$ 21,508,188**

See notes to consolidated financial statements.

(dollars in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total
Operating revenues				
Tuition and fees	$ 301,535	-	-	$ 301,535
Less scholarships and fellowships	(195,892)	-	-	(195,892)
Net tuition and fees	105,643	-	-	105,643
Government grants and contracts	249,132	-	-	249,132
Private gifts, grants, and contracts	87,889	-	-	87,889
Auxiliary sales and services	99,099	-	-	99,099
Other sources	153,099	-	-	153,099
Investment earnings distributed	305,781	$ 478,562	-	784,343
Operating revenues	1,000,643	478,562	-	1,479,205
Net assets released from restrictions	499,439	(499,439)	-	-
Total operating revenues	**1,500,082**	**(20,877)**	**-**	**1,479,205**
Operating expenses				
Educational and general:				
Academic departments and programs	602,072	-	-	602,072
Academic support	80,941	-	-	80,941
Student services	109,427	-	-	109,427
Library	72,473	-	-	72,473
General administration and institutional support	138,981	-	-	138,981
Other student aid	36,637	-	-	36,637
Plasma Physics Laboratory	75,316	-	-	75,316
Total educational and general	1,115,847	-	-	1,115,847
Auxiliary activities	118,135	-	-	118,135
Interest on indebtedness	124,571	-	-	124,571
Total operating expenses	**1,358,553**	**-**	**-**	**1,358,553**
Results of operations	**141,529**	**(20,877)**	**-**	**120,652**
Nonoperating activities				
Adjustments to planned giving agreements	-	6,893	$ 4,963	11,856
Increase in value of assets held in trust by others	-	-	5,802	5,802
Private gifts, noncurrent	-	60,714	32,391	93,105
Net realized and unrealized appreciation on investments	730,420	1,161,659	-	1,892,079
Distribution of investment earnings	(305,781)	(478,562)	-	(784,343)
Increase from nonoperating activities	424,639	750,704	43,156	1,218,499
Increase in net assets	566,168	729,827	43,156	1,339,151
Net assets at the beginning of the year	**6,694,469**	**8,986,573**	**1,723,123**	**17,404,165**
Net assets at the end of the year	**$ 7,260,637**	**$ 9,716,400**	**$ 1,766,279**	**$ 18,743,316**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(dollars in thousands)	2014	2013
Cash flows from operating activities		
Change in net assets	$ 2,764,872	$ 1,339,151
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	127,040	116,269
Amortization of bond issuance costs and premiums	(5,100)	(6,377)
Property gifts-in-kind	(1,384)	(2,206)
Adjustments to planned giving agreements	(11,749)	(11,856)
Net realized and unrealized appreciation on investments	(3,216,397)	(1,726,579)
Gain (loss) on disposal of fixed assets	3,046	(2,221)
Increase in value of assets held in trust by others	(18,436)	(5,802)
Contributions received for long-term investment	(28,941)	(30,185)
Changes in operating assets and liabilities:		
Receivables	49,805	98,409
Inventory and deferred charges	(6,757)	(1,009)
Accounts payable	(22,298)	21,003
Deposits, advance receipts, and accrued liabilities	(8,252)	(10,073)
Deposits held in custody for others	23,359	5,852
Deferred revenue	(344)	(310)
Accrued postretirement benefits	72,444	(17,141)
Net cash used by operating activities	**(279,092)**	**(233,075)**
Cash flows from investing activities		
Purchases of property, plant, and equipment	(409,429)	(353,118)
Proceeds from disposal of property, plant, and equipment	5,523	3,086
Purchases of investments	(4,067,703)	(4,640,899)
Proceeds from maturities/sales of investments	4,502,638	5,039,738
Net cash provided by investing activities	**31,029**	**48,807**
Cash flows from financing activities		
Issuance of indebtedness to third parties, net of drawdowns	265,255	221,937
Payment of debt principal	(63,969)	(65,517)
Contributions received for long-term investment	30,325	19,868
Transactions on planned giving agreements	17,729	6,076
Net additions under federal loan programs	62	76
Net cash provided by financing activities	**249,402**	**182,440**
Net increase (decrease) in cash	**1,339**	**(1,828)**
Cash at the beginning of the year	**3,449**	**5,277**
Cash at the end of the year	**$ 4,788**	**$ 3,449**
Supplemental disclosures		
Interest paid	$ 141,203	$ 141,380

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended June 30, 2014 and 2013

1. NATURE OF OPERATIONS

Princeton University (the "University") is a privately endowed, nonsectarian institution of higher learning. When originally chartered in 1746 as the College of New Jersey, it became the fourth college in British North America. It was renamed Princeton University in 1896. First located in Elizabeth, and briefly in Newark, the school moved to Princeton in 1756.

The student body numbers approximately 5,240 undergraduates and 2,670 graduate students in more than 90 departments and programs. The University offers instruction in the liberal arts and sciences and in professional programs of the School of Architecture, the School of Engineering and Applied Science, and the Woodrow Wilson School of Public and International Affairs. The faculty numbers approximately 1,180, including visitors and part-time appointments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Princeton University (now legally known as "The Trustees of Princeton University") are prepared on the accrual basis and include the accounts of its wholly owned subsidiaries, foundation, and investments controlled by the University. Financial information conforms to the statements of accounting principles of the Financial Accounting Standards Board (FASB) and to the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Entities*. Relevant pronouncements include FASB Accounting Standards Codification (ASC) 958-310, *Not-for-Profit Entities—Receivables*, and ASC 958-205, *Not-for-Profit Entities—Presentation of Financial Statements*.

Unconditional promises to give are recognized as revenues in the year made, not in the year in which the cash is received. The amounts are discounted based on timing of expected collections. Amounts received from donors to planned giving programs are shown in part as a liability for the present value of annuity payments to the donor; the balance is shown as a gift of either temporarily or permanently restricted net assets.

External financial statements of not-for-profit organizations require the preparation of a statement of financial position, a statement of activities, and a statement of cash flows. The classification of the organization's net assets and its revenues and expenses into three categories according to the existence or absence of donor-imposed restrictions—permanently restricted, temporarily restricted, or unrestricted—is also required. Changes, including reclassification and transfers, in each category are reflected in the statement of activities, certain of which are further categorized as nonoperating. Such nonoperating activities primarily reflect transactions of a long-term investment or capital nature, including contributions receivable in future periods, contributions subject to donor-imposed restrictions, and gains and losses on investments in excess of the University's spending rule. Other significant accounting policies are described elsewhere in these notes.

The preparation of the University's financial statements in conformity with generally accepted accounting principles (GAAP) 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 dates of the consolidated statements of financial position, and the reported amounts of revenue and expense included in the consolidated statements of activities. Actual results could differ from such estimates.

Certain prior-year balances have been reclassified to conform to the current year presentation.

3. INVESTMENTS

Managed Investments

All managed investments are reported at fair value. The fair value of marketable equity, debt, and certain derivative securities (which includes both domestic and foreign issues) is generally based upon a combination of published current market prices and exchange rates. The fair value of restricted securities and other investments for which published market prices are not available is based on estimated values using discounted cash flow analysis and other industry standard methodologies. Where applicable, independent appraisers and engineers assist in the valuation. The fair value of limited partnerships and similar investment vehicles is generally estimated by external investment managers, including general partners or valuation committees. These valuations necessarily involve assumptions and methods that are reviewed, evaluated, and adjusted, if necessary, by the University. Changes in assumptions could have a significant effect on the fair values of these investments. Actual results could differ from these estimates and could have a material impact on the financial statements. These investments are generally less liquid than other investments, and the values reported may differ from the values that would have been reported had a ready market for these securities existed. Securities transactions are reported on a trade-date basis.

A summary of managed investments by asset category at fair value at June 30, 2014 and 2013, is presented below. The managed investment categories are presented on a "manager-mandate" basis, that is, all of the assets and market value of the underlying funds and accounts are included in the asset class which is the primary focus of the fund or account. (Many funds and accounts have contractual flexibility to invest across more than one asset class.)

(dollars in millions)	2014	2013
Managed investments:		
Domestic equity	$ 1,815.7	$ 1,539.8
International equity	3,034.6	2,296.1
Independent return	5,178.2	4,583.9
Private equity	6,326.5	5,592.8
Real assets	3,499.7	3,281.3
Fixed income	81.5	7.8
Cash and other	833.1	670.1
Gross managed investments	**20,769.3**	**17,971.8**
Receivables associated with investments—net	-	4.1
Net managed investments	**$ 20,769.3**	**$ 17,975.9**

The Princeton University Investment Company (PRINCO) manages investments for a foundation that the University controls, the Stanley J. Seeger Hellenic Fund, and deposits held in custody for others. The investment balances managed by PRINCO for these entities as of June 30, included in the University's consolidated financial statements, are as follows:

(dollars in millions)	2014	2013
Princeton University	$ 20,580.6	$ 17,815.7
Stanley J. Seeger Hellenic Fund	40.3	35.2
Deposits held in custody for others	148.4	125.0
Net managed investments	**$ 20,769.3**	**$ 17,975.9**

The composition of net investment return from managed and other investments for the years ended June 30 was as follows:

(dollars in thousands)	2014	2013
Net realized and unrealized gains	$ 3,216,397	$ 1,726,579
Interest, dividends, and other income	179,031	165,500
Total	**$ 3,395,428**	**$ 1,892,079**

Princeton University investments together with the Stanley J. Seeger Hellenic Fund and deposits held in custody for others are invested in a single unitized pool. The market value of each unit was $10,099.61 and $8,829.74 at June 30, 2014 and 2013, respectively. The average value of a unit during the years ending June 30, 2014 and 2013, was $9,309.36 and $8,544.26, respectively.

The average invested market balance in the unitized pool during the years ending June 30, 2014 and 2013, was $18.856 billion and $17.105 billion, respectively.

The University follows a spending rule for its unitized investments, including funds functioning as endowment, that provides for regular increases in spending while preserving the long-term purchasing power of the endowment. Earnings available for spending are shown in operating revenue, and the balance is shown as nonoperating revenue. Amounts distributed per unit under that rule were $407.41 and $388.01 for fiscal years 2014 and 2013, respectively.

The University invests in various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

As part of its investment strategy, the University enters into transactions utilizing a variety of financial instruments and strategies, including futures, swaps, options, short sales, and forward foreign currency contracts. These financial instruments and strategies allow the University to fine-tune the asset allocation of the investment portfolio. In all cases except forward foreign currency exchange and swap contracts, these instruments are traded through securities and commodities exchanges. The forward foreign currency and swap contracts are executed with creditworthy banks and brokerage firms. These financial instruments are subject to an enforceable master netting arrangement or similar agreement, and are presented on a net basis on the consolidated statement of financial position. In January 2013, FASB issued Accounting Standards Update (ASU) 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities,* which clarifies the scope of ASU 2011-11 as it applies to derivatives accounted for in accordance with *Topic 815, Derivatives and Hedging*, requiring additional disclosures for derivative portfolios including disclosing the gross amounts of recognized financial assets and financial liabilities that are offset in the balance sheet and subject to an enforceable master netting arrangement. The University has adopted the standard in fiscal year 2014 and disclosures pertaining to this topic have been included below.

At June 30, 2014, the aggregate notional value of futures contracts was $303.5 million held with one counterparty, with an aggregate unrealized gain of $0.4 million and unrealized loss of $4.8 million on a gross basis. At June 30, 2014, the aggregate notional value of swaps was $331.0 million held with two counterparties, with an aggregate unrealized gain of $31.2 million and unrealized loss of $4.2 million on a gross basis; and $16.2 million has been pledged as collateral. At June 30, 2013, the aggregate notional value of futures contracts was $307.4 million held with one counterparty, with an aggregate unrealized loss of $2.9 million on a gross basis. At June 30, 2013, the aggregate notional value of swaps was $97.0 million held with one counterparty, with an aggregate unrealized gain of $5.3 million on a gross basis; and $22.6 million had been pledged as collateral. No other contracts were held during the year ended June 30, 2014. These instruments, when recognized, are recorded at fair value and are included as either an asset or a liability depending on the rights or obligations of the contract. Realized gains or losses are recorded at the time the contract is closed.

