NEW ISSUE – BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein.**

$327,000,000
STANFORD UNIVERSITY
Taxable Bonds Series 2025 A

$327,000,000 4.679% Bonds due March 1, 2035; Issue price: 100.00%

CUSIP No.†	ISIN No.†	Common Code‡
85440KAE4	US85440KAE47	302254893

The Stanford University Taxable Bonds Series 2025 A (the "Bonds") will be issued pursuant to the terms of an Indenture of Trust, dated as of March 1, 2025 (the "Indenture"), by and between The Board of Trustees of the Leland Stanford Junior University (the "University") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The University plans to use the proceeds of the Bonds for general University purposes. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The Bonds will be dated their date of delivery, will be issued in fully registered form in denominations of $1,000 and integral multiples thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made through the book-entry facilities of DTC, and purchasers will not receive physical certificates (except under certain circumstances as described in the Indenture) representing their ownership interests in the Bonds.

Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing on September 1, 2025. So long as the Bonds are held by DTC, the principal, Redemption Price or Make-Whole Redemption Price (each as defined herein) of and interest on the Bonds will be payable by wire transfer to DTC, which in turn is required to remit such principal, Redemption Price or Make-Whole Redemption Price and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described in "BOOK-ENTRY SYSTEM" and Appendix D – "DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

The Bonds are subject to redemption prior to their stated maturity as described herein. See "THE BONDS – Redemption" herein.

Interest on and profit, if any, on the sale of the Bonds are not excludable from gross income for federal, state or local income tax purposes. See "CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS" herein.

The Bonds constitute unsecured general obligations of the University. The University has other unsecured general obligations outstanding. Moreover, the University is not restricted by the Indenture or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Bonds. See "SECURITY FOR THE BONDS" herein.

This cover page contains certain information for quick reference only. It is not intended to be a summary of the applicable terms of the Bonds or any other considerations. Investors must read the entire Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Bonds are offered by the Underwriters, when, as and if issued by the University and accepted by the Underwriters, subject to the approval of legality by Ropes & Gray LLP, counsel to the University. In addition, certain other legal matters will be passed upon for the University by Debra Zumwalt, General Counsel to the University, and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP. It is expected that the Bonds will be available for delivery to DTC on or about March 10, 2025.

Morgan Stanley

BofA Securities **J.P. Morgan**

Dated: March 3, 2025

† CUSIP is a registered trademark of the American Bankers Association. CUSIP and ISIN data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP and ISIN numbers have been assigned by an independent company not affiliated with the University and are included solely for the convenience of the registered owners of the Bonds. Neither the University nor the Underwriters are responsible for the selection or uses of these CUSIP and ISIN numbers, and no representation is made as to their correctness on the Bonds or as included herein.

‡ The Common Codes are provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for convenience of reference only. Neither the University nor the Underwriters are responsible for the selection or uses of these Common Codes, and no representation is made as to their correctness on the Bonds or as included herein.

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEAN THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE BONDS OFFERED HEREBY.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $1,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 150 UNITS (BEING 150 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO INVESTORS IN CANADA

THE BONDS MAY BE SOLD IN CANADA ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFERING MEMORANDUM (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER’S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER’S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS (NI 33-105), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITERS’ CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA")

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY EEA RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, AN "EEA RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED, THE "EU PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY EEA RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY EEA RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS LOCATED WITHIN THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE EU PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ("UK")

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK. FOR THESE PURPOSES A "UK RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) 2017/565 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED, THE "EUWA"); OR (II) A CUSTOMER WITHIN THE MEANING OF PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "FSMA") AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A "QUALIFIED INVESTOR" AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "UK PROSPECTUS REGULATION"). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (AS AMENDED, THE "UK PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO UK RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS LOCATED WITHIN THE UK WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE UK PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

