

EXECUTION COPY

MASTER TRUST INDENTURE

Between

SOUTHERN METHODIST UNIVERSITY

and

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
As Trustee

Dated as of

January 1, 1999

TABLE OF CONTENTS

	<u>Page</u>
Parties	1
Recitals	1
Granting Clauses	1

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101.	Definitions	2
Section 102.	Compliance Certificates and Reports	8
Section 103.	Form of Documents Delivered to Trustee	9
Section 104.	Acts of Security Holders	9
Section 105.	Notices, etc., to Trustee and University	10
Section 106.	Notices to Security Holders; Waiver	10
Section 107.	Successors and Assigns	10
Section 108.	Separability Clause	10
Section 109.	Benefits of Indenture	11
Section 110.	Governing Law	11
Section 111.	Effect of Headings and Table of Contents	11

ARTICLE II

ISSUANCE AND FORM OF SECURITIES

Section 201.	Series and Amount of Securities	11
Section 202.	Denomination of Securities	11
Section 203.	Execution, Authentication and Delivery	11
Section 204.	Form of Securities	12
Section 205.	Registration, Transfer and Exchange	12
Section 206.	Mutilated, Destroyed, Lost and Stolen Securities	13
Section 207.	Payment of Interest on Securities; Interest Rights Preserved	13
Section 208.	Persons Deemed Owners	14
Section 209.	Cancellation	14

ARTICLE III

REDEMPTION OF SECURITIES

Section 301.	Redemption	14
Section 302.	Election to Redeem; Notice to Trustee	14
Section 303.	Selection by Trustee of Securities to be Redeemed	14
Section 304.	Notice of Redemption	15
Section 305.	Deposit of Redemption Price	15
Section 306.	Securities Payable on Redemption Date	15
Section 307.	Securities Redeemed in Part	16

ARTICLE IV

COVENANTS OF THE UNIVERSITY

Section 401.	Payment of Debt Service	16
Section 402.	Maintenance of Office or Agency	16
Section 403.	Money for Security Payments to be Held in Trust; Appointment of Paying Agents	16
Section 404.	Payment of Taxes and Other Claims	17
Section 405.	Statement as to Compliance	17
Section 406.	Corporate Existence	18
Section 407.	To Keep Books; Financial Reports and Inspection by Trustee	18
Section 408.	Limitation on Liens	18
Section 409.	Limitations on Debt	19
Section 410.	Counterparties to Hedge Agreements	20
Section 411.	Filing of Continuation Statements	20
Section 412.	Waiver of Certain Covenants	20

ARTICLE V

CONSOLIDATION, MERGER, CONVEYANCE AND TRANSFER

Section 501.	Consolidation, Merger, Conveyance or Transfer Only on Certain Terms	21
Section 502.	Successor Corporation Substituted	21

ARTICLE VI

REMEDIES OF THE TRUSTEE AND HOLDERS OF
SECURITIES IN EVENT OF DEFAULT

Section 601.	Events of Default	21
Section 602.	Acceleration of Maturity In Certain Cases; Rescission and Annulment	22
Section 603.	Collection of Indebtedness and Suits for Enforcement by Trustee	23
Section 604.	Trustee May File Proofs of Claim	23
Section 605.	Trustee May Enforce Claims Without Possession of Securities	24
Section 606.	Application of Money Collected	24
Section 607.	Limitation on Suits	24
Section 608.	Unconditional Right of Holders of Securities to Receive Principal, Premium and Interest	25
Section 609.	Restoration of Rights and Remedies	25
Section 610.	Rights and Remedies Cumulative	25
Section 611.	Delay or Omission Not Waiver	25
Section 612.	Control by Holders of Securities	26
Section 613.	Waiver of Past Defaults	26
Section 614.	Undertaking for Costs	26
Section 615.	Waiver of Stay or Extension Laws	26
Section 616.	No Recourse Against Others	26

ARTICLE VII

CONCERNING THE TRUSTEE

Section 701.	Duties and Liabilities of Trustee	27
Section 702.	Notice of Defaults	28
Section 703.	Certain Rights of Trustee	28
Section 704.	Not Responsible For Recitals or Issuance of Securities	29
Section 705.	Trustee May Own Securities	29
Section 706.	Moneys to Be Held in Trust	29
Section 707.	Compensation and Expenses of Trustee	29
Section 708.	Corporate Trustee Required; Eligibility	30
Section 709.	Resignation and Removal; Appointment of Successor	30
Section 710.	Acceptance of Appointment by Successor	31
Section 711.	Merger or Consolidation	31

ARTICLE VIII

SUPPLEMENTS

Section 801.	Supplemental Indentures Without Consent of Holders of Securities	31
Section 802.	Supplemental Indentures With Consent of Holders of Securities	32
Section 803.	Execution of Supplemental Indentures	33
Section 804.	Effect of Supplemental Indentures	33
Section 805.	Securities May Bear Notation of Changes	33

ARTICLE IX

SATISFACTION AND DISCHARGE OF INDENTURE

Section 901.	Satisfaction and Discharge of Indenture	33
Section 902.	Securities Deemed Paid	33
Section 903.	Application of Trust Money	34

ARTICLE X

TRANSITIONAL PROVISIONS

Section 1001.	Previously Issued Securities	34
Testimoniums	36
Signatures	36

MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE, dated as of January 1, 1999, between SOUTHERN METHODIST UNIVERSITY (the "University") and CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as master trustee (the "Trustee"), a national banking association with a corporate trust office in Dallas, Texas,

WITNESSETH:

The University has duly authorized by resolution of its Governing Body the execution and delivery of this Indenture for the purpose of providing for the issuance from time to time of Securities in one or more series issued as provided herein.

All things necessary to make this Indenture a valid agreement and contract for the benefit and security of the Securities in accordance with the terms of such Securities and this Indenture have been done.

NOW THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

In order to declare the terms and conditions upon which Securities are to be authenticated, issued and delivered, and to secure the payment of Securities and the performance and observance of all of the covenants and conditions herein or therein contained, and in consideration of the premises, of the purchase and acceptance of Securities by the Holders thereof and of the sum of One Dollar to it duly paid by the Trustee at the execution of these presents, the receipt and sufficiency of which is hereby acknowledged, the University, has executed and delivered this Indenture and by these presents does hereby convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in and to the Master Trustee, its successor or successors and its or their assigns forever, all and singular the property, real and personal, hereinafter described (said property being herein sometimes referred to as the "Trust Estate") to wit:

GRANTING CLAUSE FIRST

All rents, issues, profits, income, revenues, receipts and rights to the payment of money and receivables derived by the University from any and all sources, including, without limitation, all accounts, contract rights and general intangibles, now owned or hereafter acquired, and all proceeds thereof whether cash or noncash; excluding, however, gifts, grants, bequests, donations and contributions to the University heretofore or hereafter made, and the proceeds thereof, which are specifically restricted by the donor, testator or grantor to a particular purpose which is inconsistent with their use for payments required under this Indenture;

GRANTING CLAUSE SECOND

All moneys and securities, if any, at any time held by the Trustee in any fund or account under the terms of this Indenture; and

GRANTING CLAUSE THIRD

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as additional security hereunder by the University or by anyone on its behalf to the Trustee, subject to the terms thereof.

TO HAVE AND TO HOLD IN TRUST, upon the terms herein set forth, for the equal and proportionate benefit, security, and protection of all Holders of the Securities issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Securities over any other;

SUBJECT AND SUBORDINATE, HOWEVER, in the case of Granting Clause First, to any and all mortgages, liens, charges, encumbrances, pledges, and security interests granted, created, assumed, incurred, or existing in accordance with the provisions of Section 408 of this Indenture as to the property covered thereby and all revenue, accounts receivable, and receipts derived from such property;

Provided, however, that if the University shall pay, or cause to be paid, the principal of all of the Securities and all of the obligations secured thereby and the redemption or prepayment premium or purchase price, if any, and the interest and any other amounts due or to become due thereon in full at the times and in the manner mentioned in the Securities according to the true intent and meaning thereof, and the University shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted and the restrictions hereby incurred shall cease, determine and be void; otherwise this Indenture shall be and remain in full force and effect; and

Provided, further, that if the University shall pay, or cause to be paid, the principal of all of the Previously Issued Securities and all of the obligations secured thereby and the redemption or prepayment premium or purchase price, if any, and the interest and any other amounts due or to become due thereon in full at the times and in the manner mentioned in the Previously Issued Securities according to the true intent and meaning thereof, then upon such final payment, the conveyance, grant, assignment, transfer, and pledge described in GRANTING CLAUSE FIRST shall cease, determine and be void;

NOW, THEREFORE, the University does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Securities except as herein otherwise expressly provided, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions. (a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) "This Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as they exist on the date of applicability thereof or on the date of determination, at the option of the University.