Funds Held in Trust by Others

The University is the income beneficiary of various trusts that are held and controlled by independent trustees. In addition, the University is the income beneficiary of entities that qualify as supporting organizations under Section 509(a)(3) of the U.S. Internal Revenue Code. Funds held in trust by others are recognized at the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or the University is notified of its existence. Funds held in trust by others, stated at fair value, amounted to $148.9 million in 2014 and $130.4 million in 2013.

Other Investments

Other investments include working capital (consisting primarily of cash and cash equivalents and U.S. Treasury securities), a small number of funds that must be separately invested due to donor or legal restrictions, planned giving investments, proceeds from debt, and local real estate holdings expected to be liquidated strategically over several years. A summary of other investments at fair value at June 30, 2014 and 2013, is as follows:

(dollars in millions)	**2014**	**2013**
Working capital	$ 342.7	$ 350.1
Planned giving investments	211.0	194.5
Proceeds from debt	81.5	95.7
Strategic real estate investments	46.1	41.5
Other	1.0	2.1
Total	$ 682.3	$ 683.9

4. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. Fair value measurements assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). The University applies fair value measurements to certain assets and liabilities, including the University's managed investments, other investments, and funds held in trust by others, in accordance with the requirements described above.

The University maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flow and other income valuation approaches.

The University utilizes the following fair value hierarchy, which prioritizes, into three broad levels, the inputs to valuation techniques used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the University has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.

Level 2: Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 consist primarily of investments in certain entities that calculate net asset value per share (or its equivalent) and can be redeemed in the near term.

Level 3: Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 consist primarily of limited partnership interests and other similar investment vehicles.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant amount of price or other inputs that are considered to be unobservable are used in their valuations. Where the University has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date, such investments have been categorized under Level 2 fair value measurements. Certain of these investments may be subject to modest holdback provisions to cover audit and other potential expenses or adjustments in the event of a complete withdrawal.

The FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, effective for fiscal years beginning after December 15, 2011. The guidance requires enhanced disclosures around Level 3 investments in the fair value hierarchy, including a description of the valuation processes used and disclosure of significant unobservable inputs used in investment valuations. The University adopted ASU 2011-04, effective for the year ended June 30, 2013. The University has various processes and controls in place to ensure investment fair value is reasonable and performs due diligence procedures on its investments including an assessment of applicable accounting policies, a review of the valuation procedures employed, and consideration of redemption features and price transparency. The University holds direct real estate investments categorized as Level 3. Valuation for material directly held real estate investments is determined from periodic valuations prepared by independent appraisers or broker opinions.

Notes to Consolidated Financial Statements

(Continued)

The following tables present the University's assets that are measured at fair value for each hierarchy level, at June 30, 2014 and 2013.

		Fair Value Measurements at Reporting Date Using		
(dollars in millions) **2014**	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at fair value				
Managed investments (gross):				
Domestic equity	$ 1,815.7	$ (58.3)	$ 254.4	$ 1,619.6
International equity	3,034.6	499.1	730.8	1,804.7
Independent return	5,178.2	-	529.3	4,648.9
Private equity	6,326.5	-	-	6,326.5
Real assets	3,499.7	87.0	149.4	3,263.3
Fixed income	81.5	81.5	-	-
Cash and other	833.1	1,074.1	(241.4)	0.4
Total managed investments (gross)	20,769.3	1,683.4	1,422.5	17,663.4
Funds held in trust by others	148.9	-	-	148.9
Other investments	682.3	424.2	-	258.1
Total	$ 21,600.5	$ 2,107.6	$ 1,422.5	$ 18,070.4
2013				
Assets at fair value				
Managed investments (gross):				
Domestic equity	$ 1,539.8	$ 110.7	$ 240.7	$ 1,188.4
International equity	2,296.1	519.1	479.0	1,298.0
Independent return	4,583.9	-	493.1	4,090.8
Private equity	5,592.8	-	-	5,592.8
Real assets	3,281.3	50.4	102.3	3,128.6
Fixed income	7.8	-	-	7.8
Cash and other	670.1	772.3	(102.7)	0.5
Total managed investments (gross)	17,971.8	1,452.5	1,212.4	15,306.9
Funds held in trust by others	130.4	-	-	130.4
Other investments	683.9	445.9	-	238.0
Total	$ 18,786.1	$ 1,898.4	$ 1,212.4	$ 15,675.3

Assets and liabilities of a majority-owned investment fund have been consolidated for reporting purposes at June 30, 2014 and 2013. Managed investments, specifically the independent return asset class, includes consolidated investment fund assets of $948.5 million and $893.0 million at June 30, 2014 and 2013, respectively, and liabilities associated with investments includes consolidated investment fund liabilities of $192.9 million and $182.6 million at June 30, 2014 and 2013, respectively.

The following tables present the net change in the assets measured at fair value on a recurring basis and included in the Level 3 fair value category for the years ended June 30, 2014 and 2013:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

(dollars in millions)	June 30, 2013	Total Gains or Losses Included in Changes in Net Assets	Purchases	Sales and Settlements	Transfers into Level 3	Transfers out of Level 3	June 30, 2014
Assets at fair value							
Managed investments (gross):							
Domestic equity	$ 1,188.4	$ 335.6	266.9	$ (171.3)	$ -	$ -	$ 1,619.6
International equity	1,298.0	406.2	298.6	(229.3)	31.2	-	1,804.7
Independent return	4,090.8	461.4	455.4	(358.7)	-	-	4,648.9
Private equity	5,592.8	1,419.0	654.4	(1,339.7)	-	-	6,326.5
Real assets	3,128.6	326.2	294.6	(486.1)	-	-	3,263.3
Fixed income	7.8	0.1	-	(7.9)	-	-	-
Cash and other	0.5	(0.1)	-	-	-	-	0.4
Funds held in trust by others	130.4	17.9	-	-	0.6	-	148.9
Other investments	238.0	24.0	2.3	(8.8)	2.6	-	258.1
Total Level 3 investments	$ 15,675.3	$ 2,990.3	$ 1,972.2	$ (2,601.8)	$ 34.4	$ -	$ 18,070.4

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

(dollars in millions)	June 30, 2012	Total Gains or Losses Included in Changes in Net Assets	Purchases	Sales and Settlements	Transfers into Level 3	Transfers out of Level 3	June 30, 2013
Assets at fair value							
Managed investments (gross):							
Domestic equity	$ 1,038.8	$ 221.3	$ 40.6	$ (112.3)	$ -	$ -	$ 1,188.4
International equity	991.4	146.3	357.4	(163.9)	-	(33.2)	1,298.0
Independent return	3,434.9	585.8	264.6	(194.5)	-	-	4,090.8
Private equity	5,768.1	528.7	727.9	(1,431.9)	-	-	5,592.8
Real assets	3,297.4	230.5	406.7	(806.0)	-	-	3,128.6
Fixed income	12.1	0.3	-	(4.6)	-	-	7.8
Cash and other	0.8	(0.3)	-	-	-	-	0.5
Funds held in trust by others	112.1	5.8	-	-	12.5	-	130.4
Other investments	241.1	12.3	3.7	(22.1)	15.7	(12.7)	238.0
Total Level 3 investments	$ 14,896.7	$ 1,730.7	$ 1,800.9	$ (2,735.3)	$ 28.2	$ (45.9)	$ 15,675.3

The University assesses the valuation hierarchy for each asset or liability measured on an annual basis. From time to time, assets or liabilities will be transferred within hierarchy levels as a result of changes in valuation methodologies, liquidity, and/or redemption terms. In the year ended June 30, 2014, one managed investment transferred from Level 2 to Level 3. In the year ended June 30, 2013, one managed investment transferred from Level 3 to Level 2. The University's policy is to recognize transfers at the beginning of the reporting period.

Realized gains of $1,202.6 million and $411.4 million related to Level 3 investments and unrealized gains of $1,787.7 million and $2,142.1 million related to Level 3 investments are included in net realized and unrealized appreciation on investments in the consolidated statements of activities for the years ended June 30, 2014 and 2013, respectively.

Notes to Consolidated Financial Statements

(Continued)

The following tables and disclosures set forth the significant terms of the agreements with investment managers or funds by major category at June 30, 2014 and 2013. The information is presented on a "manager-mandate" basis.

(dollars in millions)	June 30 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
2014				
Managed investments (gross)				
Domestic equity (a)	$ 1,815.7	$ 82.5	daily–annually	4-90 days
International equity–developed (b)	1,018.1	-	daily–annually	7-90 days
International equity–emerging (c)	2,016.5	177.3	daily–annually	7-90 days
Independent return (d)	5,178.2	296.8	monthly–annually	30-90 days
Fixed income (e)	81.5	-	daily	same day
Cash and other (e)	833.1	-	daily	same day
Marketable asset classes	**$ 10,943.1**	**$ 556.6**		
Private equity (f)	6,326.5	2,301.2		
Real assets (g)	3,499.7	1,551.2		
Nonmarketable asset classes	**$ 9,826.2**	**$ 3,852.4**		
Total gross investments	**$ 20,769.3**	**$ 4,409.0**		
2013				
Managed investments (gross)				
Domestic equity (a)	$ 1,539.8	$ 72.5	daily–annually	4-90 days
International equity–developed (b)	822.8	-	daily–annually	7-90 days
International equity–emerging (c)	1,473.3	64.5	daily–annually	7-90 days
Independent return (d)	4,583.9	201.1	monthly–annually	30-90 days
Fixed income (e)	7.8	-	daily	same day
Cash and other (e)	670.1	-	daily	same day
Marketable asset classes	**$ 9,097.7**	**$ 338.1**		
Private equity (f)	5,592.8	1,931.8		
Real assets (g)	3,281.3	974.4		
Nonmarketable asset classes	**$ 8,874.1**	**$ 2,906.2**		
Total gross investments	**$ 17,971.8**	**$ 3,244.3**		

(a) Domestic Equity: This asset class includes funds and accounts primarily invested in equities traded on domestic exchanges or in domestic over-the-counter markets. The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds, or, in the case of custodied accounts, the fair value of the securities held. Investments representing approximately 4 percent of the market value of this asset class are invested in nonredeemable assets.
(b) International Equity–Developed: This asset class includes funds primarily invested in public equity and debt securities traded in countries with developed economies other than the United States. The fair values of the investments in this asset class have been estimated using the net asset value per share of the investee funds. Investments representing approximately 10 percent of the market value of this asset class are invested in nonredeemable assets.
(c) International Equity–Emerging: This asset class includes funds primarily invested in public equity and debt securities traded in countries with emerging economies. The fair values of

the investments in this asset class have been estimated using the net asset value per share of the investee funds or, in the case of custodied accounts, the fair value of the securities held, at prevailing exchange rates. Investments representing approximately 6 percent of the market value of this asset class are invested in nonredeemable assets.

(d) Independent Return: This asset class includes funds invested in equity and debt securities and financial instruments such as options, swaps, futures, and other derivatives. Funds in this asset class may hold both long and short positions in any of these instruments and pursue a variety of investment strategies based upon the fund's investment mandate and the current opportunity set. In general terms, approximately 30 percent of market value is invested in funds principally focused on long/short equity investments, 25 percent is invested in event-driven/arbitrage strategies, and 45 percent is invested in funds that opportunistically engage in both strategies. Investments representing approximately 19 percent of the market value of this asset class are invested in nonredeemable assets.

(e) Fixed Income and Cash: On a combined basis, these asset classes include primarily U.S. government and U.S. government–guaranteed securities held in separate accounts at the custodial bank. Virtually all of the investments in these asset classes can be liquidated on a daily basis.

(f) Private Equity: This asset class includes funds invested primarily in buyouts or venture capital. The fair values of the investments in this asset class have generally been estimated using partners' capital statements issued by the funds, which reflect the University's ownership interest. Generally, investments in this asset class are not redeemable. Distributions from investee funds in the portfolio are received as the underlying investments of the funds are liquidated.

(g) Real Assets: This asset class includes funds invested primarily in real estate, energy, and timber. The fair values of the investments in this asset class have been estimated using partners' capital statements issued by the funds, which reflect the University's ownership interest. Generally, investments in this asset class are not redeemable. However, a small portion, $194.6 million at June 30, 2014, and $138.3 million at June 30, 2013, was invested in redeemable funds. More broadly, distributions from investee funds are received as the underlying investments of the funds are liquidated.