UK RESTRICTIONS ON SALES - THE BONDS MUST NOT BE OFFERED OR SOLD AND THIS OFFERING MEMORANDUM AND ANY OTHER DOCUMENT IN CONNECTION WITH THE OFFERING AND ISSUANCE OF THE BONDS MUST NOT BE COMMUNICATED OR CAUSED TO BE COMMUNICATED IN THE UK EXCEPT TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND QUALIFY AS INVESTMENT PROFESSIONALS UNDER ARTICLE 19 (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, (AS AMENDED, THE "ORDER") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A)-(D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET FORTH IN SUCH ORDER SUCH THAT SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "FSMA") DOES NOT APPLY TO THE ISSUER OR ARE PERSONS TO WHOM THIS OFFERING MEMORANDUM OR ANY OTHER SUCH DOCUMENT MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NEITHER THIS OFFERING MEMORANDUM NOR THE BONDS ARE OR WILL BE AVAILABLE TO PERSONS WHO ARE NOT RELEVANT PERSONS AND THIS OFFERING

MEMORANDUM MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. THE COMMUNICATION OF THIS OFFERING MEMORANDUM TO ANY PERSON IN THE UK WHO IS NOT A RELEVANT PERSON IS UNAUTHORIZED AND MAY CONTRAVENE THE FSMA.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UK AND EEA

THIS OFFERING MEMORANDUM DOES NOT COMPRISE A PROSPECTUS WITH REGARD TO THE ISSUER OR THE BONDS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION IN RESPECT OF THE EEA OR UNDER THE UK PROSPECTUS REGULATION IN RESPECT OF THE UK. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UK OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFERING MEMORANDUM.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFERING MEMORANDUM HAVE NOT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) ("SFO") OR ANY REGULATORY AUTHORITY IN HONG KONG. ACCORDINGLY, YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFERING MEMORANDUM. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFERING MEMORANDUM, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE BONDS MAY NOT BE OFFERED OR SOLD, AND THE OFFERING CONTEMPLATED IN THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES, IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) ("C(WUMP)O") OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO, OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE C(WUMP)O. NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF (A) ONLY TO PERSONS OUTSIDE HONG KONG OR (B) ONLY TO "PROFESSIONAL INVESTORS" IN HONG KONG AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF IN JAPAN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE "FIEA"). AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS"). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

OTHER THAN THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF ABOVE OR PURSUANT TO OTHER EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN, NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN,OR TO, OR FOR THE BENEFIT OF, ANY "RESIDENT" OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN.

NOTICE TO INVESTORS IN SINGAPORE

NEITHER THIS OFFERING MEMORANDUM NOR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH ANY OFFER OF THE BONDS HAS BEEN OR WILL BE LODGED OR REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE ("MAS") UNDER THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE ("SFA"). ACCORDINGLY, MAS ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING MEMORANDUM. THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS AS DEFINED IN THE SFA AND STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENTS OF PROSPECTUSES WOULD NOT APPLY. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR IT.

THIS OFFERING MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE DIRECTLY OR INDIRECTLY ISSUED, CIRCULATED OR DISTRIBUTED, NOR MAY THE NOTES BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A(1)(C) OF THE SFA) ("INSTITUTIONAL INVESTOR") PURSUANT TO SECTION 274 OF THE SFA; (II) TO AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A(1)(A) OF THE SFA) ("ACCREDITED INVESTOR") PURSUANT TO SECTION 275(1) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA; OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