(b) The following terms have the meanings assigned to them below whenever they are used in this Indenture:

"Accountant" means a Person engaged in the practice of accounting who is a nationally recognized certified public accountant and who (except as otherwise expressly provided herein) may be employed by or affiliated with the University.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authorized Denominations" means, with respect to a series of Securities, \$1,000 or any integral multiple thereof unless otherwise provided herein or by University Order or by Supplemental Indenture.

"Authorized Newspaper" means a newspaper of general circulation in the relevant area, printed in the English language and customarily published on each business day, whether or not published on Saturdays, Sundays or holidays. Whenever successive weekly publications in an Authorized Newspaper are required hereunder, they may be made (unless otherwise expressly provided herein) on the same or different days of the week and in the same or in different Authorized Newspapers.

"Board Resolution" of any specified Person means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body of such Person to have been duly adopted by the Governing Body of such Person and to be in full force and effect on the date of such certification and delivered to the Trustee.

"Code" means the Internal Revenue Code of 1986, as amended from time to time and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

"Consent," "Order" and "Request" of any specified Person mean, respectively, a written consent, order or request delivered to the Trustee and signed in the name of such Person by its president, its chief executive officer, its chief financial officer, or any other Person designated, in writing and delivered to the Trustee, by any of such Persons to execute any such instrument.

"Credit Agreement" with respect to any series of Securities means any agreement or other obligation of the University entered into to provide credit or liquidity support relating to a series of Securities, or relating to other obligations secured by Securities, and designated as a Credit Agreement by University Order, Section 1001 of this Indenture or Supplemental Indenture.

"Credit Enhancer" with respect to any series of Securities means the Person designated as such by University Order, Section 1001 of this Indenture or Supplemental Indenture.

"Credit Facility" with respect to any series of Securities means any letter of credit, bond insurance policy, standby purchase agreement, line of credit, or other instrument or undertaking issued by a Credit Enhancer with respect to a series of Securities or other instruments secured by Securities and designated as a Credit Facility by University Order, Section 1001 of this Indenture or Supplemental Indenture.

"Debt" of the University means all:

(a) indebtedness incurred or assumed by the University for borrowed money or for the acquisition, construction or improvement of property other than goods or services that are acquired in the ordinary course of business of the University;

(b) lease obligations of the University that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(c) all indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or the acquisition, construction or improvement of property or capitalized lease obligations guaranteed, directly or indirectly, in any manner by the University, or in effect guaranteed, directly or indirectly, by the University through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(d) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the University whether or not the University has assumed or become liable for the payment thereof;

For the purpose of computing the "Debt" of the University, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository in trust the necessary funds (or evidences of such Debt or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption or satisfaction of such Debt; and thereafter such funds, evidences of Debt and investments so deposited shall not be included in any computation of the assets of the University.

"Default" means an event or condition that would, with the passage of time or the giving of notice, or both, constitute an Event of Default under this Indenture.

"Defeasance Obligations" means:

(1) Direct obligations of the United States of America or obligations to the full and prompt payment of which the full faith and credit of the United States of America is irrevocably pledged or evidences of direct ownership of interests in future interest and principal payments on such obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on such obligations, and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated; or

(2) Obligations the interest on which is excludable from the gross income of all owners thereof for federal income tax purposes, and

provision for the payment of the principal of (and premium, if any) and interest on which shall have been made by the irrevocable deposit at least 123 days preceding the date of determination with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of money, or obligations described in clause (1) above, the maturing principal of and interest on which, when due and payable, without reinvestment will provide money, sufficient to pay when due the principal of (and premium, if any) and interest on such obligations, and which money, or obligations described in clause (1) above, are not available to satisfy any other claim, including any claim of the trustee or escrow agent or any claim of any Person claiming through the trustee or escrow agent or any claim of any Person to whom the Person on whose behalf such irrevocable deposit was made, the trustee or the escrow agent may be obligated, whether arising out of the insolvency of the Person on whose behalf such irrevocable deposit was made, the trustee or escrow agent or otherwise; provided that, at the time of their purchase, such obligations are rated in the highest generic long-term debt rating category by at least one Rating Service; or

(3) with respect to any series of Securities, such obligations as may be designated in the instruments pursuant to which such series is created, as "Defeasance Obligations."

"Designated Corporate Trust Office" means a corporate trust office designated in writing to the Issuer and the University by the Trustee from time to time as the Designated Corporate Trust Office for purposes of this Indenture, initially Chase Tower, 600 Travis Street, Suite 1150, Houston, Texas 77002, Attention: Global Trust Services Administration.

"Event of Default" is defined in Article VI of this Indenture.

"Fiscal Year" of any specified Person means an annual period adopted by such Person as the accounting period used for preparation of the financial statements required to be delivered pursuant to Section 407.

"Funded Debt" of any Person means all Debt created, assumed or guaranteed by such Person that matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of such Person, to a date more than one year after the original creation, assumption or guarantee of such Debt by such Person.

"Governing Body" of any specified Person means the board of directors or board of trustees of such Person or any duly authorized committee of that board, or if there be no board of trustees or board of directors, then the person or body which pursuant to law or the Organizational Documents of such Person is vested with powers similar to those vested in a board of trustees or a board of directors.

"Holder" or "Security Holder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this Master Trust Indenture, as amended or supplemented from time to time in accordance with its terms.

"Independent" when used with respect to any specified Person means such a Person who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the University or any other obligor upon the Securities or in any Affiliate of the University or such other obligor, and (3) is not connected with the University or such other obligor or with any Affiliate of the University or such other obligor as an officer, employee, promoter, trustee, partner, director or person performing similar functions.

Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished to the Trustee, such Person shall be appointed by Order of the Person making such appointment and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"Interest Payment Date" means the Stated Maturity of an instalment of interest on any Security.

"Maturity" when used with respect to any obligation means the date on which the principal of such obligation becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

"Officer's Certificate" of any specified Person means a certificate delivered to the Trustee and signed in the name of such Person by its president, its chief executive officer, its chief financial officer, or any other Person designated in a writing delivered to the Trustee, by any of such Persons to execute any such instrument.

"Opinion of Counsel" means a written opinion of counsel signed by an attorney or firm of attorneys and acceptable to the Trustee, who may (except as otherwise expressly provided) be counsel to the University.

"Organizational Documents" of any corporation means the articles of incorporation, certificate of incorporation, corporate charter or other document pursuant to which such corporation was organized, and its bylaws, each as amended from time to time, and as to any other Person, means the instruments pursuant to which it was created and which govern its powers and the authority of its representatives to act on its behalf.

"Outstanding" when used with respect to the Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 902 of this Indenture) in the necessary amount has been theretofore deposited with the Trustee or any paying agent for such Securities in trust for the Holders of such Securities pursuant to this Indenture; provided, that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or irrevocable provision therefor satisfactory to the Trustee has been made; and

(iii) Securities upon transfer of or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the University or any other obligor (other than a Credit Enhancer that is not an Affiliate of the University) upon the Securities or any Affiliate of the University or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee actually knows to be so owned shall be so disregarded. The

Trustee shall be under no duty to investigate whether any Securities are so owned, but may, in its discretion, make such further investigation or inquiry as it may see fit. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the University or any other obligor (other than a Credit Enhancer that is not an Affiliate of the University) upon the Securities or any Affiliate of the University or such other obligor.

"Paying Agent" means initially the Trustee, and any other Person authorized by the University to pay the principal of (and premium, if any) or interest on any Securities on behalf of the University.