Investments in the marketable asset classes are generally redeemable, made in entities that allow the University to request withdrawals in specified circumstances. However, approximately $1.3 billion of the marketable asset classes are invested in "nonredeemable assets," which are not eligible for redemption by the University. Nonredeemable assets are specific investments within a fund designated by the fund manager as ineligible for withdrawal. Due to the illiquid nature of nonredeemable assets, it is impossible for the University to predict when these assets will liquidate and the proceeds distributed to investors.

In addition to nonredeemable assets, the University may be limited in its ability to effect a withdrawal if a fund manager invokes a "gate" provision restricting redemptions from its fund. Gates are generally triggered when aggregate fund withdrawal requests exceed a contractually predetermined threshold. No withdrawal requests were impacted by a gate in the year ended June 30, 2014.

The University is obligated under certain agreements to fund capital calls periodically up to specified commitment amounts. At June 30, 2014, the University had unfunded commitments of $4.4 billion. Such commitments are generally called over periods of up to 10 years and contain fixed expiration dates or other termination clauses.

Although the University sells interests in its investments from time to time on an opportunistic basis, as of June 30, 2014, there were no investments identified that were likely to be sold at amounts significantly different from carrying values.

Notes to Consolidated Financial Statements

(Continued)

5. ENDOWMENT

The University's endowment consists of approximately 3,800 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the University to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the University to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

ASC 958-205-45-28, *Not-for-Profit Entities—Presentation of Financial Statements—Other Presentation Matters—Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was enacted in the state of New Jersey in June 2009.

Interpretation of Relevant Law

The University interprets the UPMIFA as requiring the preservation of the fair value at the original gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. The University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the University and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the University
(7) The investment policies of the University

Endowment net asset composition by type of fund as of June 30, 2014 and 2013, is:

2014 *(dollars in thousands)*	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 10,721,605	$ 1,697,187	$ 12,418,792
Board-designated endowment funds	8,023,126	-	-	8,023,126
Total	$ 8,023,126	$ 10,721,605	$ 1,697,187	$ 20,441,918
2013 *(dollars in thousands)*				
Donor-restricted endowment funds	$ (62)	$ 9,209,214	$ 1,632,818	$ 10,841,970
Board-designated endowment funds	6,838,119	-	-	6,838,119
Total	$ 6,838,057	$ 9,209,214	$ 1,632,818	$ 17,680,089

Changes in endowment net assets for the years ended June 30, 2014 and 2013, are:

2014 *(dollars in thousands)*	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Endowment net assets, beginning of the year	$ 6,838,057	$ 9,209,214	$ 1,632,818	$ 17,680,089
Investment return:				
Net realized and unrealized appreciation	1,304,881	2,068,948	-	3,373,829
Reclassification for funds with deficiencies	62	(62)	-	-
Total investment return	**1,304,943**	**2,068,886**	**-**	**3,373,829**
Contributions	-	-	30,325	30,325
Appropriation of endowment assets for expenditure	(318,084)	(504,337)	-	(822,421)
Reclassifications, transfers, and board designations	198,210	(52,158)	34,044	180,096
Endowment net assets, end of the year	**$ 8,023,126**	**$ 10,721,605**	**$ 1,697,187**	**$ 20,441,918**

2013 *(dollars in thousands)*	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total
Endowment net assets, beginning of the year	$ 6,253,825	$ 8,573,503	$ 1,589,426	$ 16,416,754
Investment return:				
Net realized and unrealized appreciation	716,183	1,163,850	-	1,880,033
Reclassification for funds with deficiencies	2,192	(2,192)	-	-
Total investment return	**718,375**	**1,161,658**	**-**	**1,880,033**
Contributions	-	-	19,868	19,868
Appropriation of endowment assets for expenditure	(293,536)	(477,017)	-	(770,553)
Reclassifications, transfers, and board designations	159,393	(48,930)	23,524	133,987
Endowment net assets, end of the year	**$ 6,838,057**	**$ 9,209,214**	**$ 1,632,818**	**$ 17,680,089**

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $0.1 million at June 30, 2013. There were no funds with deficiencies at June 30, 2014. Deficiencies can result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions while continued appropriations are deemed prudent by the Board of Trustees.

In accordance with the terms of donor gift instruments, the University is permitted to reduce the balance of restricted endowments below the original amount of the gift. Subsequent investment gains are then used to restore the balance up to the fair market value of the original amount of the gift. Subsequent gains above that amount are recorded in temporarily restricted net assets.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to support the University's current and future operating needs, while preserving intergenerational equity. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for donor-specified periods as well as University-designated funds. Under these policies, the endowment assets are invested in a manner that is intended to produce returns that exceed both the annual rate of spending and university inflation.

Notes to Consolidated Financial Statements

(Continued)

Strategies Employed for Achieving Objectives

The vast majority of the endowment assets are actively managed by PRINCO, which is structured as a University office, but maintains its own Board of Directors, and operates under the final authority of the University's Board of Trustees (the "Trustees").

In pursuit of the investment return objectives, PRINCO maintains an equity-biased portfolio and seeks to partner with best-in-class investment management firms across diverse asset categories.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year the Trustees decide upon an amount to be spent from the endowment for the following fiscal year. In their deliberations, the Trustees use a spending framework that is designed to enable sizable amounts to be spent in a reasonably stable fashion, while allowing for reinvestment sufficient to preserve purchasing power in perpetuity. The framework targets annual spending rates of between 4.0 percent and 5.75 percent.

The endowment must seek investment returns sufficient to meet spending policy targets as well as to maintain future purchasing power without deterioration of corpus resulting from university inflation.

6. EDUCATIONAL AND MORTGAGE LOANS

Educational loans include donor-restricted and federally sponsored educational loans that bear mandated interest rates and repayment terms, and are subject to significant restrictions on their transfer and disposition. These loans totaled $68.3 million and $70.2 million at June 30, 2014 and 2013, respectively. Determination of the fair value of educational loans receivable could not be made without incurring excessive costs.

Through a program to attract and retain excellent faculty and senior staff, the University provides home acquisition and financing assistance on residential properties in the area surrounding the University. Notes receivable from faculty and staff and co-ownership interests in the properties are included in mortgage loans and are collateralized by mortgages on those properties. These loans and interests totaled $299.0 million and $297.0 million at June 30, 2014 and 2013, respectively.

Allowance for Doubtful Loans

Management assesses the adequacy of the allowance for doubtful loans by performing evaluations of the loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of borrowers, the economic environment, the level of delinquent loans, and the value of any collateral associated with the loans. In addition to general economic conditions and other factors described above, a detailed review of the aging of loans receivable is considered in management's assessment. The level of the allowance is adjusted according to the results of management's analysis.

Loans less than 120 days delinquent are deemed to have a minimal delay in payment and are generally not written off. Loans more than 120 days delinquent are subject to standard collection practices, including litigation. Only loans that are deemed uncollectible are written off, and this occurs only after several unsuccessful collection attempts, including placement at an external collection agency. Considering the other factors discussed herein, management considers the allowance for doubtful loans at June 30, 2014 and 2013, to be prudent and reasonable.

Educational and mortgage loans receivable at June 30, 2014 and 2013, are reported net of allowances for doubtful loans of $0.9 million and $0.9 million, respectively.

7. PROMISES TO GIVE

At June 30, 2014 and 2013, the University had received from donors unconditional promises to give contributions of amounts receivable in the following periods:

(dollars in thousands)	2014	2013
Less than one year	$ 95,907	$ 121,527
One to five years	103,885	131,386
More than five years	22,501	22,374
Total	**222,293**	**275,287**
Less unamortized discount and reserve	12,432	13,957
Net amount	**$ 209,861**	**$ 261,330**

The amounts promised have been recorded after discounting the future cash flows to the present value. Current-year promises are included in revenue as additions to temporarily or permanently restricted net assets, as determined by the donors, and are included in contributions receivable at fair value based on observable ASC 820 Level 2 inputs.

In addition, at June 30, 2014, the University had received from donors promises to give of $2.4 million, conditioned upon the raising of matching gifts from other sources and other criteria. These amounts will be recognized as income in the periods in which the conditions have been fulfilled.

8. PROPERTY

Land additions are reported at estimated market value at the date of gift, or on a cost basis. Buildings and improvements are stated at cost. Expenditures for operation and maintenance of physical plant are expensed as incurred.

Items classified as property at June 30, 2014 and 2013, consisted of the following:

(dollars in thousands)	2014	2013
Land	$ 108,910	$ 108,576
Buildings and improvements	3,513,322	3,123,440
Construction in progress	364,110	421,901
Equipment	295,228	268,947
Rare books	94,610	89,807
Library books, periodicals, and bindings	275,488	270,347
Fine art objects	118,079	112,308
Total property	**4,769,747**	**4,395,326**
Accumulated depreciation	(1,268,204)	(1,167,603)
Total	**$ 3,501,543**	**$ 3,227,723**

Equipment, rare books, library books, periodicals, and bindings are stated at cost. Equipment includes items purchased with federal government funds; an indeterminate portion of those items are expected to be transferred to the University at the termination of the respective grant or contract. In addition to making purchases with University funds, the University, since its inception, has received a substantial number of fine art objects from individual gifts and bequests. Art objects acquired through June 30, 1973, are carried at insurable values at that date because it is not practicable to determine the historical cost or market value at the date of gift. Art objects acquired subsequent to June 30, 1973, are recorded at cost or fair value at the date of gift.

The University uses componentized depreciation for buildings and building improvements used for research. The costs of research facilities are separated into building shell, service system, and fixed equipment components that are separately depreciated.

Annual depreciation is calculated on the straight-line method over useful lives ranging from 15 to 50 years for buildings and improvements, 30 years for library books, and 10 and 15 years for equipment. Rare books and art objects are not depreciated.

9. CONDITIONAL ASSET RETIREMENT OBLIGATIONS

Under ASC 410-20, *Asset Retirement and Environmental Obligations—Asset Retirement Obligations,* companies must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional.

The University has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement was estimated using site-specific surveys where available and a per-square-foot estimate based on historical cost where surveys were unavailable. The estimate is recorded as a liability and as an increase to the asset, and the capitalized portion is depreciated over the remaining useful life of the asset. The asset retirement obligation included in accrued liabilities was $14.8 million and $10.1 million at June 30, 2014 and 2013, respectively, and accretion expense on the asset retirement obligation was $0.5 million and $0.4 million for the years ended June 30, 2014 and 2013, respectively.

10. INCOME TAXES

ASC 740, *Income Taxes,* prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity before being measured and recognized in the financial statements. The University continues to evaluate its tax positions pursuant to the principles of ASC 740, and has determined that there is no material impact on the University's financial statements.

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income. The University files U.S. federal and various state and local tax returns. The statute of limitations on the University's U.S. federal tax returns remains open for the years ended June 30, 2011, through the present.

11. DEFERRED REVENUES

Deferred revenues primarily represent advance receipts relating to the University's real estate leasing activities. Such amounts are amortized over the term of the related leases.