UNLESS SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE (AS DEFINED IN SECTION 2(1) OF THE SFA) ("APPROVED EXCHANGE") AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS' CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS, ANY SUBSEQUENT OFFERS IN SINGAPORE OF BONDS INITIALLY ACQUIRED PURSUANT TO AN OFFER MADE IN RELIANCE ON AN EXEMPTION UNDER SECTION 274 OF THE SFA OR SECTION 275(1) OF THE SFA MAY ONLY BE MADE, PURSUANT TO THE REQUIREMENTS OF SECTION 276 OF THE SFA, WITHIN THE PERIOD OF 6 MONTHS FROM THE DATE OF INITIAL ACQUISITION, TO PERSONS WHO ARE INSTITUTIONAL INVESTORS OR ACCREDITED INVESTORS. ANY TRANSFER AFTER SUCH INITIAL 6 MONTH PERIOD IN SINGAPORE SHALL BE MADE IN RELIANCE ON AN APPLICABLE EXEMPTION UNDER SUBDIVISION (4) OF DIVISION 1 OF PART 13 OF THE SFA (OTHER THAN SECTION 280 OF THE SFA).

IN ADDITION TO THE ABOVE, WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275(1) OF THE SFA BY A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) WHICH IS:

(1) A CORPORATION (OTHER THAN A CORPORATION THAT IS AN ACCREDITED INVESTOR)), THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(2) A TRUST (OTHER THAN A TRUST THE TRUSTEE OF WHICH IS AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN SECTION 2(1) OF THE SFA) OR SECURITIES-BASED DERIVATIVES CONTRACTS (AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE NOTES PURSUANT TO AN OFFER MADE UNDER SECTION 275(1) OF THE SFA EXCEPT:

(a) TO INSTITUTIONAL INVESTORS;

(b) TO RELEVANT PERSONS (AS DEFINED IN SECTION 275(2) OF THE SFA);

(c) WHERE SUCH TRANSFER ARISES FROM AN OFFER MADE ON TERMS THAT SUCH SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF THAT CORPORATION OR SUCH BENEFICIARIES' RIGHTS AND INTEREST IN THAT TRUST, THE SUBJECT OF TRANSFER, ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, PROVIDED THAT THE PERSON ACQUIRING SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF SUCH CORPORATION MUST ACT AS PRINCIPAL;

(d) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;

(e) WHERE THE TRANSFER IS BY OPERATION OF LAW; OR

(f) WHERE SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS' CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS.

AS THE BONDS ARE ONLY OFFERED TO PERSONS IN SINGAPORE WHO QUALIFY AS AN ACCREDITED INVESTOR, AN EXPERT INVESTOR (AS DEFINED IN SECTION 4A(1)(B) OF THE SFA), AN INSTITUTIONAL INVESTOR AND/OR ANY OTHER PERSON THAT IS NOT AN INDIVIDUAL, THE ISSUER IS NOT REQUIRED TO DETERMINE THE CLASSIFICATION OF THE BONDS PURSUANT TO SECTION 309B OF THE SFA.

NOTHING SET OUT IN THIS NOTICE SHALL BE CONSTRUED AS LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL COUNSEL. THIS NOTICE IS FURTHER SUBJECT TO THE PROVISIONS OF THE SFA AND ITS REGULATIONS, AS THE SAME MAY BE AMENDED OR CONSOLIDATED FROM TIME TO TIME, AND DOES NOT PURPORT TO BE EXHAUSTIVE IN ANY RESPECT.

NOTICE TO INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE ("SIX") OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE A PROSPECTUS OR A KEY INFORMATION DOCUMENT WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES ("FINSA") OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFERING MEMORANDUM NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY OFFERED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. ACCORDINGLY, THIS OFFERING MEMORANDUM MAY BE COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY.

NONE OF THIS OFFERING MEMORANDUM OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFERING MEMORANDUM WILL NOT BE FILED WITH, AND THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA").