"Permitted Encumbrances" with respect to any specified Person means:

(1) liens or encumbrances on property (or on the income therefrom) received by such Person as a gift, grant or bequest, if such lien or encumbrance constitutes or results from restrictions (other than the requirement that the grantee thereof make payment in respect of Funded Debt incurred by the grantor with respect to such property) placed on such gift, grant or bequest (or on the income therefrom) by the grantor thereof;

(2) liens on proceeds of Debt (or on income from the investment of such proceeds) that secure payment of such Debt;

(3) liens on money or obligations deposited with a trustee or escrow agent to cause all or any portion of Debt to be no longer outstanding;

(4) liens on money or obligations deposited to fund a debt service fund in an amount not exceeding the amount of the Debt to which such debt service fund relates that matures in the Fiscal Year in which such deposit is made plus a reasonable carryover amount or deposited to a reserve fund in an amount not in excess of 15% of the principal amount of the Debt to which such reserve fund relates in accordance with the instrument under which such Debt may be secured; and

(5) liens on debt instruments owned by such Person which have been purchased under a credit or liquidity facility issued to secure or support other Debt.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment" for any series of Securities means the Designated Corporate Trust Office or other location designated, from time to time, as a place of payment for a series of Securities, by University Order or Supplemental Indenture.

"Previously Issued Securities" means each of the obligations described in Section 1001 hereof.

"Rating Service" means each nationally recognized statistical rating organization, within the meaning of the rules of the United States Securities and Exchange Commission which at the time has a credit rating assigned to any series of the Securities (or any other indebtedness secured by Securities) at the request of the University.

"Regular Record Date" means, with respect to a series of Securities, the date (whether or not a business day) specified as such in the related University Order or Supplemental Indenture, and if not so stated, the fifteenth day of the calendar month preceding the payment date.

"Responsible Officer" when used with respect to the Trustee means the chairman and vice chairman of the board of directors, the chairman and vice chairman of the executive committee of the board of directors, the president, the chairman of the trust committee, any vice president (whether or not designated by a number or a word or words added before or after the title "vice president"), any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with a particular subject.

"Security" means any obligation of the University, authenticated and delivered pursuant to Section 203, including, to the extent so authenticated and delivered, a Credit Agreement.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 205.

"State" means the State of Texas.

"Stated Maturity" when used with respect to any obligation, any installment of interest thereon, or fees or other amounts payable with respect thereto, means the date specified in such obligation as the fixed date on which the principal of such obligation, such installment of interest, or such fees or other amounts are due and payable.

"Supplemental Indenture" means an instrument amending or supplementing this Indenture entered into pursuant to Article VIII hereof.

"University" means Southern Methodist University, a Texas nonprofit corporation, its successors and assigns permitted hereby, and any resulting, surviving or transferee Person permitted hereunder.

"Trustee" means Chase Bank of Texas, National Association, a national banking association, serving as trustee pursuant to this Indenture, and its successors and assigns permitted hereby.

Section 102. Compliance Certificates and Reports. Whenever the amount or date of any of the following is a condition to the taking of any action permitted hereby,

- (a) any of:
- (1) the amount of net unrestricted assets and temporarily restricted net assets of any Persons,
 - (2) the principal amount of any Debt or the maximum annual debt service with respect to any Debt, and
 - (3) the book value of any assets,

shall be established by an Officer's Certificate of the University stating the amount of such item and that such amounts have been derived or calculated from the most recent financial statements of the University delivered to the Trustee pursuant to Section 407 hereof, or from the books and records of the University and that such books and records have been maintained in compliance with Section 407 hereof, and

(b) the current value of any properties of any Person shall be established by an Officer's Certificate of the University which states: (i) the appraised value of the properties of such Person for which an appraisal is attached to such Officer's Certificate, (ii) the aggregate book value of all other properties of such Person, and (iii) that such aggregate book value does not exceed by more than 5% the aggregate current value of all such other unappraised properties and which is accompanied by one or more written appraisals made by Independent Persons experienced in appraising the value of similar properties stating such Person's opinion of the value of such appraised property as of a date not more than two years preceding the date such Officer's Certificate is delivered to the Trustee.

All calculations required to be made hereunder with respect to any Person shall be made after elimination of inter-company items on a combined basis. The character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes hereof, shall be determined or made in accordance with generally accepted accounting principles at the time in effect, except where such principles are inconsistent with the requirements of this Indenture. The Trustee shall have no duty to verify any such calculations or information set forth in any such Officer's Certificate.

Section 103. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Security Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Security Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Security Holders in person or by an agent for such Security Holder duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the University. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Security Holders signing such instrument or instruments. Proof of execution of any such instrument or the written appointment of any such agent, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the University, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer

authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by any Security Holder of a Security shall bind every successor Security Holder for such Security issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the University in reliance thereon, whether or not notation of such action is made upon such Security.

Section 105. Notices, etc. to Trustee and University. Any request, demand, authorization, direction, notice, consent, waiver or Act of Security Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Security Holder or by any specified Person shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with and actually received by a Responsible Officer of the Trustee at its Designated Corporate Trust Office, or such other location previously furnished in writing to any such Person by the Trustee, or

(2) the University by any Security Holder or by any specified Person shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the University addressed to it at Southern Methodist University, 6425 Boaz, Perkins Administration Building, Room 205, Dallas, Texas 75275-0132, Attention: Vice President Legal Affairs, or at any other address previously furnished in writing to the Trustee by the University.

Section 106. Notices to Security Holders: Waiver. Where this Indenture provides for notice to Security Holders of any event, such notice shall be sufficient (unless otherwise herein expressly provided) if given in writing and mailed, first-class postage prepaid, to each Security Holder affected by such event, at his address as it appears on the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the first giving of such notice. In any case where notice to Security Holders is given by mail, neither the failure to mail such notice, nor any default in any notice so mailed to any particular Security Holder shall affect the sufficiency of such notice with respect to other Security Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Securities shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of publication of any Authorized Newspaper, or by reason of any other cause, it shall be impossible or impracticable to make publication of any notice in an Authorized Newspaper or Authorized Newspapers as required by this Indenture, then such method of publication or notification as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 107. Successors and Assigns. All covenants and agreements in this Indenture by the University and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 108. Separability Clause. In case any provision in this Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 109. Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 110. Governing Law. This Indenture shall be construed in accordance with and governed by the laws of the State.

Section 111. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

ARTICLE II

ISSUANCE AND FORM OF SECURITIES

Section 201. Series and Amount of Securities. The Previously Issued Securities shall be entitled to the benefit and security of this Indenture as provided in Article X hereof. Additional Securities shall be issued under this Indenture in series created by University Order or by Supplemental Indenture. Each series shall be designated to differentiate the Securities of such series from the Securities of any other series. The number of series of Securities that may be created under this Indenture is not limited. The aggregate principal amount of Securities of each series that may be created under this Indenture is not limited except as restricted by University Order.

Section 202. Denomination of Securities. Securities shall be issuable in Authorized Denominations.

Section 203. Execution, Authentication and Delivery. The Securities shall be executed on behalf of the University by its President or one of its Vice Presidents. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at the time of signature the proper officers of the University shall bind the University, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the University may deliver Securities executed by the University to the Trustee; and the Trustee shall authenticate and deliver such Securities but (unless such Securities are Previously Issued Securities) only upon delivery to the Trustee of the following:

- (a) a Board Resolution of the University authorizing the execution and delivery by the University of that series of Securities;
- (b) a University Order or Supplemental Indenture directing the authentication and delivery by the Trustee of that series of Securities;
- (c) an Opinion of Counsel and an Officer's Certificate, each to the effect that the conditions precedent to the authentication and delivery of that series of Securities under this Indenture have been satisfied, and the Officer's Certificate shall also state that the issuance of such series of Securities will not create a Default under this Indenture; and
- (d) an Opinion of Counsel satisfying the requirements of Section 411(a) hereof.

No Securities shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on or attached to such Securities a certificate of authentication substantially in the form set forth below executed by the Trustee by the manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. The form of certificate of authentication shall be as follows:

***CERTIFICATE OF AUTHENTICATION**

This is one of the Securities referred to in the Master Indenture, dated as of January 1, 1999,
between Southern Methodist University and Chase Bank of Texas, National Association.