12. INDEBTEDNESS TO THIRD PARTIES

At June 30, 2014 and 2013, the University's debt consisted of taxable bonds, taxable notes, loans through the New Jersey Educational Facilities Authority (NJEFA), commercial paper, various parent loans, and a note as follows:

(dollars in thousands)	2014	2013
Taxable Revenue Bonds		
2009 Series A, 4.95% and 5.70%, due March 2019 and March 2039, net of unamortized discount of $2,746 and $2,856	$ 997,254	$ 997,144
Taxable Notes		
2012, 3.372%, due July 2042	170,000	170,000
2013, 4.72%, due July 2044	75,000	-
NJEFA Revenue Bonds		
2003 Series D, 3.73%, due July 2019, including unamortized premium of $3,424 and $4,109	55,349	65,104
2004 Series D, 4.50%, due July 2016, including unamortized premium of $0 and $1,248	-	19,263
2005 Series A, 4.40%, due July 2030, including unamortized premium of $2,138 and $2,566	125,188	127,701
2005 Series B, 4.24%, due July 2035, including unamortized premium of $1,271 and $1,386	70,076	72,836
2006 Series D, 4.39%, due July 2031, including unamortized premium of $641 and $678	60,745	63,118
2006 Series E, 4.50%, due July 2027, including unamortized premium of $62 and $67	91,887	92,037
2007 Series E, 4.53%, due July 2037, including unamortized premium of $3,953 and $4,125	286,103	293,085
2007 Series F, 4.39%, due July 2030, including unamortized premium of $639 and $679	67,529	67,699
2008 Series J, 4.39%, due July 2038, including unamortized premium of $3,778 and $3,935	229,883	235,200
2008 Series K, 4.36%, due July 2023, including unamortized premium of $4,456 and $4,951	139,616	153,721
2010 Series B, 4.03%, due July 2040, including unamortized premium of $10,543 and $10,948	246,558	251,763
2011 Series B, 4.09%, due July 2041, including unamortized premium of $14,724 and $15,270	256,094	261,040
2014 Series A, 3.77%, due July 2044, including unamortized premium of $19,255	219,255	-
NJEFA Dormitory Safety Trust Fund Bonds		
2001 Series A, due January 2016	1,664	2,497
NJEFA Capital Improvement Fund Bonds		
2005 Series A, 4.12%, 2000 Series A, 5.72%, due September 2020	823	920
2006 Series A, 4.42%, 2000 Series A, 5.72%, due September 2020	166	167
2014 Series B, 3.67%, due September 2033, including unamortized premium of $222	3,226	-
Commercial Paper		
Taxable	65,200	67,000
Tax-exempt (NJEFA)	24,500	50,700
Parent Loans	**44,562**	**43,328**
Notes	**1,075**	**1,244**
Total	$ 3,231,753	$ 3,035,567

The proceeds of NJEFA loans are used primarily for new construction, renovation, and rehabilitation of University facilities, and purchases of capital equipment.

In December 2013, the University privately placed unsecured taxable notes in the amount of $75 million for capital projects and other taxable needs. In January 2014 the University issued the 2014 Series A Bonds for the purpose of funding new construction and renovations, and for the refunding of portions of the taxable and tax-exempt commercial paper notes. In addition, the University received a loan of $6.5 million from the NJEFA under the New Jersey Higher Education Capital Improvement fund. One half of the debt service of this loan is funded by the

State. The University is authorized by the Board of Trustees to issue new debt up to $350 million annually. The University intends to issue additional debt in the future.

The full faith and credit of the University is pledged in all loan agreements with the NJEFA.

In fiscal 1999, the University entered into a loan facility with a national bank to fund its parent loan program which is currently authorized by the Board of Trustees up to $100 million. Fixed or variable rates may be selected on a pass-through basis to the borrowers; terms may be as long as 14 years. At June 30, 2014 and 2013, the balances outstanding were $44.6 million and $43.3 million, respectively, at rates ranging from .05 percent to 6.8 percent.

In fiscal year 1998, a commercial paper program was authorized as an initial step of financing to provide construction funds for approved capital projects. The proceeds permit construction to proceed until permanent financing from gifts or other sources is made available. The program is currently authorized to a maximum level of $300 million. At June 30, 2014 and 2013, taxable commercial paper was outstanding in the amounts of $65.2 million and $67.0 million, respectively. Fiscal year 2014 maturities ranged from 23 to 91 days and average interest rates at June 30, 2014 and 2013 were .08 percent and .1 percent, respectively. At June 30, 2014 and 2013, $24.5 million and $50.7 million, respectively, in tax-exempt commercial paper issued through the NJEFA were outstanding with fiscal year 2014 maturities from 27 to 117 days. Interest rates at June 30, 2014 and 2013 were .04 percent and 0.1 percent, respectively.

Principal payments for each of the next five years and thereafter on debt outstanding at June 30, 2014, excluding commercial paper, are as follows:

(dollars in thousands)	Principal Payments
2015	$ 74,437
2016	69,419
2017	77,912
2018	81,131
2019	583,813
Thereafter	2,192,981
Subtotal	**3,079,693**
Unamortized premium	62,360
Net long-term debt	**$ 3,142,053**

The fair value of the University's long-term debt is estimated based on current notes offered for the same or similar issues with similar security, terms, and maturities. At June 30, 2014, the carrying value and the estimated fair value of the University's long-term debt, excluding commercial paper, were $3,142.1 million and $3,509.5 million, respectively. At June 30, 2013, the carrying value and the estimated fair value of the University's long-term debt, excluding commercial paper, were $2,917.9 million and $3,180.5 million, respectively.

The University has committed bank lines of credit totaling $250 million, under which the University may borrow on an unsecured basis at agreed-upon rates. There were $15.5 million and $20.8 million in letters of credit outstanding under these credit facilities at June 30, 2014 and 2013, respectively.

13. EMPLOYEE BENEFIT PLANS

All faculty and staff who meet specific employment requirements participate in a defined contribution plan, which invests in the Teachers Insurance and Annuity Association and College

Retirement Equities Fund and Vanguard Fiduciary Trust Funds. The University's contributions were \$53.3 million and \$48.7 million for the years ended June 30, 2014 and 2013, respectively.

Postretirement Benefits Other Than Pensions

ASC 715, *Compensation—Retirement Benefits*, requires the recognition of a defined benefit postretirement plan's funded status as either an asset or a liability on the statement of financial position. Actuarial gains or losses and prior service costs or credits that arise during the period must be recognized as a component of unrestricted net assets. The University calculates its Accumulated Postretirement Benefit Obligation (APBO) in accordance with ASC 715, which was initially elected in 1993 and amortized over 20 years. The University continues to recognize the cost of providing postretirement benefits for employees over the period of their working years.

The University provides single coverage health insurance to its retirees who meet certain eligibility requirements. Participants may purchase additional dependent or premium coverage. The accounting for the plan anticipates future cost-sharing changes to the written plan that are consistent with the University's expressed intent to increase retiree contributions in line with medical costs.

The benefit costs for the years ended June 30, 2014 and 2013, consisted of the following:

(dollars in thousands)	2014	2013
Service cost	\$ 13,270	\$ 14,805
Interest cost	13,803	12,315
Total	**\$ 27,073**	**\$ 27,120**

The APBO at June 30, 2014 and 2013, consisted of actuarially determined obligations to the following categories of employees:

(dollars in thousands)	2014	2013
Retirees	\$ 125,046	\$ 105,706
Active employees eligible to retire	95,279	76,750
Other active participants	146,929	112,354
Total	**\$ 367,254**	**\$ 294,810**

As of June 30, 2014 and 2013, the APBO was unfunded.

An assumed discount rate of 4.25 percent and 4.75 percent was used to calculate the APBO at June 30, 2014 and 2013, respectively. The assumed health care cost trend rates used to calculate the APBO at June 30, 2014 and 2013, were 7.0 percent, declining by 0.4 percent per year until the long-term trend rate of 5.0 percent is reached, for both medical and prescription drug claims. An increase of 1 percent in the cost trend rate would raise the APBO to \$443.0 million and \$349.6 million and cause the service and interest cost components of the net periodic cost to be increased by \$6.7 million and \$7.2 million for the years ended June 30, 2014 and 2013, respectively. A decrease of 1 percent in the cost trend rate would decrease the APBO to \$308.6 million and \$251.5 million and cause the service and interest cost components of the net periodic cost to be decreased by \$5.0 million and \$5.4 million for the years ended June 30, 2014 and 2013, respectively.

Postretirement plan benefit payments for fiscal years 2015 through 2019 are expected to range from \$9.0 million to \$11.8 million per year, with aggregate expected payments of \$75.3 million for fiscal years 2020 through 2024. These amounts reflect the total benefits expected to be paid from the plan, net of the participants' share of the cost and federal subsidies. Expected benefit payments are based on the same assumptions used to measure the benefit obligations and include estimated future employee service.

Notes to Consolidated Financial Statements

(Continued)

Effective January 1, 2013, the University began providing Medicare retiree drug coverage through an employer group waiver plan (EGWP). Under EGWP, the cost of drug coverage is offset through direct federal subsidies, brand name drug discounts and reinsurance reimbursements. Prior to January 1, 2013, the University received retiree drug subsidy payments directly from the federal government under the Medicare Modernization Act. The net effect of these subsidies has been recognized in the calculation of the University's postretirement benefit obligation as of June 30, 2014 and 2013.

14. NET ASSETS

Net assets are categorized as unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. The unrestricted category also includes income and gains on these funds. Included in the total is the net investment in plant and equipment. Certain net assets classified as unrestricted for external reporting purposes are designated for specific purposes or uses under the internal operating budget practices of the University. Restricted net assets are generally established by donors in support of schools or departments of the University, often for specific purposes such as professorships, research, faculty support, scholarships and fellowships, athletics, the library, the art museum, building construction, and other specific purposes. Temporarily restricted net assets include gifts, pledges, trusts and remainder interests, and income and gains that can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions and time restrictions imposed by donors or implied by the nature of the gift, or by the interpretations of law. Temporary restrictions are normally released upon the passage of time or the incurrence of expenditures that fulfill the donor-specified purpose. Permanently restricted net assets include gifts, pledges, trusts and remainder interests, and income and gains that are required by donor-imposed restrictions to be permanently retained. Investment earnings are spent for general or specific purposes in accordance with donor wishes, based on the University's endowment spending rule.

15. NATURAL CLASSIFICATION OF EXPENSES

Operating expenses incurred for the years ended June 30 were as follows:

(dollars in thousands)	**2014**	**2013**
Salaries and wages	$ 565,902	$ 543,984
Employee benefits	241,286	152,545
Purchased services	146,104	148,701
Supplies and materials	64,467	58,646
Space and occupancy	85,661	78,662
Sub-recipient agreements	33,988	31,503
Other expenses	67,503	67,008
Other student aid	37,850	36,637
Depreciation	127,040	116,297
Interest	125,429	124,571
Total	**$ 1,495,230**	**$ 1,358,553**

Certain prior-year balances have been reclassified to conform to the current year presentation.

16. COMMITMENTS AND CONTINGENCIES

At June 30, 2014, the University had authorized major renovation and capital construction projects for more than $1,258.0 million. Of the total, approximately $712.2 million had not yet been expended.

Minimum operating lease commitments at June 30, 2014, for space and equipment are as follows:

(dollars in thousands)	Lease Payments
2015	$ 6,525
2016	6,525
2017	6,525
2018	6,525
2019	6,525
Thereafter	25,907
Total	**$ 58,532**

The University has entered into certain agreements to guarantee the debt of others. Under these agreements, if the principal obligor defaults on the debt, the University may be required to satisfy all or part of the remaining obligation. The total amount of these guarantees was $21.9 million at June 30, 2014.

The University is subject to certain legal claims that have arisen in the normal course of operations. In the opinion of management, the ultimate outcome of these actions will not have a material effect on the University's financial position, statement of activities, or cash flows.

17. SUBSEQUENT EVENTS

The University has evaluated subsequent events through November 24, 2014, and determined that there were no subsequent events requiring adjustment or disclosure in the consolidated financial statements.

Trustees of the University[1]

EX OFFICIO

President Christopher L. Eisgruber ’83
Governor Christopher J. Christie

TRUSTEES

Aku Ammah-Tagoe ’11 (2015)
Jaime I. Ayala ’84 (2016)
Thomas A. Barron ’74 (2015)
A. Scott Berg ’71 (2021)
Victoria Baum Bjorklund ’73 (2017)
Katherine Bradley ’86 (2021)
Denny Chin ’75 (2017)
Pyper Davis ’87 (2015)
John D. Diekman ’65 (2018)
Carl Ferenbach III ’64 (2015)
Heather K. Gerken ’91 (2018)
Charles D. Gibson ’65 (2015)
Yvonne Gonzalez Rogers ’87 (2018)
C. Kim Goodwin ’81 (2022)
Angela A. Groves ’12 (2016)
Paul G. Haaga Jr. ’70 (2022)
Kathryn A. Hall ’80 (2017)
Philip U. Hammarskjold ’87 (2015)
Brent L. Henry ’69 (2020)
Robert J. Hugin ’76 (2020)
Lisa P. Jackson *86 (2018)
Mitchell R. Julis ’77 (2018)
Randall L. Kennedy ’77 (2015)
Steven D. Leach ’82 (2017)
Anthony H. P. Lee ’79 (2018)
Kanwal Matharu ’13 (2017)
Laurence C. Morse *80 (2016)
Robert S. Murley ’72 (2016)
Nancy B. Peretsman ’76 (2015)
Brian M. Reilly ’14 (2018)
Margarita Rosa ’74 (2017)
Ruth J. Simmons (2016)
Bradford L. Smith ’81 (2018)
Peter C. Wendell ’72 (2020)
Sheryl WuDunn *88 (2017)
John O. Wynne ’67 (2016)
Min Zhu *88 (2015)

Officers of the University[2]

PRESIDENT

Christopher L. Eisgruber ’83

ACADEMIC OFFICERS

Provost
David S. Lee *99

Dean of the Faculty
Deborah A. Prentice

Dean of the Graduate School
Sanjeev R. Kulkarni

Dean of the College
Valerie A. Smith

Dean for Research
Pablo G. Debenedetti

Dean of the School of Engineering and Applied Science
H. Vincent Poor *77

Dean of the Woodrow Wilson School of Public and International Affairs
Cecilia E. Rouse

Acting Dean of the School of Architecture
Stanley T. Allen

OFFICERS OF THE CORPORATION

Vice President and Secretary
Robert K. Durkee ’69

Executive Vice President
Treby Williams ’84

Vice President for Finance and Treasurer
Carolyn N. Ainslie

Vice President for Development
Elizabeth Boluch Wood

Vice President for Campus Life
Cynthia Cherrey

Vice President for Facilities
Michael E. McKay

Vice President for Information Technology and Chief Information Officer
James Dominick

Vice President for Human Resources
Lianne C. Sullivan-Crowley

Vice President for University Services
Chad L. Klaus

General Counsel
Ramona E. Romero

President of the Princeton University Investment Company
Andrew K. Golden

Chief Audit and Compliance Officer
Nilufer K. Shroff

[1] As of 12/1/14. The years in parentheses refer to the end of the term as trustee. An asterisk indicates a graduate degree.

[2] As of 12/1/14. An asterisk indicates a graduate degree.

Additional copies of this report may be requested from:
Office of the Controller
Princeton University
701 Carnegie Center, Princeton, NJ 08540

Published by the **Office of the Controller**
Narrative Text on the Arts by **Margaret Fox-Tully**
Production Director **Brandon Gaines**
Design by **ChingFoster**
Photographs provided by the **Office of Communications,**
and the **Office of Development Communications**
Architectural renderings courtesy of **Steven Holl Architects**
Photographs by **Denise Applewhite, David Kelly Crow,**
Bentley Drezner, Jon Roemer, Jaclyn Sweet, and
Frank Wojciechowski
Printed by **Allied Printing Services**
Cover photograph: Princeton University cast of *Love Re-Defined*, choreography by **Bill T. Jones**; photo by
Julie Lemberger

Copyright ©2015 by The Trustees of Princeton University

In the Nation's Service and in the Service of All Nations

MIX
Paper from
responsible sources
FSC® C022557
FSC
www.fsc.org

18393-11

Office of Finance and Treasury
Princeton University
701 Carnegie Center · Princeton, NJ 08540
http://finance.princeton.edu

APPENDIX C

SUMMARIES OF CERTAIN DOCUMENTS

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX C

SUMMARIES OF CERTAIN DOCUMENTS

The following statements are brief summaries of the General Resolution, the 2015 Series D Series Resolution, and the Loan Agreement. These summaries do not purport to be complete statements of the terms of such documents, and are qualified by reference to the full text of the respective documents, copies of which are available from the Authority.

GENERAL RESOLUTION AND 2015 SERIES D SERIES RESOLUTION

The General Resolution authorizes the Authority to issue Bonds in order to finance one or more facilities at the University, in one or more series, each of such series to be authorized by a separate Series Resolution. The 2015 Series D Series Resolution authorizes the 2015 Project and the issuance of the 2015 Series D Bonds and specifies the details of the 2015 Series D Bonds.

Establishment of Funds and Accounts

The following funds and accounts within funds shall be established: Construction Fund; Revenue Fund; Debt Service Fund (Principal Account, Interest Account and Sinking Fund Account for each of the 2015 Series D Bonds); Facility Renewal and Replacement Fund; Redemption Fund and Rebate Fund. All funds and accounts shall be held and maintained by the Trustee, except the Construction Fund, which shall be held by the Trustee and maintained and applied by the Authority.

Allocation of Revenues

There is established and created by the 2015 Series D Series Resolution an account within the Revenue Fund to be designated the "2015 Series D Revenue Account". Notwithstanding anything in the General Resolution to the contrary, moneys in the 2015 Series D Revenue Account of the Revenue Fund shall be paid to the Trustee on or prior to the fifth 5^{th} day after deposit thereof as follows and in the following order of priority:

First: To the Interest Account, the amount necessary to equal the unpaid interest to become due on the Bonds Outstanding on the next succeeding semiannual interest payment date.

Second: To the Principal Account, the amount, if any, necessary to make the amount on deposit in the Principal Account equal to the principal amount becoming due on the Bonds Outstanding on the next succeeding July 1.

Third: To the Sinking Fund Account, the amount, if any, necessary to make the amount on deposit in the Sinking Fund Account equal to the sinking fund installment payable on the Bonds Outstanding on the next succeeding July 1.

Fourth: To the Authority, the amounts as are payable to the Authority for (i) any expenditures of the Authority for insurance, fees and expenses of auditing and fees and expenses of the Trustee, all as required by the General Resolution and not otherwise paid or caused to be paid or provided for by the University; (ii) all other expenditures reasonably and necessarily incurred by the Authority by reason of its financing of the 2015 Project in accordance with the Loan Agreement, including expenses incurred by the Authority to compel full and punctual performance of all provisions of the Loan Agreement in accordance with the terms thereof; and (iii) the Annual Administrative Fee unless otherwise paid, but only upon receipt by the Trustee from the Authority of a certificate signed by an Authorized Officer of the Authority stating in reasonable detail the amounts payable to the Authority.

Additional Bonds

In addition to the 2015 Series D Bonds, the Authority may issue, by a Series Resolution, completion Bonds to complete a Facility financed under the General Resolution and to finance or refinance any other project authorized under the General Resolution, which Additional Bonds shall be entitled to the pledge of the Revenues made by the General Resolution on parity with all Bonds then Outstanding.

Refunding Bonds may be issued to refund any one or more series of Bonds, in accordance with the Act and, unless all Bonds issued under the General Resolution are to be refunded, in accordance with the provisions of the General Resolution and the Series Resolution authorizing such refunding Bonds.

The Authority shall not create or permit the creation of or issue any obligations or create any additional indebtedness that will be secured by a charge and lien on or be payable from the Revenues, except that Additional Parity Bonds as described above may be issued from time to time pursuant to a Series Resolution, subsequent to the issuance of the 2015 Series D Bonds, on parity with all Bonds then Outstanding and secured by an equal charge and lien on and payable equally from the Revenues to (i) complete a facility, (ii) provide funds for the creation of a debt service reserve fund for one or more series of Bonds, or (iii) provide funds to finance an additional Facility, under the following conditions and limitations:

Such Additional Parity Bonds shall have been authorized to finance or refinance the acquisition, construction or completion of a Facility for which the University has requested financing or refinancing from the Authority or to provide funds for the creation of a debt service reserve fund for one or more series of Bonds.

The University enters into a Loan Agreement with the Authority with respect to such Facility agreeing to pay as a general obligation of the University, from its general revenues and funds, all moneys required to be paid in respect of the Additional Parity Bonds, including amounts sufficient to pay the principal of, sinking fund installments, if applicable, and interest on the Additional Parity Bonds together with all of the costs relating thereto.

The University is not in default under the terms and conditions of any existing Loan Agreement.

The University, in the Loan Agreement executed with respect to the Facility being financed with the proceeds derived from the Additional Parity Bonds, agrees to make loan payments equal to the debt service requirements on such Bonds.

There is at the time of issuance of such Additional Parity Bonds no deficiency in the amounts required to be deposited by the General Resolution and all existing Series Resolutions and to be paid into the Debt Service Fund.

Investment of Moneys in Funds and Accounts

Moneys in any of the funds and accounts established pursuant to the General Resolution shall be invested, except moneys in the Revenue Fund, which shall not be invested, if and to the extent the same are at the time legal for the investment of the Authority's funds, but only as follows:

(a) Moneys in each Interest Account only in direct obligations of or obligations guaranteed by the United States of America or the State, maturing or redeemable, at the option of the holder, not later than ten (10) days prior to the next ensuing interest payment date of the 2015 Series D Bonds.

(b) Moneys in each Principal Account or any Sinking Fund Account only in direct obligations of or obligations guaranteed by the United States of America or the State, maturing or redeemable, at the option of the holder, not later than ten (10) days prior to the next ensuing principal or sinking fund installment payment date of the 2015 Series D Bonds.

(c) Moneys in each subaccount of the Facility Renewal and Replacement Fund only in obligations authorized by law for the investment of trust funds in the custody of the Treasurer of the State.

(d) Moneys in the Redemption Fund only in direct obligations of or obligations guaranteed by the United States of America or the State, maturing or redeemable, at the option of the holder, not later than the next succeeding interest payment date on which Bonds are subject to redemption.

Subject to the provisions of the Act, moneys held by the Authority in each Construction Fund shall be held in cash or may be invested by the Authority only in (i) obligations of or obligations guaranteed by the United States of America or the State; (ii) certificates of deposit or time deposits of banks or trust companies, fully secured by direct obligations of the United States of America, the State or the Authority, of a market value equal to the amount of such certificate of deposit or time deposit; (iii) repurchase agreements fully secured by obligations of the kind specified in (a), (b) or (d) above; (iv) shares of an open-end, diversified investment company registered under the Investment Company Act of 1940, as amended, which (1) invests its assets exclusively in obligations of or guaranteed by the United States of America or any instrumentality or agency thereof having in each instance a final maturity date of less than one year from their date of purchase; (2) seeks to maintain a constant net asset value per share; and (3) has aggregate net assets of not less than $10,000,000 on the date of purchase of such shares, maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such Construction Funds; *provided, however*, that such obligations shall mature or be redeemable, at the option of the holder, not later than two (2) years from the date of purchase thereof; or (v) the New Jersey Cash Management Fund; or (vi) investment agreements with banks that at the time such agreement is executed are rated by Standard & Poor's Rating Group, a division of McGraw-Hill ("S&P") or Moody's Investors Service ("Moody's") in one of the three highest rating categories assigned by S&P or Moody's (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (1) all of the unsecured direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution that is rated by S&P or Moody's at the time such agreement is executed is rated in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if such non-bank financial institutions have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution that is rated by S&P or Moody's in the highest rating category (without regard to any refinement or graduation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by S&P or Moody's.

Interest earned, profits realized and losses suffered by reason of any investment shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

The Trustee may sell or redeem any obligations in which moneys shall have been invested pursuant to the General Resolution, to the extent necessary, in its sole discretion, to provide cash in the respective funds or accounts, to make any payments required for the payment of principal of or interest on any Bonds, or to facilitate the transfers of moneys between various funds and accounts as may be required for such payments.

The Authority may sell or redeem obligations in which moneys in the Construction Fund shall have been invested to the extent necessary to provide cash in such fund.

In computing the value of assets of any fund or account, investments shall be deemed a part thereof and shall be valued at cost or current market value, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the holder.

The proceeds from the sale of any investment shall be paid into the fund or account, as the case may be, on whose behalf the sale thereof was made.

Neither the Trustee nor the Authority shall be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts shall be invested or for any loss arising from any investment or any disposition of said obligations.

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Facility and each Series Resolution, which records and accounts shall be subject to the inspection of the Trustee or any holder of a Bond of the Series issued for such Facility (or his representative duly authorized in writing) at reasonable hours and subject to the reasonable rules and regulations of the Authority. The Authority shall cause such records and accounts to be audited annually within ninety (90) days after the end of its fiscal year by a nationally recognized independent public accountant selected by the Authority. Annually, within thirty (30) days after receipt by the Authority of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: a statement of all funds (including investments thereof) held by the Trustee and the Authority pursuant to the provisions of the General Resolution and each Series Resolution; a statement of the Revenues collected in connection with each Facility and each Series Resolution; a statement that the balances in the Facility Renewal and Replacement Fund meet the requirements of the General Resolution and the Series Resolutions; and a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of the General Resolution and the Series Resolutions was obtained or, if knowledge of any such default was obtained, a statement thereof.