Date of Authentication:

[Name of Trustee],
as Master Trustee

By: _____
Authorized Signatory"

Section 204. Form of Securities. The Securities of each series of Securities other than the Previously Issued Securities shall be in substantially the form set forth in the University Order or Supplemental Indenture creating such series, and the Previously Issued Securities shall be in the form previously authorized, in each case, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any regulatory body, or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their signing of the Securities. Any portion of the text of any Securities may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Securities.

Section 205. Registration, Transfer and Exchange. The University shall cause to be kept at the Designated Corporate Trust Office of the Trustee or any Place of Payment a register (sometimes herein referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the University shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed registrar for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for transfer of any Security at the office or agency of the University in a Place of Payment, the University shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, one or more new Securities of any Authorized Denominations, of a like aggregate principal amount, series, maturity and interest rate. In lieu of the execution by the University of new Securities, the Trustee may make notation on the Security and in the Security Register of such transfer.

At the option of the Holder, Securities may be exchanged for Securities of any Authorized Denominations, of a like aggregate principal amount, series, maturity and interest rate, upon the surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the University shall execute, and the Trustee shall authenticate and deliver, the Securities which the Security Holder making the exchange is entitled to receive.

All Securities issued upon any transfer or exchange of Securities shall be the valid obligations of the University, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such transfer or exchange.

Every Security presented or surrendered for transfer or exchange shall (if so required by the University or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the University and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Securities, but the University and the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Securities, other than exchanges expressly provided in this Indenture to be made without expense or without charge to Holders.

The University and the Trustee shall not be required (1) to issue, transfer or exchange any Securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of Securities selected for redemption under Section 303 and ending at the close of business on the day of such mailing or (2) to transfer or exchange any Security selected for redemption in whole or in part; provided that the University and the Trustee shall, at the option of the Holder of at least \$1,000,000 in principal amount of Securities, be required to transfer or exchange any such Security which has been selected in whole or in part for redemption upon surrender thereof, if the Trustee makes such arrangements as it deems appropriate for notation on each new Security issued in exchange for or upon the transfer of the Security so selected for redemption of an appropriate legend to the effect that such new Security has been so selected for redemption.

Section 206. Mutilated, Destroyed, Lost and Stolen Securities. If (i) any mutilated Security is surrendered to the Trustee, or the University and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to save the Trustee and the University harmless, then, in the absence of notice to the University or the Trustee that such Security has been acquired by a bona fide purchaser, the University shall execute and upon its request the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of like tenor, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the University in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the University and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the University, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 207. Payment of Interest on Securities; Interest Rights Preserved. Unless otherwise provided by the University Order or Supplemental Indenture authorizing a series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date by virtue of having been such Holder; and such Defaulted Interest shall be paid by the University to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted interest, which shall be fixed in the following manner. The University shall determine the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the University shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held

in trust for the benefit of Persons entitled to such Defaulted Interest. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after (i) the receipt by the Trustee of the proposed payment, or (ii) the date on which arrangements satisfactory to the Trustee have been made for the deposit of such payment. The Trustee shall promptly notify the University of such Special Record Date and, in the name and at the expense of the University, shall cause notice of the date and amount of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of Securities at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the University, cause a similar notice to be published at least once in an Authorized Newspaper, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or their respective predecessor Securities) are registered on such Special Record Date.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Securities.

Section 208. Persons Deemed Owners. The University, the Trustee and any agent of the University or the Trustee shall treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any), and (subject to Section 207) interest on, such Security and for all other purposes whatsoever whether or not such Security be overdue, and neither the University, the Trustee, nor any agent of the University or the Trustee shall be affected by notice to the contrary.

Section 209. Cancellation. All Securities surrendered for full payment or redemption shall, if delivered to any Person other than the Trustee, be delivered to the Trustee and, if not already canceled or required to be otherwise delivered by the terms of the University Order or Supplemental Indenture authorizing the series of Securities of which such Security is a part, shall be promptly canceled by it. The University may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder, which the University may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of as directed by a University Order.

ARTICLE III

REDEMPTION OF SECURITIES

Section 301. Redemption. Securities of each series shall be subject to optional and mandatory redemption in whole or in part and may be redeemed prior to maturity, as provided in the University Order or Supplemental Indenture creating such series, but not otherwise. The provisions of Sections 302 through 307 of this Indenture shall also apply to the redemption of Securities unless otherwise provided by the University Order, Section 1001 of this Indenture or Supplemental Indenture creating a Security.

Section 302. Election to Redeem; Notice to Trustee. The election of the University to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the University of less than all of the Securities, the University shall, at least 45 days prior to the redemption date fixed by the University (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the principal amount of Securities of each maturity and series to be redeemed.

Section 303. Selection by Trustee of Securities to be Redeemed. If less than all the Securities are to be redeemed, the particular Securities to be redeemed shall be selected prior to the redemption date by the Trustee, from the Outstanding Securities of the series and maturity specified by the University not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which

may provide for the selection for redemption of portions (equal to an Authorized Denomination) of the principal of Securities of a denomination larger than the minimum Authorized Denomination.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal of such Security which has been or is to be redeemed.

Section 304. Notice of Redemption. Notice of redemption shall be given by first-class mail, postage prepaid, mailed (unless otherwise provided with respect to a series of Securities by University Order or Supplemental Indenture), not less than 30 nor more than 60 days prior to the redemption date, to each Holder of Securities to be redeemed, at his last address appearing in the Security Register. In addition, notice of redemption shall be sent by certified or registered mail, return receipt requested, or by overnight delivery service contemporaneously with such mailing: (1) to any Holder of \$1,000,000 or more in principal amount of Securities and (2) to one or more information services of national recognition that disseminate redemption information with respect to municipal bonds. Notice of redemption also shall be sent by first-class mail, postage prepaid, to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is a Holder of Securities to be redeemed so that it is received at least two days prior to the date notice is mailed to Security Holders generally. An additional notice of redemption shall be given by first class mail, postage prepaid, mailed (unless otherwise provided with respect to a series of Securities by University Order or Supplemental Indenture) not less than 60 nor more than 90 days after the redemption date to any Holder of Securities selected for redemption that has not surrendered the Securities called for redemption, at his last address appearing in the Security Register.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) the identification, including complete designation and issue date of the series of Securities of which such Securities is a part and the CUSIP number (if any), certificate number (and in the case of partial redemption, the respective principal amounts), interest rates and maturity dates of the Securities to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Securities, and that interest thereon shall cease to accrue from and after said date,
- (5) the name and address of the Trustee and any paying agent for such Securities, including the name and telephone number of a contact person and the place where such Securities are to be surrendered for payment of the redemption price.

Notice of redemption of Securities to be redeemed at the election of the University shall be given by the University or, at the University's request, by the Trustee in the name and at the expense of the University.

Section 305. Deposit of Redemption Price. On or before the business day prior to any redemption date, the University shall deposit with the Trustee or with a paying agent an amount of money in immediately available funds sufficient to pay the redemption price of all the Securities which are to be redeemed on such redemption date.

Section 306. Securities Payable on Redemption Date. Notice of redemption having been given, if required, as aforesaid, the Securities so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the University shall default in the payment of the redemption price) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the University at the redemption price. Installments of interest whose Stated Maturity is on or prior to the

redemption date shall be payable to the Holders of such Securities registered as such on the relevant Record Dates according to their terms.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate borne by the Security.

Section 307. Securities Redeemed in Part. Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment (with, if the University or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the University and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) and the University shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, interest rate and maturity and of any Authorized Denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. In lieu of issuing a new Security or Securities for the unredeemed portion, the Trustee may make notation on the Security of the amount redeemed.

ARTICLE IV

COVENANTS OF THE UNIVERSITY

Section 401. Payment of Debt Service. The University will duly and punctually pay the principal of (and premium, if any) and interest and any other amounts due on the Securities in accordance with the terms of the Securities and this Indenture.