Events of Default

An event of default shall exist under the General Resolution and under the Series Resolutions (herein called "event of default") if:

(a) Payment of the principal or sinking fund installment of any Bond shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise;

(b) Payment of an installment of interest on any Bond shall not be made when the same shall become due and payable, and such default shall continue for a period of thirty (30) days;

(c) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, in the General Resolution or in any Series Resolution on the part of the Authority to be performed, and such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; or

(d) An event of default, as defined in a Loan Agreement, has occurred under such Loan Agreement and its continuing.

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the preceding Caption, then and in every such case the Trustee may declare, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall declare, by a notice in writing to the Authority, the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Bonds or in the General Resolution or in any Series Resolution to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default or the completion of the enforcement of any other remedy under the General Resolution, the Trustee may, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the General Resolution and under the Series Resolutions shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the General Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Caption) or in any Series Resolution shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Caption above entitled "Events of Default," then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed (subject to certain provisions of the General Resolution), to protect and enforce its rights and the rights of the holders of the Bonds under the laws of the State of New Jersey, under the General Resolution or under any Series Resolution by such suits, actions or special proceedings at law or in equity, either for the specific performance of any covenant contained in the General Resolution or in any Series Resolution or in aid or execution of any power therein granted, for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the General Resolution or under any Series Resolution, the Trustee shall be entitled to sue for, to enforce payment of and to receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the General Resolution, any Series Resolution or the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the General Resolution, under any Series Resolution and under such Bonds, without prejudice to any other right or remedy of the Trustee or the holders of such Bonds, and to recover and enforce judgment or decree against the Authority, but solely as provided in the General Resolution and in such Bonds, for any portion of such amounts remaining unpaid (with interest, costs and expenses) and to collect in any manner provided by law the moneys adjudged or decreed to be payable.

Supplemental Resolutions

The Authority may, with the approval of the Trustee, adopt Supplemental Resolutions to cure any ambiguity, formal defect or omission in the General Resolution, and, upon notification to the Trustee, adopt Supplemental Resolutions to add to the covenants and agreements of the Authority or to surrender any right or power reserved to the Authority. The General Resolution, any Series Resolution or any Supplemental Resolution may be modified, altered, amended, added to or rescinded in any particular from time to time with the consent of the holders of not less than sixty-six and two-thirds per centum (66-2/3%) in aggregate principal amount of the Bonds then Outstanding so affected; *provided*, that nothing shall permit (a) an extension of the maturity of or interest on any Bond, (b) a reduction in the principal amount, the redemption premium or the rate of interest on any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution, without the consent of all Bondholders so affected.

LOAN AGREEMENT

The following statements are brief summaries of the Loan Agreement, which do not purport to be complete. Reference is made to the Loan Agreement in its entirety, copies of which are available from the Authority. Capitalized terms used but not defined below shall have the respective meanings assigned to such terms herein or in the Loan Agreement.

General Obligation of University

The Loan Agreement and the obligation of the University to make the payments required thereunder are general obligations of the University, such payments to be made from any moneys of the University legally available therefor.

Duration of Agreement

The Loan Agreement shall remain in full force and effect from the date thereof until the date on which the principal of and redemption premium, if any, and interest on the 2015 Series D Bonds and any other costs of the Authority with respect to the 2015 Project shall have been fully paid or provision for the payment thereof shall have been made as provided by the General Resolution and the 2015 Series D Series Resolution, at which time the Loan Agreement shall terminate.

Agreement for Benefit of Bondholders

The Loan Agreement is executed in part to induce the purchase by others of the 2015 Series D Bonds, and, accordingly, all covenants and agreements on the part of the University and the Authority, as set forth in the Loan Agreement, are for the benefit of the holders of the 2015 Series D Bonds and any other bonds issued and to be issued on a parity with the 2015 Series D Bonds as permitted by the General Resolution.

Conditions Precedent to Disbursement of Moneys

The obligation of the Authority to make any disbursement of moneys based upon construction or renovation shall be subject to the following conditions, as well as any others set forth in the Loan Agreement: (i) the University shall not be in default under the Loan Agreement; and (ii) construction shall have progressed at a rate and in a manner reasonably satisfactory to the Authority.

If the University fails to meet the conditions precedent to the full disbursement of the Loan as specified in the preceding paragraph, the obligation of the Authority to make further disbursements in connection with the Loan shall cease. In such event, the Authority may elect, in its sole discretion, either (i) to permit the Loan to continue, with the total of all disbursements or advances previously made to constitute the total amount of the Loan; or (ii) to declare the amount of all such disbursements or advances immediately due and payable, in accordance with the right reserved in this Agreement; provided, however, the Authority, in its sole discretion, may waive any of the foregoing requirements and may take such other action as it deems appropriate. In any event, the approval of the disbursement of moneys shall not be unreasonably withheld.

Payment Unconditional

The University unconditionally agrees to pay to the Authority or on its order the payments required by the Loan Agreement in the manner and at the times provided by the Loan Agreement.

Payment Obligations of University

The obligation of the University to pay or cause to be paid the amounts payable under the Loan Agreement are absolute and unconditional, and the amount, manner and time of payment of such amounts shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening of any event. The amounts payable by the University shall be equal to all sums necessary for the payment of certain fees and expenses of the Authority and the Trustee, and shall be calculated and payable as follows:

(a) For the Bond Year beginning July 1, 2015 and for each Bond Year thereafter, an amount equal to the amount of interest on the 2015 Series D Bonds Outstanding becoming due on January 1 in such Bond Year and on the July 1 immediately succeeding the expiration of such Bond Year.

(b) For the Bond Year beginning July 1, 2016 and for each Bond Year thereafter, the amount of principal of the 2015 Series D Bonds Outstanding becoming due on the July 1 immediately succeeding the expiration of such Bond Year.

(c) For the Bond Year beginning July 1, 2014 and for each Bond Year thereafter, an amount equal to the sum of the following three items: (i) any expenditures of the Authority for insurance, fees and expenses of auditing and fees and expenses of the Trustee, any paying agents and depositories, and not otherwise paid or provided for by the University; (ii) all other expenditures reasonably and necessarily incurred by the Authority by reason of its financing of the 2015 Project, including expenses incurred by the Authority to compel full and punctual performance of all of the provisions of this Agreement in accordance with the terms hereof; and (iii) all amounts to the extent required to be deposited by the Authority in the rebate account for the Bonds in the Rebate Fund pursuant to Section 4.11 of the General Resolution and the Arbitrage Certificate Letter of Instructions, less amounts transferred from the Construction Fund to satisfy such requirement. Any expenditures of the Authority made pursuant to items (i) and (ii) of this subparagraph shall be certified by the Authority to the University in writing as soon as practicable and shall thereupon be paid or caused to be paid by the University.

(d) For the Bond Year beginning July 1, 2015 and for each Bond Year thereafter, the Annual Administrative Fee to be paid to the Authority in the amount of 1/10 of 1% of the principal amount of the 2015 Series D Bonds Outstanding, provided, such fee shall not be greater than $50,000.

To secure payment of the amounts required hereunder, the University has caused to be created a loan account for the 2015 Series D Bonds (the "Loan Account") to be maintained with the Trustee. Except for the payments on account of rebate required by clause (iii) of subparagraph (c) of this Caption, the University covenants and agrees that it will deposit or cause to be deposited with the Trustee: (i) no later than June 20th and December 20th in each Bond Year, into the Loan Account, one-half (1/2) of the portion of the Loan payments due in such Bond Year for the 2015 Series D Bonds pursuant to paragraphs (a), (c) and (d) this Caption and (ii) no later than June 20th in each Bond Year, into the Loan Account, the full amount of the portion of the Loan payment due in such Bond Year for the Bonds pursuant to paragraph (b) of this Caption. Moneys in the Loan Account will be transferred by the Trustee to the Revenue Fund created by the General Resolution on June 25 and December 25 of each year. The payments on account of rebate required by clause (iii) of subparagraph (c) of this Caption shall be paid to the Trustee for deposit in the rebate account for the 2015 Series D Bonds in the Rebate Fund at the times requested by the Authority.

The moneys in the Loan Account shall be invested at the direction of the University with the approval of the Authority, or if no instructions are received from the University, by the Authority, in (i) obligations of, or guaranteed by, the United States of America or the State of New Jersey, (ii) certificates of deposit or time deposits of banks or trust companies; provided, that all such moneys in each such certificate of deposit or time deposit shall be continuously and fully secured by direct obligations of the United States of America, the State of New Jersey or the Authority of a market value equal, at the time of purchase, to the amount of such certificate of deposit or time deposit, (iii) repurchase agreements fully secured by obligations described in clause (i) above, or (iv) shares of an open-end, diversified investment company registered under the Investment Company Act of 1940, as amended, which (1) invests its assets exclusively in obligations of, or guaranteed by, the United States of America or any instrumentality or agency thereof having in each instance a final maturity date of less than one year from the date of purchase; (2) seeks to maintain a constant net asset value per share; and (3) has aggregate net assets of not less than $10,000,000 on the date of purchase of such shares, maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from the Loan Account.

The Authority shall not declare an Event of Default under the Loan Agreement with respect to the payments required in subparagraphs (c) and (d) of this Caption until the Authority has furnished the University with a statement of amounts due and the University has failed to pay the same within ten (10) days after receipt of such statement.

Voluntary Payments by the University

The Authority and the University agree that The University shall have the right to make voluntary payments in any amount to the Trustee for deposit in the Redemption Fund, if the University in not in default under the Agreement. Upon notification by the University to the Authority of any such voluntary payment, the Authority agrees that it shall direct the Trustee to purchase or redeem Bonds in accordance with the provisions of the General Resolution and the 2015 Series D Series Resolution.

Insurance

The University agrees that, with respect to Facility AA, it shall maintain, with responsible insurers, insurance of the kinds and in the amounts generally carried by institutions of similar size and character. All policies and certificates of insurance shall be open to inspection by the Authority and the Trustee at reasonable times and upon reasonable notice. The University agrees that it will insure any such facilities at replacement cost subject only to standard insurance industry exclusion and that it will notify the Authority and the Trustee within thirty (30) days of any deviation from standard insurance industry practice.

Termination

The Authority and the University agree that, upon sixty (60) days written notice to the Authority, the University shall have the right to terminate the Loan Agreement by paying to the Authority or to the Trustee for the account of the Authority an amount equal to the sum of the following items: (i) the aggregate principal amount of the Outstanding 2015 Series D Bonds on the date of such termination; (ii) accrued interest thereon to the date that the 2015 Series D Bonds are next redeemable; (iii) redemption premiums, if any, due thereon to the next applicable redemption date, all in accordance with the provisions of the 2015 Series D Bonds, the General Resolution and the 2015 Series D Series Resolution; and (iv) all other costs of the Authority and the Trustee in connection with such redemption; provided, however, that the indemnification provisions set forth in the Loan Agreement shall survive the termination of this Agreement.

Events of Default; Remedies on Default

(a) As used in the Loan Agreement, the term “Event of Default” shall mean:

(1) If payment of any amount due under subparagraphs (a) or (b) under the Caption above entitled “Payment Obligations of the University” is not made when it becomes due and payable and if such amount remains unpaid for a period of two (2) days.

(2) If payment of any amount due under subparagraphs (c) or (d) under the Caption above entitled “Payment Obligations of the University” is not made when it becomes due and payable and if such amount remains unpaid for a period of ten (10) days after receipt of the statement required under the Caption above entitled “Payment Obligations of the University”.

(3) If the University shall:

(A) admit in writing its inability to pay its debts generally as they become due,

(B) file a petition to be adjudicated a voluntary bankrupt in bankruptcy or a petition otherwise to take advantage of any state or federal bankruptcy or insolvency law,

(C) make an assignment for the benefit of its creditors or seek a composition with its creditors, or

(D) consent to the appointment of a receiver of itself, its fees or charges or the whole or any substantial part of Facility AA.

(4) If the University shall, upon an involuntary petition under any section or chapter of the federal bankruptcy laws filed against it, be adjudicated a bankrupt or if a court of competent jurisdiction shall enter an order or decree appointing a trustee or receiver (interim or permanent) or appointing the University a debtor-in-possession, with or without the consent of the University, or approving a petition filed against it seeking reorganization or an arrangement of the University under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof.

(5) If final judgment for the payment of moneys that, in the judgment of the Authority, will adversely affect the rights of the holders of the 2015 Series A Bonds shall be rendered against the University and, at any time after thirty (30) days from the entry thereof, (a) such judgment shall not have been discharged or (b) the University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

(6) If the University defaults in the due and punctual performance of any other covenant in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given by the Authority or the Trustee.

(b) The Authority agrees that it shall notify the Trustee of the occurrence of an Event of Default under the Loan Agreement. The Authority and the University agree that, upon the occurrence of an Event of Default, the Authority may, by notice in writing to the University, declare all, including future, payments under the Loan Agreement to be immediately due and payable. At the expiration of ten (10) days from the giving of such notice of such declaration, such payments shall become and be immediately due and payable, anything in the Loan Agreement to the contrary notwithstanding. At any time after such payments shall have been so declared to be due and payable and before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul such declaration and its consequences if moneys shall have accumulated in any fund created or held under the General Resolution or the 2015 Series D Series Resolution sufficient to pay all arrears of such payments under the Loan Agreement, other than payments due only because of such declaration. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(c) The Authority and the University further agree that, upon the occurrence of an Event of Default, the Authority may exercise, with respect to any amount in any fund under the General Resolution, all of the rights of a secured party under the New Jersey Uniform Commercial Code.

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

CONTINUING DISCLOSURE AGREEMENT

by and between

THE TRUSTEES OF PRINCETON UNIVERSITY

and

THE BANK OF NEW YORK MELLON

Dated as of May 1, 2015

Entered into with respect to the
New Jersey Educational Facilities Authority
$150,000,000 Princeton University Revenue Bonds,
2015 Series D

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement"), made and entered into as of May 1, 2015, by and between THE TRUSTEES OF PRINCETON UNIVERSITY, a not-for-profit educational corporation duly incorporated and validly existing under the laws of the State of New Jersey (the "University"), and THE BANK OF NEW YORK MELLON, a state banking corporation duly created and validly existing under the laws of the State of New York (the "Dissemination Agent" and the "Trustee").

W I T N E S S E T H:

WHEREAS, New Jersey Educational Facilities Authority, a body corporate and politic with corporate succession, constituting a political subdivision organized and existing under and by virtue of the laws of the State of New Jersey (hereinafter referred to as the "Authority") is issuing its Princeton University Revenue Bonds, 2015 Series D, dated May 15, 2015, in the aggregate principal amount of $150,000,000 (the "Bonds");

WHEREAS, the Bonds are being issued pursuant to the Authority's Princeton University Revenue Bond Resolution, adopted by the Authority on February 16, 1999 (the "General Resolution"), and the 2015 Series D Series Resolution, adopted by the Authority on March 24, 2015 (the "Series Resolution"; and collectively with the General Resolution, the "Resolution");

WHEREAS, the University has entered into a Loan Agreement with the Authority dated as of May 1, 2015 (the "Loan Agreement") whereby the Authority has loaned a portion of the proceeds of the Bonds to the University to finance the 2015 Project (as defined in the Loan Agreement) and the University has agreed to repay the loan of such proceeds;

WHEREAS, the Trustee has duly accepted the trusts imposed upon it by the Resolution as Trustee for the holders from time to time of the Bonds;

WHEREAS, the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified as of the date hereof at 15 U.S.C. 77 *et seq*.) (the "Securities Exchange Act"), has adopted amendments effective July 3, 1995 to its Rule 15c2-12 (codified at 17 C.F.R. §240.15c2-12), as the same may be further amended, supplemented and officially interpreted from time to time or any successor provision thereto ("Rule 15c2-12"), generally prohibiting a broker, dealer or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and operating data and notices of the occurrence of certain material events to various information repositories;

WHEREAS, the Authority and the University have determined that the University is an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12 and, in order to enable a "participating underwriter" (as such term is defined in Rule 15c2-12) to purchase the Bonds, is therefore required to cause the delivery of the information described in this Agreement to the municipal securities marketplace for the period of time specified in this Agreement;

WHEREAS, the SEC has adopted amendments, effective July 1, 2009, to Rule 15c2-12 requiring that the annual financial information and operating data, notices of the occurrence of certain material events and notices of the failure to make a submission required by a continuing disclosure agreement be provided to the MSRB (as hereinafter defined) and not to the various information repositories, and requiring that such information be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB; and

WHEREAS, on May 5, 2015, the Authority accepted the bid of Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Participating Underwriter") for the purchase of the 2015 Series D Bonds;

WHEREAS, the execution and delivery of this Agreement have been duly authorized by the University and the Dissemination Agent, respectively, and all conditions, acts and things necessary and required to exist, to have happened or to have been performed precedent to and in the execution and delivery of this Agreement, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the University and the Dissemination Agent are entering into this Agreement for the benefit of the holders of the Bonds.

NOW, **THEREFORE**, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the University and the Dissemination Agent, each binding itself, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1. Terms Defined in Recitals. All of the terms defined in the preambles hereof shall have the respective meanings set forth therein for all purposes of this Agreement.

Section 1.2. Additional Definitions. The following additional terms shall have the meanings specified below:

"Annual Report" means Financial Statements and Operating Data provided at least annually.

"Bondholder" or "holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond, including holders of beneficial interests in the Bonds.

"Disclosure Event" means any event described in subsection 2.1(d) of this Agreement.

"Disclosure Event Notice" means the notice to the MSRB as provided in subsection 2.4(a) of this Agreement.

"Dissemination Agent" means The Bank of New York Mellon, acting in its capacity as Dissemination Agent under this Agreement, or any successor Dissemination Agent designated in writing by the University that has filed a written acceptance of such designation.

"EMMA" means Electronic Municipal Market Access system, or any other electronic municipal securities information access system of the MSRB.

"Final Official Statement" means the final Official Statement of the Authority dated May 5, 2015, pertaining to the Bonds.

"Financial Statements" means the statement of financial position, statement of activities, statement of cash flows or other statements that convey similar information of the University.

"Fiscal Year" means the fiscal year of the University. As of the date of this Agreement, the Fiscal Year of the University begins on July 1 of each calendar year and closes on June 30 of the next succeeding calendar year.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied.

"GAAS" means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to Rule 15c2-12. Effective July 1, 2009 and until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through EMMA.

"Operating Data" means the financial and statistical information of the University of the type included in the Final Official Statement in Appendix A thereto entitled "APPENDIX A - PRINCETON UNIVERSITY", a copy of which is attached hereto as **Exhibit A**.

"Prescribed Form" means such electronic format accompanied by such identifying information as shall be prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“State” means the State of New Jersey.

“Trustee” means The Bank of New York Mellon, acting in its capacity as Trustee for the Bonds under the Resolution, and its successors and assigns.

Section 1.3. Capitalized Terms Not Defined Herein. Capitalized terms used but not defined herein shall have the meanings assigned to them in Section 1.01 of the General Resolution, Section 1.01 of the Series Resolution or Section 1 of the Loan Agreement, as the case may be.

Section 1.4. Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Agreement. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Agreement refer to this Agreement as a whole unless otherwise expressly stated. The disjunctive term “or” shall be interpreted conjunctively as required to insure that the University performs any obligations mentioned in the passage in which such term appears. The headings of this Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE 2

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1. Continuing Disclosure Covenants of University. The University agrees that it will provide, until such time as the University instructs the Dissemination Agent to provide, at which time the Dissemination Agent shall provide:

(a) Not later than one hundred eighty (180) days after the ending of each Fiscal Year, commencing with the Fiscal Year of the University ended June 30, 2015, an Annual Report to the MSRB, to the Trustee and to the Authority.

(b) Not later than fifteen (15) days prior to the date specified in subsection 2.1(a) hereof, a copy of the Annual Report to the Trustee and the Dissemination Agent.

(c) If not submitted as part of the Annual Report, then when and if available, to the MSRB, to the Trustee and to the Authority, audited Financial Statements for the University.

(d) In a timely manner, but not in excess of ten (10) business days after the occurrence of the event, to the MSRB, to the Trustee and to the Authority, notice, in Prescribed Form, of any of the following events with respect to the Bonds (each a "Disclosure Event"):

(i) Principal and interest payment delinquencies;

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

(iii) Unscheduled draws on the debt service reserve fund reflecting financial difficulties;

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

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

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

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, (other than regularly scheduled mandatory sinking fund redemptions) and tender offers;

(ix) Defeasances;

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

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the University;

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

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

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

(e) In a timely manner, to the MSRB, to the Trustee and to the Authority, notice of a failure by the University to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2. Continuing Disclosure Representations. The University represents and warrants that:

(a) Financial Statements shall be prepared in accordance with GAAP.

(b) Any Financial Statements that are audited shall be audited by independent accountants (currently PricewaterhouseCoopers LLP, New York, New York) in accordance with GAAS.

Section 2.3. Form of Annual Report. (a) The Annual Report may be submitted as a single document or as separate documents comprising a package, provided that each document shall be submitted in Prescribed Form.

(b) Any or all of the items that must be included in the Annual Report may be incorporated by reference from other documents, including official statements delivered in connection with other financings issued on behalf of the University or related public entities which are available to the public on the MSRB's Internet Website or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB, through EMMA. The University shall clearly identify each such other document so incorporated by reference.

(c) The Annual Report for any Fiscal Year containing any modified Operating Data or financial information (as contemplated by Sections 4.9 and 4.10 hereof) for such Fiscal Year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such Fiscal Year.

Section 2.4. Responsibilities and Duties of Dissemination Agent. (a) If the University or the Dissemination Agent has determined it necessary to report the occurrence of a Disclosure Event, the University or Dissemination Agent shall file promptly a notice of such occurrence with the MSRB (the "Disclosure Event Notice"), in the form provided by the University. The obligations of the University or the Dissemination Agent (if engaged by the University) to provide the notices to the MSRB under this Agreement are in addition to, and not in substitution of, any of the obligations of the Trustee to provide notices of events of default to holders under Section 7.11 of the General Resolution. The University or the Dissemination Agent (if engaged by the University) shall file a copy of each Disclosure Event Notice with the Authority and the Trustee (for informational purposes only).

(b) The Dissemination Agent shall (if instructed by the University to make the required filings pursuant to Section 2.1 hereof) file a written report with the University and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the MSRB.

Section 2.5. Appointment, Removal and Resignation of Dissemination Agent; Indemnification.

(a) The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and it may discharge any such Dissemination Agent and appoint a successor Dissemination Agent, such discharge to be effective on the date of the appointment of a successor Dissemination Agent.

(b) The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Agreement, and the University agrees to indemnify and hold the Dissemination Agent and its officers, directors, employees and agents harmless against any loss, expense or liability it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liability due to the Dissemination Agent's negligence or willful misconduct. The obligations of the University under this Section 2.5(b) shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the University and the Authority. Such resignation shall take effect on the date specified in such notice.

Section 2.6. Responsibilities, Duties, Immunities and Liabilities of Trustee. Article VI of the General Resolution, Section 2.16 of the Series Resolution and Section 27 of the Loan Agreement are each hereby made applicable to this Agreement as if the duties of the Trustee hereunder were (solely for this purpose) set forth in the General Resolution, the Series Resolution and the Loan Agreement, respectively.

ARTICLE 3

DEFAULTS AND REMEDIES

Section 3.1. Disclosure Default. The occurrence and continuation of a failure by the University to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Agreement and such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the University by the Trustee or any Bondholder shall constitute a disclosure default hereunder.

Section 3.2. Remedies on Default. (a) The Trustee may (and shall, at the request of any Participating Underwriter or the holders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, after provision of indemnity in accordance with Section 6.02 of the General Resolution), or any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may, take whatever action at law or in equity is necessary or desirable against the University and any of its officers, agents and employees to enforce the specific performance and observance of any obligation, agreement or covenant of the University hereunder and may compel the University or any such officers, agents or employees, except for the Dissemination Agent, to perform and carry out their duties hereunder; *provided*, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case the Trustee or any Bondholder shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the University, the Trustee and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the University, the Trustee and any Bondholder shall continue as though no such proceedings had been taken.

(c) A default under this Agreement shall not be deemed an event of default under either the Resolution or the Loan Agreement, and the sole remedy under this Agreement in the event of any failure by the University to comply with this Agreement shall be as set forth in Section 3.2(a) hereof.