Section 402. Maintenance of Office or Agency. Unless otherwise provided by the University Order or Supplemental Indenture authorizing or creating a Security or series of Securities, the University will maintain an office or agency in each Place of Payment where Securities may be presented or surrendered for payment, where Securities may be surrendered for transfer or exchange and where notices and demands to or upon the University in respect of the Securities and this Indenture may be served. The University will give prompt written notice to the Trustee of the location, and of any change in the location, of such office or agency. In addition, such presentations, surrenders, notices and demands may be made or served at the Designated Corporate Trust Office of the Trustee, and the University hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

Section 403. Money for Security Payments to be Held in Trust; Appointment of Paying Agents. If the University shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of (and premium, if any), interest on, or fees or other amounts with respect to any of the Securities, segregate and hold in trust for the benefit of the Holders of such Securities a sum sufficient to pay the principal (and premium, if any), interest, fees or other amounts so becoming due until such sums shall be paid to such Holders or otherwise disposed of as herein or in the Security provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the University shall have appointed one or more Paying Agents, it will, on or before the due date of the principal of (and premium, if any), interest on, or fees or other amounts with respect to any Securities, deposit with a Paying Agent a sum in immediately available funds sufficient to pay the principal (and premium, if any), interest, fees or other amounts so becoming due, such sum to be held in trust for the benefit of the Holders of such Securities, and (unless such Paying Agent is the Trustee) the University will promptly notify the Trustee of its action or failure so to act. Each paying agent for the Securities shall provide the CUSIP number (if any) for the Security with each payment of interest or the redemption price of any Security. The Paying Agents shall make payment of interest or the redemption price of any Security by wire transfer of Federal Reserve Funds to any owner of \$1,000,000 or more in principal amount of Securities requesting such payment and providing the necessary information.

The University will cause each Paying Agent other than itself and the Trustee to execute and deliver to the Trustee and the University an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Subsection, that such Paying Agent will

(1) hold all sums held by it for the payment of principal of (and premium, if any), interest on, or fees or other amounts with respect to the Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the University (or any other obligor upon the Securities) in the making of any such payment of principal (and premium, if any), interest, fees or other amounts; and

(3) at any time, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such paying agent.

The University may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by University Order direct any paying agent to pay to the Trustee all sums held in trust by such paying agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such paying agent; and, upon such payment by any paying agent to the Trustee, such paying agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any paying agent in trust for the payment of the principal of (and premium, if any), interest, or fees or other amounts with respect to any Security and remaining unclaimed for two years after the Stated Maturity of the Security or the installment of interest, fees or other amounts for the payment of which such money is held shall be paid to the University on University Request and the Holder of such Security shall thereafter, to the extent of any legal right or claim, be deemed to be an unsecured general creditor, and shall look only to the University for payment thereof, and all liability of the Trustee or such paying agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such paying agent, before being required to make any such repayment, may at the expense of the University cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the University.

Section 404. Payment of Taxes and Other Claims. The University will pay or discharge or cause to be paid or discharged before the same shall become delinquent, (1) all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon it or upon its income, profits or property, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon its property; provided, however, that no such Person shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge or claim to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 405. Statement as to Compliance. The University will deliver to the Trustee, within 150 days after the end of each Fiscal Year, a written statement signed by its president, its chief executive officer, its chief operating officer or its chief financial officer, stating that

(1) a review of the activities of the University during such Fiscal Year and of performance hereunder has been made under the signer's supervision, and

(2) to the best of the signer's knowledge, based on such review, the University has fulfilled all its obligations hereunder throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to the signer and the nature and status thereof.

The University will deliver to the Trustee promptly upon the discovery thereof a written statement describing any default hereunder which has not been cured or waived known to the president, chief executive officer, chief operating officer or chief financial officer of the University, specifying such default and the nature and status thereof.

Section 406. Corporate Existence. Subject to Sections 501 and 502, the University will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that no Person shall be required to preserve any right or franchise if the Governing Body of such Person shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Securities.

Section 407. To Keep Books; Financial Reports and Inspection by Trustee. The University will at all times keep books or records and accounts, in accordance with generally accepted accounting principles, and the University will furnish to the Trustee as soon as available, and in any event within 150 days after the end of each Fiscal Year combined or consolidated financial statements of the University as of the end of such Fiscal Year or for such Fiscal Year then ended, as applicable, shown in each case in comparative form with the preceding Fiscal Year, together with the report of an Independent Accountant selected by the University who has examined such statements in accordance with generally accepted auditing standards, as to the fairness of presentation of such statements. The Trustee shall have no duty with regard to such books, records or financial statements filed with it except to make them available to the Holders upon request.

At any and all times during normal business hours, upon the written request of a Holder of \$1,000,000 or more in principal amount of Securities, the University will permit such Holder, or its agents and attorneys, to inspect the property of the University, or any of its consolidated subsidiaries and to examine all the books of account, records, reports and other financial papers of such Persons and to take copies and extracts therefrom, and the University will furnish the Holders and the Trustee any and all other information as the Holders or the Trustee may reasonably request with respect to the performance or observance by such Persons of their covenants herein.

Section 408. Limitation on Liens. The University will not grant, create, assume or incur or suffer to be granted, created, assumed or incurred or to exist as security for any Debt any mortgage, lien, charge or encumbrance of any kind upon, or pledge of or security interest in, any property of the University whether owned at the date hereof or hereafter acquired excluding, however, from the operation of the foregoing:

(a) Permitted Encumbrances: or

(b) Purchase and Construction Money. Purchase or construction money mortgages, liens, charges, encumbrances, pledges or security interests (which term for purposes of this clause (b) shall include conditional sale agreements or other title retention agreements and leases in the nature of title retention agreements) upon or in property acquired or improved after the date hereof, or renewals of any such mortgages, liens, charges, encumbrances, pledges or security interests in connection with the replacement, extension or renewal (without increase in principal amount) of the Debt secured thereby, provided that no such mortgage, lien, charge, encumbrance, pledge or security interest extends or shall extend to or cover any property of the University other than the property then being acquired or constructed or on which improvements are being so constructed, and fixed improvements then or thereafter erected thereon and related insurance coverage and proceeds; or

(c) Pari Passu. Any mortgage, lien, charge, encumbrance, pledge or other security interest of any kind upon any property of any character of the University or any conditional sale agreement or similar title retention agreement with respect to any such property, if the University shall make effective provision, and the University covenants that in any such case it will make or cause to be made effective provision, whereby all the Outstanding Securities shall be directly secured by such mortgage, lien, charge,

encumbrance, pledge or other security agreement equally and ratably upon the same property, or upon other property with a current value at least equal to the current value of property to be mortgaged, with any and all other obligations and indebtedness thereby secured for so long as such obligations or indebtedness are so secured; or

(d) Existing Liens. Any mortgage, lien, charge, encumbrance, pledge or other security interest that is existing on any property of the University on the date hereof or any mortgage, lien, charge, encumbrance, pledge or other security interest that is existing on any real or personal property on the date of acquisition thereof; provided that no lien so described or the Debt secured thereby may be extended or renewed or may be modified to spread to any property of the University not subject to such lien on such date, except to the extent that such lien, as so extended, renewed or modified could have been granted or created under any provision hereof; or

(e) Basket. Any mortgage, lien, charge, encumbrance, pledge or other security interest of any kind if the book value (or, at the option of the University, current value) of all property of the University subjected to mortgages, liens, charges, encumbrances, pledges or other security interests pursuant to this clause (e) does not exceed 25% of the book value (or, if the University chooses to use the current value of the property so subjected, 25% of the current value) of all property of the University; or

(f) Noncampus Property. Any mortgage, lien, charge, encumbrance, pledge or other security interest of any kind with respect to property other than the real property, improvements and fixtures owned by the University bounded by Daniel Street, Hillcrest, Mockingbird Lane, Airline Street, Airline Extension, Dublin Street and Central Expressway, in the Town of University Park, Texas.

An oil or gas royalty, overriding royalty or production payment shall not be deemed to be a charge or encumbrance upon the related working interest.

Section 409. Limitations on Debt. The University will not incur, assume, guarantee, or otherwise become liable in respect of any Funded Debt other than:

(a) Pledge Anticipation. Debt the principal of which is fully secured by a security interest in pledges, confirmed in writing, to make a donation, gift, or other charitable contribution on or before the Maturity of such Debt and is not secured by any other property of the University;

(b) Credit Enhancement. Debt consisting of an obligation to reimburse payments made under a letter of credit, surety bond, policy of insurance, bond purchase agreement or similar credit or liquidity support obtained to secure payment of other Debt incurred pursuant to this Section and to pay interest thereon until paid;

(c) Completion Debt. Debt for the purpose of financing the completion of constructing, renovating, or equipping facilities for which Funded Debt has theretofore been incurred in accordance with the provisions hereof, if an Officers' Certificate is delivered to the Trustee stating that the amount of such Debt does not exceed the amount (including reserve funds and capitalized interest) necessary to provide a completed and equipped facility of the type and scope contemplated at the time that such other Debt was originally incurred and that such other Debt was estimated when incurred to be sufficient to provide such a completed and equipped facility;

(d) Subordinated Debt. Debt subordinate in right of payment to the payment of the Securities upon liquidation or reorganization and upon the occurrence and continuance of an Event of Default;

(e) Refunding Debt. Funded Debt incurred to refund or defease any Debt if the maximum annual debt service requirements in respect of such Debt for the fiscal year in which such Debt is to be incurred or any future fiscal year does not exceed 115% of the maximum annual debt service requirements during such period in respect of the Debt being refunded or defeased; or

(f) Funded Debt. Funded Debt if after giving effect to the issuance of such Funded Debt and the application of the proceeds thereof, (i) the quotient obtained by dividing the total amount of Funded Debt of the University by the sum of the net unrestricted assets of the University plus the temporarily restricted net assets of the University is not greater than 2.0, and (ii) the quotient obtained by dividing the total amount of Funded Debt bearing interest at a rate that is not fixed to the Stated Maturity of the Funded Debt in question by the sum of the net unrestricted assets of the University plus the temporarily restricted net assets of the University is not greater than 0.5, all as demonstrated by an Officer's Certificate setting forth such calculations.

Section 410. Counterparties to Hedge Agreements. The University will not permit or suffer to continue any Hedge Agreement having a notional amount equal to or greater than \$15,000,000 if the counter party to such Hedge Agreement has an unenhanced long term debt rating lower than A-3 or A- from a Rating Service unless such Hedge Agreement is secured by collateral or the performance by the counterparty of its obligations under the Hedge Agreement is guaranteed by a Person having an unenhanced long term debt rating of A-3 or A- from at least one Rating Service. For the purposes of this Section, "Hedge Agreement" means an interest rate swap, collar, floor, forward or other hedging agreement, arrangement or security, however denominated, with respect to a series of Securities designated as such by University Order.

Section 411. Filing of Continuation Statements. The University will cause all financing statements and continuation statements covering security interests in the Trust Estate to be promptly filed, and at all times to be kept filed, and will execute and file such financing statements and cause to be issued and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve and protect the rights of the Security Holders and the Trustee hereunder to all property comprising the Trust Estate. The University will furnish to the Trustee:

(a) promptly after the execution and delivery of this Indenture and of each Supplemental Indenture or University Order creating a series of Securities, an Opinion of Counsel stating that, in the opinion of such counsel, all financing statements and continuation statements have been executed and filed that are necessary fully to preserve and protect the rights of the Security Holders and the Trustee hereunder, or stating that, in the opinion of such counsel, no such action is necessary to make such lien effective; and

(b) within 30 days after December 1 in each fifth year beginning with the year 2003, an Opinion of Counsel, dated as of such date, either stating that, in the opinion of such counsel, such action has been taken with respect to the filing and re-filing of all financing statements, continuation statements or other instruments of further assurances as is necessary to maintain the lien of this Indenture and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary fully to preserve and protect the rights of the Security Holders and the Trustee hereunder, or stating that, in the opinion of such counsel, no such action is necessary to maintain such lien.

Section 412. Waiver of Certain Covenants. The University may omit in any particular instance to comply with any covenant or condition set forth in Sections 404 through 409 hereof if before or after the time for such compliance the Holders of the same percentage in principal amount of all Securities then Outstanding the consent of which would be required to amend the provisions hereof to permit such noncompliance shall either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly

waived and, until such waiver shall become effective, the obligations of the University and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

ARTICLE V

CONSOLIDATION, MERGER, CONVEYANCE AND TRANSFER

Section 501. Consolidation, Merger, Conveyance or Transfer Only on Certain Terms. The University shall not consolidate with or merge into any corporation or convey or transfer its properties substantially as an entirety to any Person, unless all of the following conditions exist:

(1) the Person formed by such consolidation or into which the University merges or the Person which acquires substantially all of the properties of the University as an entirety shall be a Person organized and existing under the laws of the United States of America or any state or the District of Columbia and shall expressly assume by Supplemental Indenture hereto executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal (and premium, if any), interest on, fees and other amounts payable on the Securities and the performance and observance of every covenant and condition hereof on the part of the University to be performed or observed;

(2) immediately after giving effect to such transaction, no default hereunder shall have occurred and be continuing; and

(3) the University shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each of which shall state that such consolidation, merger, conveyance or transfer and such Supplemental Indenture comply with this Article, that such consolidation, merger, conveyance or transfer will not affect the status of interest on any indebtedness secured by Outstanding Securities under the Code, that such actions as may be necessary to continue the perfection of the lien of this Indenture with respect to the Trust Estate have been complied with, and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 502. Successor Corporation Substituted. Upon any consolidation or merger or any conveyance or transfer of the properties and assets of the University substantially as an entirety in accordance with Section 501, the successor Person formed by such consolidation or into which the University is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the University hereunder with the same effect as if such successor Person had been named as the University herein; provided, however, that no such conveyance or transfer shall have the effect of releasing any other Person which shall theretofore have become the University in the manner described in this Article from its liability as obligor and maker or guarantor on any of the Securities.

ARTICLE VI

REMEDIES OF THE TRUSTEE AND HOLDERS OF SECURITIES IN EVENT OF DEFAULT

Section 601. Events of Default. "Event of Default," whenever used herein means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of the principal of, the premium, if any, or interest or any other amount due on any Security when due; or

(2) default in the performance, or breach, of any covenant or agreement on the part of the University contained in this Indenture (other than a covenant or agreement whose

performance or observance is waived pursuant to Section 412 or whose performance or observance is elsewhere in this Section specifically dealt with) and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the University by the Trustee, or to the University and the Trustee by the Holders of at least 25% in principal amount of Securities then Outstanding, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, provided that if such default can be cured by the University but cannot be cured within the 60-day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by the University within such 60-day period and diligently pursued until the default is corrected; or

(3) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the University a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the University under the federal Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the University or of the University's property, or for the winding up or liquidation of the University's affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 90 days; or

(4) the University shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the University in furtherance of any of the aforesaid purposes; or

(5) an event of default, as therein defined, under any Security or any instrument under which any Security is created or secured, or under which Debt issued by or on behalf of a state or a political subdivision secured by a pledge of a series of Securities is incurred or secured, occurs and is continuing beyond the applicable period of grace, if any.

Section 602. Acceleration of Maturity In Certain Cases: Rescission and Annulment. If an Event of Default occurs and is continuing, then and in every such case the Trustee may, and at the direction of the Holders (or, in the case of any Securities that are subject to a Credit Facility, or that are pledged to secure the repayment of other indebtedness that is subject to a Credit Facility, the Credit Enhancer with respect to such Securities unless the Credit Enhancer is in default in performance of its obligations with respect to such Credit Facility) of not less than 25% in principal amount of the Securities Outstanding shall declare the principal of all of the Securities to be due and payable immediately, by a notice in writing to the University (and to the Trustee if given by the Security Holders), and upon any such declaration such principal shall become immediately due and payable. Acceleration by the Trustee of any Security is subject to any provision in the Security or a related document referred to in the Security requiring the consent of a third party as a condition precedent to acceleration.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Securities Outstanding, by written notice to the University and the Trustee, may rescind and annul such declaration and its consequences if

(1) the University has caused to be paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on, and past due payments of fees and other amounts with respect to, all Securities,

(B) the principal of (and premium, if any, on) any Securities which have become due other than by such declaration of acceleration and interest thereon at the rate borne by the Securities; and

(C) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(2) all Events of Default, other than the nonpayment of the principal of Securities which have become due solely by such acceleration, have been cured or waived as provided in Section 613; and

(3) each Credit Enhancer with respect to any series of Securities the maturity of which has been accelerated has expressly reconfirmed its obligations with respect to the Credit Facility Issued by it and consented to the annulment of such acceleration.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 603. Collection of Indebtedness and Suits for Enforcement by Trustee. The University covenants that if

(1) default is made in the payment of any installment of interest on any Security when such interest becomes due and payable,

(2) default is made in the payment of the principal of (or premium, if any, on) any Security when such principal becomes due and payable, or

(3) default is made in the payment of any other amount when such amount is due and payable;

the University will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest and any other amount, with interest upon the overdue principal (and premium, if any) or other amount to the extent provided in the terms of such Securities; not including interest; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the University fails to pay any of the foregoing amounts forthwith upon demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the University or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the University or any other obligor upon the Securities, wherever situated, and the Trustee may also exercise any rights of a secured party under the Uniform Commercial Code with respect to the Trust Estate.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 604. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial

proceeding relative to the University or any other obligor upon the Securities or property of the University or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the University for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) interest, fees and other amounts owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders of Securities allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders of Securities, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under this Indenture.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Securities any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of Securities in any such proceeding.