ARTICLE 4

MISCELLANEOUS

Section 4.1. Purpose of Agreement. This Agreement is being executed and delivered by the University and the Dissemination Agent for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2. Third-Party Beneficiaries; Authority and Bondholders. (a) The Authority is hereby recognized as being a third-party beneficiary hereunder, and may enforce any such right, remedy or claim conferred, given or granted hereunder in favor of the Dissemination Agent or the Bondholders.

(b) Each Bondholder is hereby recognized as being a third-party beneficiary hereunder, and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted hereunder in favor of the Dissemination Agent.

Section 4.3. No Recourse to Authority; Indemnified Parties. No recourse shall be had for the performance of any obligation, agreement or covenant of the University or the Dissemination Agent hereunder against the Authority or against any member, official, employee, counsel, consultant or agent of the Authority or any person executing the Bonds.

The University agrees to indemnify and hold harmless the Authority, any member, officer, official, employee, counsel, consultant or agent of the Authority, including the Dissemination Agent, each Participating Underwriter, and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of each (collectively, the “Indemnified Parties”), against any and all losses, claims, damages, liabilities or expenses whatsoever caused by the University's failure to perform or observe any of its obligations, agreements or covenants under the terms of this Agreement, but only if and insofar as such losses, claims, damages, liabilities or expenses are caused by any such failure of the University to perform hereunder. In case any action shall be brought against the Indemnified Parties based upon this Agreement and in respect of which indemnity may be sought against the University, the Indemnified Parties shall promptly notify the University in writing. Upon receipt of such notification, the University shall promptly assume the defense of such action, including the retention of counsel, the payment of all expenses in connection with such action and the right to negotiate and settle any such action on behalf of such Indemnified Parties. Any Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the sole expense of such Indemnified Party, unless the employment of such counsel has been specifically authorized by the University or unless by reason of conflict of interest (determined by the written opinion of counsel to any Indemnified Party) it is advisable for such Indemnified Party to be represented by separate counsel, in which case the fees and expenses of such separate counsel shall be borne by the University. The University shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the University or if there be a final judgment for the plaintiff in any such action with or without written consent, the University agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. Nothing in this Section 4.3 shall require or obligate the University to indemnify or hold harmless the Indemnified Parties from or against any loss, claim, damage, liability or expense caused by any gross negligence or intentional misconduct on the part of the Indemnified Parties in connection with the University's performance of its obligations, agreements and covenants hereunder.

Section 4.4. Additional Information. Nothing in this Agreement shall be deemed to prevent the University from (a) disseminating any other information using the means of dissemination set forth in this Agreement or any other means of communication, or (b) including, in addition to that which is required by this Agreement, any other information in any Annual Report or any Disclosure Event Notice. If the University chooses to include any information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Agreement, the University shall not have any obligation under this Agreement to update such information or to include it in any future Annual Report or any future Disclosure Event Notice. The University shall reimburse the Dissemination Agent for any expenses incurred by the Dissemination Agent in providing such additional information pursuant to this Section 4.4.

Section 4.5. Notices. All notices required to be given or authorized to be given by either party pursuant to this Agreement shall be in writing and shall be sent by registered or certified mail (as well as by facsimile, in the case of the Dissemination Agent) to, in the case of the University, the Treasurer of the University, P.O. Box 35, Princeton, New Jersey 08543 (facsimile: (609) 258-0442); and in the case of the Dissemination Agent, its corporate trust office at 385 Rifle Camp Road, Corporate Trust Department, Woodland Park, New Jersey 07424 (facsimile: (973) 357-7840), with a copy to the Authority, addressed to it at its offices at 103 College Road East, Princeton, New Jersey 08540-6612 (facsimile: (609) 987-0850).

Section 4.6. Assignments. This Agreement may not be assigned by either party hereto without the written consent of the other and, as a condition to any such assignment, only upon the assumption in writing of all of the obligations imposed upon such party by this Agreement.

Section 4.7. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 4.8. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Both parties hereto may sign the same counterpart or each party hereto may sign a separate counterpart.

Section 4.9. Amendments, Changes and Modifications. (a) Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Resolution), this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Dissemination Agent.

(b) Without the consent of any Bondholders, the University and the Dissemination Agent at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

(i) to add to the covenants and agreements of the University hereunder for the benefit of the Bondholders or to surrender any right or power conferred upon the University by this Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices or legal requirements followed by or applicable to the University, to reflect changes in the identity, nature or status of the University or in the business, structure or operations of the University, or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the University; *provided*, that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity herein, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Agreement, any of which, in each case, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances;

provided, that prior to approving any such amendment or modification, the University determines that such amendment or modification does not adversely affect the interests of the Bondholders in any material respect.

(c) Upon entering into any amendment or modification required or permitted by this Agreement, the University shall deliver, or cause the Dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(d) The University and the Dissemination Agent shall be entitled to rely exclusively upon an opinion of Bond Counsel to the Authority to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.9.

Section 4.10. Amendments Required by Rule 15c2-12. The University and the Dissemination Agent each recognize that the provisions of this Agreement are intended to enable compliance with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the promulgation of a successor rule, statute or regulation thereto, a change in this Agreement shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery of an opinion of Bond Counsel to the Authority addressed to the University and the Dissemination Agent to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the University and the Dissemination Agent shall amend this Agreement to comply with and be bound by any such amendment to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and shall provide written notice of such amendment as required by Section 4.9(c) hereof.

Section 4.11. Governing Law. This Agreement shall be governed exclusively by and construed in accordance with the laws of the State and the laws of the United States of America, as applicable. The University and the Dissemination Agent agree that the University or the Authority may be sued only in a court in the County of Mercer in the State of New Jersey.

Section 4.12. Termination of University's Continuing Disclosure Obligations. The continuing obligation of the University under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of this Agreement shall terminate if and when either (i) the Bonds are no longer Outstanding in accordance with the terms of the Resolution or (ii) the University no longer remains an "obligated person" (as such term is defined in Rule 15c2-12) with respect to the Bonds, and, in either event, only after the University delivers, or causes the Dissemination Agent to deliver, written notice to such effect to the MSRB. This Agreement shall be in full force and effect from the date of issuance of the Bonds and shall continue in effect until the date the Bonds are no longer Outstanding in accordance with the terms of the Resolution; *provided*, *however*, that the indemnification provisions set forth in Sections 2.5(b), 2.6 and 4.3 hereof shall survive the termination of this Agreement.

Section 4.13. Prior Undertakings. Except as otherwise disclosed in the Final Official Statement, the University has not failed to comply in any material respect with any prior continuing disclosure undertaking made by it in accordance with Rule 15c2-12.

Section 4.14 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the University and the Dissemination Agent and their respective successors and assigns.

Section 4.15. Headings for Convenience Only. The descriptive headings in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, THE TRUSTEES OF PRINCETON UNIVERSITY and **THE BANK OF NEW YORK MELLON** have caused this Agreement to be executed in their respective names and attested by their duly authorized officers, all as of the date first above written.

ATTEST:

THE TRUSTEES OF PRINCETON UNIVERSITY

____
Robert K. Durkee
Vice President and Secretary

By:_________________________
Carolyn N. Ainslie
Vice President for Finance and Treasurer

ATTEST:

THE BANK OF NEW YORK MELLON

____
Name:
Title:

By:_________________________
Frank Gallagher
Vice President

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

[Form of Approving Opinion of McCarter & English, LLP]

[Date of Closing]

New Jersey Educational Facilities Authority
103 College Road East
Princeton, New Jersey 08540

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of $150,000,000 Princeton University Revenue Bonds, 2015 Series D (the "Bonds"), of the New Jersey Educational Facilities Authority (the "Authority"). The Authority is a public body corporate and politic with corporate succession, constituting a political subdivision of the State of New Jersey, created pursuant to the New Jersey Educational Facilities Authority Law, constituting Chapter 271 of the Laws of 1967, as amended and supplemented (the "Act").

The Bonds are being issued pursuant to the Act, the Authority's Princeton University Revenue Bond Resolution, adopted on February 16, 1999, as amended and supplemented, and the Authority's 2015 Series D Series Resolution, adopted on March 24, 2015 (said resolutions being collectively referred to herein as the "Resolution"). The Bonds are dated, mature, bear interest and are subject to redemption prior to maturity upon the terms and conditions stated therein and in the Resolution.

In our capacity as Bond Counsel to the Authority, we have examined the Act and proceedings related to the authorization and issuance of the Bonds including, among other things: (i) a certified copy of the Resolution; (ii) an executed copy of the Loan Agreement dated as of May 1, 2015 (the "Agreement") by and between the Authority and The Trustees of Princeton University (the "University"), whereby the Authority has made a loan to the University to finance the 2015 Project (as defined in the Agreement); (iii) an executed Bond; (iv) the Tax Letter of Representation of the University dated the date hereof, on which we have relied in expressing the opinion set forth in the following paragraph 5; (v) such matters of law, including *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); (vi) various certificates executed by the Authority and the University, including a certificate pursuant to Section 148 of the code; and (vii) such other opinions, agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have also examined and relied upon the opinions of even date herewith of Ballard Spahr LLP, Counsel to the University and Ramona E. Romero, Esq., General Counsel to the University, as to certain matters concerning the University.

For the purposes of rendering the opinions set forth below, we have assumed, with your permission: (i) the accuracy and genuineness of all representations made by the Authority in the Agreement; (ii) the proper authorization and due execution and delivery by, and enforceability against, all parties, other than the Authority, of the documents and other instruments we have examined: (iii) the genuineness of the signatures of all persons (other than the officers of the Authority on the Agreement); (iv) the authenticity of all documents submitted to us purporting to be originals; (v) the conformity with the originals of all documents submitted to us as copies and (vi) the legal capacity of all natural persons. We have relied upon said instruments, certificates and documents for any facts material to our opinion, which were not independently established.

The Code imposes certain requirements that must be met on the date of issuance of the Bonds and on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Authority or the University to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Authority and the University have each made representations in their respective tax certificates for the Bonds. In addition, the

Authority and the University have covenanted (i) to comply with the provisions of the Code applicable to the Bonds and (ii) not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code or to be treated as an item of tax preference under Section 57 of the Code. We have relied upon the representations made in the tax certificates of the Authority and the University and have assumed continuing compliance by the Authority and the University with the above covenants in rendering our federal income tax opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Based upon and subject to the foregoing and the assumptions and qualifications set forth below, we are of the opinion that:

1. The Authority is a duly created and validly existing public body corporate and politic constituting a political subdivision of the State of New Jersey created pursuant to the Act, and has the right, power and authority under the Act to adopt the Resolution, to enter into the Agreement and to issue the Bonds.

2. The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority, and is enforceable in accordance with its terms. The Resolution creates the valid pledge of and lien upon the revenues that it purports to create, subject only to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Bonds have been duly and validly issued and constitute valid and legally binding, special and limited obligations of the Authority, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Act and the Resolution. The Bonds are payable from and secured by a valid and enforceable pledge of and lien upon the revenues of the Authority derived from payments made by the University under the Agreement, under existing loan agreements relating to the financing of facilities for the University with parity bonds, and under subsequent loan agreements relating to the financing of future eligible facilities for the University with additional parity bonds, all as more particularly provided in the Resolution.

4. The Agreement has been duly authorized pursuant to law, has been properly executed by the parties thereto and constitutes a valid and legally binding agreement between the Authority and the University, enforceable against the Authority in accordance with its terms.

5. We are further of the opinion that based upon existing law, interest on the 2015 Series D Bonds is excluded from the gross income of the owners of the 2015 Series D Bonds for federal income tax purposes pursuant to Section 103 of the Code, and interest on the 2015 Series D Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

6. Based upon existing law, interest on the Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Resolution and the Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

Our engagement by the Authority with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of any laws or judicial decisions hereafter enacted or rendered that impact on this opinion letter.

We have examined one of the Bonds as executed by the Authority and authenticated by the Trustee, and, in our opinion, its form, execution and authentication are regular and proper. We have assumed that all of the Bonds have been so executed and authenticated.

This opinion letter is being furnished solely to the party to whom it is addressed and may not be relied upon by any other person (other than Bondholders) without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Notwithstanding anything to the contrary contained herein, the undersigned acknowledges that this opinion is a government record subject to release under the Open Public Records Act (N.J.S.A. 47:1A-1 et seq.).

Very truly yours,