Section 605. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 606. Application of Money Collected. Any money collected by the Trustee pursuant to this Article during the continuance of any Event of Default described in Section 601 shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any), interest, fees or other amounts upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under this Indenture including reimbursement of fees and expenses incurred in the collection of the moneys to be distributed;

Second: To the payment of the amounts then due and unpaid upon the Securities for principal (and premium, if any) and interest or any other amount, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest or such other amounts, respectively; and

Third: To the University, any remaining amounts of money so collected.

Section 607. Limitation on Suits. No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders of Securities shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Securities, or to obtain or to seek to obtain priority or preference over any other Holders, or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Securities.

Section 608. Unconditional Right of Holders of Securities to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any), interest on, and fees and other amounts payable with respect to such Security, but solely from the sources provided in this Indenture or any separate collateral security provided for such Security, on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 609. Restoration of Rights and Remedies. If the Trustee or any Holder of Securities has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder of Securities, then and in every such case the University, the Trustee and the Holders of Securities shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders of Securities shall continue as though no such proceeding had been instituted.

Section 610. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 611. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of Securities may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities, as the case may be.

Section 612. Control by Holders of Securities. The Holders of a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

- (1) such direction shall not be in conflict with any rule of law or with this Indenture,
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
- (3) the Trustee shall have the right to require indemnification and security satisfactory to it for any fees, expenses or liability that it may incur as a result of actions taken pursuant to such direction.

Section 613. Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past default hereunder and its consequences, except

- (1) a default in the payment of the principal of (or premium, if any), interest, fees or other amounts with respect to any Security, or
- (2) a default in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 614. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder of Securities, or group of Holders of Securities, holding in the aggregate more than 10% in principal amount of the Outstanding Securities, or to any suit instituted by any Holder of Securities for the enforcement of the payment of the principal of (or premium, if any), interest on, fees or other amounts with respect to any Security on or after the respective Stated Maturities expressed in such Security (or, in the case of redemption, on or after the redemption date).

Section 615. Waiver of Stay or Extension Laws. The University covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the University (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 616. No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or any Indenture supplemental hereto, or in any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present or future director, officer or employee, as such, of the Trustee or the University or of any

successor corporation, either directly or through the Trustee or the University, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Securities are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers or employees, as such, of the Trustee or the University or any successor corporation, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer or employee, as such, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 701. Duties and Liabilities of Trustee. (a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) In case any Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonably prudent man would exercise or use under the circumstances in the conduct of its own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except, that:

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the specific requirements of this Indenture;

(4) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of Securities then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(5) regardless of whether an Event of Default has occurred and is continuing, no provision of this Indenture shall require the Trustee to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have grounds for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability or the payment of its fees and expenses is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 702. Notice of Defaults. Within 60 days after the occurrence of any default of which the Trustee is deemed to have knowledge hereunder, the Trustee shall transmit by mail to all Holders of Securities, and all Credit Enhancers notice of such default, unless such default shall have been cured or waived or unless corrective action to cure such default has been instituted and is being pursued such that such default does not constitute an Event of Default; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any), interest on, or fees or other amounts with respect to any Securities or in the payment of any sinking or purchase fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities; and provided, further, that in the case of any default of the character specified in Section 601(2) no such notice to Holders of Securities shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 703. Certain Rights of Trustee.

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) Any request or direction of any Person mentioned herein shall be sufficiently evidenced by a Request of such Person; and any resolution of the Governing Body of any Person may be evidenced to the Trustee by a Board Resolution of such Person;

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction and for the payment of the Trustee's fees in connection therewith;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the University, personally or by agent or attorney;

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the negligence or misconduct of such Persons appointed by the Trustee with due care hereunder; and

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder unless the Trustee shall be specifically notified of such Event of Default in writing by the University or by the Holder of an Outstanding Security, and in the absence of such notice the Trustee may conclusively assume that no default or Event of Default exists.

(i) The permissive rights of the Trustee to take any action hereunder shall not be construed as a duty.

(j) Except as expressly provided herein, the Trustee shall be under no duty to cause any of the duties or obligations imposed herein upon the University or any other Person are performed, and the Trustee shall not be liable or responsible because of the failure of the University or any other Person to perform any act required of them pursuant to this Indenture.

Section 704. Not Responsible For Recitals or Issuance of Securities. The recitals contained herein and in the Securities (other than the certificate of authentication on such Securities) shall be taken as the statements of the University and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the University of any of the Securities or of the proceeds of such Securities.

Section 705. Trustee May Own Securities. The Trustee or other agent of the University, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the University with the same rights it would have if it were not Trustee or such other agent.

Section 706. Moneys to Be Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided (including payment of monies to the University under the last paragraph of Section 403), be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder other than such interest as it expressly agrees to pay.

Section 707. Compensation and Expenses of Trustee. The University agrees,

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its negligence or bad faith; and

(3) to indemnify the Trustee for, and to defend and hold it harmless against, any loss, liability or expenses incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As such security for the performance of the obligations of the University under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such.

Section 708. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be an entity organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000, subject to supervision or examination by federal or state authority. If such entity publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such entity shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 709. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 710.

(b) The Trustee may resign at any time by giving written notice thereof to the University. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee and the University, or, so long as no Event of Default has occurred and is continuing, by University Request delivered at least 60 days prior to the proposed removal date; provided that at any time within six months after any University Request removing the Trustee, such Request may be revoked by Act of the Holders of a majority in principal amount of the Outstanding Securities not held by the Trustee and of the holders of a majority in principal amount of debt secured by Outstanding Securities held by the Trustee in its capacity as trustee under indentures securing other debt.

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 708 and shall fail to resign after written request therefor by the University or by any such Holder of Securities, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the University by a University Request may remove the Trustee, or (ii) subject to Section 614, any Holder of Securities who has been a bona fide Holder of a Security for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the University, by a University Request, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the University and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the University. If no successor Trustee shall have been so appointed by the University or the Holders of Securities and accepted appointment in the manner hereinafter provided, any Holder of Securities who has been a bona fide Holder of a Security for at least 6 months may,

on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The University shall, at its expense, give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by publishing notice of such event once in an Authorized Newspaper and by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities at their addresses as shown in the Security Register. Each notice shall include the name and address of the Designated Corporate Trust Office of the successor Trustee.

Section 710. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the University and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the University or the successor Trustee, such retiring Trustee shall, upon payment of its charges and fees and expenses hereunder, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to the successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the University shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 711. Merger or Consolidation. Any entity into which the Trustee may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor Trustee hereunder, provided such entity shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

ARTICLE VIII

SUPPLEMENTS

Section 801. Supplemental Indentures Without Consent of Holders of Securities. Without the consent of the Holders of any Securities, the University, when authorized by a Board Resolution, and the Trustee at any time may enter into or consent to one or more Supplemental Indentures, subject to Section 803 hereof, for any of the following purposes:

- (1) to authorize a series of additional Securities issued in compliance with Section 203 hereof;
- (2) to evidence the succession of another Person to the University, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the University as permitted by this Indenture;
- (3) to add to the covenants of the University for the benefit of the Holders of Securities or any Credit Enhancer, or to surrender any right or power herein or therein conferred upon the University;
- (4) to cure any ambiguity or to correct or supplement any provision herein or therein which may be inconsistent with any other provision herein or therein, or to make any

other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with this Indenture, provided such action shall not, in the opinion of the Trustee, adversely affect the interests of the Holders of Securities;

(5) to modify or supplement this Indenture in such manner as may be necessary or appropriate to qualify this Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute or regulation, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the University undertakes such covenants, conditions or restrictions additional to those contained in this Indenture as would be necessary or appropriate so to qualify this Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Indenture or in any indenture supplemental hereto, provisions referred to in Section 316(a)(2) of the said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(6) to make any amendment to any provision of this Indenture to preserve the tax-exempt status of any tax-exempt obligations secured by Securities; and

(7) to make any amendment to any provision of this Indenture which is only applicable to Securities issued thereafter or which will not apply so long as any Security then Outstanding remains Outstanding.

Section 802. Supplemental Indentures With Consent of Holders of Securities. With the consent of the Holders (or, in the case of any Securities that are subject to a Credit Facility, or that are pledged to secure the repayment of other indebtedness that is subject to a Credit Facility, the Credit Enhancer with respect to such Securities unless the Credit Enhancer is in default in performance of its payment obligations with respect to such Credit Facility) of not less than a majority in principal amount of the Outstanding Securities, by Act of said Holders (and such Credit Enhancer) delivered to the University and the Trustee, the University, when authorized by a Board Resolution, and the Trustee may enter into or consent to a Supplemental Indenture (subject to Section 803 hereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of the Securities under this Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Securities or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Securities or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date), or

(2) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such Supplemental Indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 412 or Section 613, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Security affected thereby, or

(4) permit the preference or priority of any Security or Securities over any other Securities then Outstanding, or

(5) modify the right of the Holders of not less than 25% of the aggregate principal amount of the Securities Outstanding to declare the principal amount of all Securities Outstanding to be due and payable as provided in Section 602.

It shall not be necessary for any Act of Holders (or Credit Enhancer) of Securities under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such Act of Holders (or Credit Enhancer) of Securities shall approve the substance thereof.

Section 803. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture or consent is authorized or permitted by this Indenture. The Trustee may, but shall not (except to the extent required in the case of a Supplemental Indenture entered into under Section 801(5)) be obligated to, enter into any such Supplemental Indenture or consent which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 804. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article, this Indenture shall, with respect to each series of Securities to which such Supplemental Indenture applies, be modified in accordance therewith, and such Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder of Securities thereafter or (except to the extent provided pursuant to Section 801(6)) theretofore authenticated and delivered hereunder shall be bound thereby.

Section 805. Securities May Bear Notation of Changes. Securities authenticated and delivered after the execution of any Supplemental Indenture pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the University or the Trustee shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the University, to any such Supplemental Indenture may be prepared and executed by the University and authenticated and delivered by the Trustee in exchange for Securities then Outstanding.

ARTICLE IX

SATISFACTION AND DISCHARGE OF INDENTURE

Section 901. Satisfaction and Discharge of Indenture. If at any time the University shall have paid or caused to be paid the principal of (and premium, if any) and interest on all the Securities Outstanding hereunder, as and when the same shall have become due and payable, and if the University shall also pay or provide for the payment of all other sums payable hereunder by the University and shall have paid all of the Trustee's fees and expenses pursuant to Section 707 hereof, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, defaced or apparently destroyed, lost or stolen Securities, (iii) rights of Holders to receive payments of principal thereof (and premium, if any) and interest thereon and remaining obligations of the University to make mandatory sinking fund payments, (iv) the rights, remaining obligations, if any, and immunities of the Trustee hereunder, and (v) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them) and the Trustee, on University Request accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent to the satisfaction and discharge of this Indenture have been fulfilled and at the cost and expense of the University, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the University to the Trustee under Section 707 and, if funds shall have been deposited with the Trustee pursuant to Section 902, the obligations of the Trustee under Section 903 and the last paragraph of Section 403 shall survive.

Section 902. Securities Deemed Paid. Any Securities of any series shall be deemed to have been paid if (1) in case said Securities are to be redeemed on any date prior to their Stated Maturity, the University

by University Request shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Securities on said redemption date, (2) there shall have been deposited with the Trustee either money sufficient, or Defeasance Obligations the principal of and the interest on which will provide money sufficient without reinvestment (as established by an Officer's Certificate delivered to the Trustee accompanied by a report of an Independent Accountant setting forth the calculations upon which such Officer's Certificate is based), to pay when due the principal of (and premium, if any) and interest due and to become due on said Securities on and prior to the Maturity thereof, and (3) in the event said Securities are not by their terms subject to redemption within the next 45 days, the University by University Request shall have given the Trustee in form satisfactory to it irrevocable instructions to give a notice to the Holders of such Securities that the deposit required by (2) above has been made with the Trustee and that said Securities are deemed to have been paid in accordance with this Section and stating such Maturity date upon which moneys are to be available for the payment of the principal of (and premium, if any) and interest on said Securities.

Section 903. Application of Trust Money. The Defeasance Obligations and money deposited with the Trustee pursuant to Section 902 and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested, and shall be applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any paying agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Trustee of an Officer's Certificate (accompanied by the report of an Independent Accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in clause (2) of Section 902, any money received from principal or interest payments on Defeasance Obligations deposited with the Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon University Request be reinvested in other Defeasance Obligations or disposed of as requested by the University. For purposes of any calculation required by this Article, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer thereof and the principal of such obligation shall be assumed to be received at its stated maturity.

ARTICLE X

TRANSITIONAL PROVISIONS

Section 1001. Previously Issued Securities. The Loan Agreement, dated July 1, 1985 (the "1985 Loan Agreement"), between the University and Southwestern Higher Education Authority, Inc. (the "Authority"), in the original principal amount of \$49,295,000; the Loan Agreement, dated as of May 15, 1992 (the "1992 Loan Agreement"), between the University and the Authority, in the original principal amount of \$44,970,000; the Loan Agreement, dated December 1, 1995 (the "1995 Loan Agreement"), between the University and the Authority, in the original principal amount of \$42,445,000; and the Reimbursement Agreement dated as of January 4, 1999, between the University and Landesbank Hessen-Thüringen Girozentrale New York Branch pertaining to the 1985 Loan Agreement ("Helaba"), are each declared to be Securities, entitled to the benefit of this Indenture. The Authorized Denomination of each of such Securities shall be the principal amount outstanding thereunder from time to time. Upon the execution and delivery of this Indenture, the Trustee shall execute and deliver to the Holder of each of such Securities a certificate of authentication in substantially the form prescribed in Section 203 hereof to be affixed to such Securities. Helaba is hereby declared to be the Credit Enhancer with respect to the 1985 Loan Agreement. The irrevocable transferable letter of credit issued by Helaba, number HLG 28818, is hereby declared to be a Credit Facility with respect to the 1985 Loan Agreement. Financial Guaranty Insurance Corporation, a New York-domiciled stock insurance company ("FGIC"), is hereby declared to be the Credit Enhancer with respect to the Series 1992 Loan Agreement. The municipal bond guaranty insurance policy issued by FGIC, numbered 92010286 is hereby declared to be a Credit Facility with respect to the 1992 Loan Agreement. Financial Security Assurance, a New York-domiciled stock insurance company ("FSA"), is hereby declared to be the Credit Enhancer with respect to the Series 1995 Loan Agreement. The municipal bond guaranty insurance policy issued by FSA, numbered 20754-N

is hereby declared to be a Credit Facility with respect to the 1995 Loan Agreement. The provisions of Sections 302 through 307 of this Indenture shall not apply to the Previously Issued Securities.

This indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

This written indenture represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties.

There are no unwritten oral agreements between the parties.

IN WITNESS WHEREOF, the University and the Trustee have caused this indenture to be signed on their behalf by their duly authorized representatives as of the date first written above.

SOUTHERN METHODIST UNIVERSITY

By: *Elizabeth C. Williams*
Authorized Officer

ATTEST:

By: *[Signature]*
Authorized Officer

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
as Trustee

By: *[Signature]*
Authorized Signatory