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER AND DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN (THE REPUBLIC OF CHINA)

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA ("TAIWAN") (THE "FSC") PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN AND THE BONDS, INCLUDING ANY COPY OF THIS OFFERING MEMORANDUM OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS UNLESS THE BONDS OFFERED OR SOLD TO INVESTORS IN TAIWAN ARE OTHERWISE THROUGH TAIWAN LICENSED FINANCIAL INSTITUTIONS TO THE EXTENT PERMITTED UNDER RELEVANT TAIWAN LAWS OR REGULATIONS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

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APPENDICES

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GENERAL INFORMATION

This Offering Memorandum does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by Morgan Stanley & Co. LLC, BofA Securities, Inc. and J.P. Morgan Securities LLC (collectively, the "Underwriters") or the University to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds, or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense. The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and are being issued in reliance on an exemption under Section 3(a)(4) of the Securities Act. The Bonds are not exempt in every jurisdiction in the United States; the securities laws of some jurisdictions (the "blue sky laws") may require a filing and a fee or other actions to secure the exemption of the Bonds from registration.

The distribution of this Offering Memorandum and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Neither the University nor the Underwriters represent that this Offering Memorandum may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the University or the Underwriters that would permit a public offering of any of the Bonds or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Action may be required to secure exemptions from the blue sky registration requirements either for the primary distributions or any secondary sales that may occur. Accordingly, none of the Bonds may be offered or sold, directly or indirectly, and none of this Offering Memorandum or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

All information set forth herein has been obtained from the University and other sources. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the University since the date hereof.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in Appendix A – "STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS)." A number of important factors, including factors affecting the University's financial condition and factors that are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements. THE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING

STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR. See “CERTAIN INVESTMENT CONSIDERATIONS” herein.

The Underwriters have provided the following sentence for inclusion in this Offering Memorandum. The Underwriters have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

SUMMARY OF THE OFFERING

Issuer	The Board of Trustees of the Leland Stanford Junior University
Securities Offered	$327,000,000 4.679% Taxable Bonds due March 1, 2035
Interest Payment Dates	March 1 and September 1 of each year, commencing on September 1, 2025
Redemption	The Bonds are subject to optional redemption (i) prior to the Par Call Date, at the Make-Whole Redemption Price, and (ii) on or after the Par Call Date, at the Redemption Price, all as discussed more fully herein. See "THE BONDS – Redemption" herein.
Issuance and Settlement Date	March 10, 2025
Authorized Denominations	$1,000 and integral multiples thereof
Form and Depository	The Bonds will be delivered solely in book-entry form through the facilities of DTC.
Use of Proceeds	The University plans to use the proceeds of the Bonds for general University purposes. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.
Ratings	Moody's: "Aaa" S&P: "AAA" Fitch: "AAA"

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OFFERING MEMORANDUM

Relating to

$327,000,000
STANFORD UNIVERSITY
TAXABLE BONDS SERIES 2025 A

INTRODUCTION

The purpose of this Offering Memorandum, which includes the cover page, the table of contents and appendices, is to provide certain information concerning the sale and delivery by The Board of Trustees of the Leland Stanford Junior University (the "University") of its $327,000,000 aggregate principal amount of Stanford University Taxable Bonds Series 2025 A (the "Bonds"). This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a brief description of the Offering Memorandum. All statements contained in this Introduction are qualified in their entirety by reference to the entire Offering Memorandum.

Purpose of the Bonds

The University plans to use the proceeds of the Bonds for general University purposes. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The University

Founded in 1885, the University is one of a select group of universities that has achieved eminence in both undergraduate and graduate education and in a broad range of academic disciplines. It is internationally recognized for the quality of its teaching and research, its distinguished faculty and its outstanding student body.

For additional information concerning the University, see Appendix A – "STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS)."

The Bonds

The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2025 (the "Indenture"), by and between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). On each Payment Date, until the principal of and interest on the Bonds shall have been paid or provision for such payment shall have been made as provided in the Indenture, the University will pay the Trustee a sum equal to the amount payable on such Payment Date as principal of or interest on the Bonds. See "THE BONDS" herein.

Security for the Bonds

The Bonds constitute unsecured general obligations of the University. The University has other unsecured general obligations outstanding. Moreover, the University is not restricted by the Indenture or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Bonds. See "SECURITY FOR THE BONDS" herein. See also " – University's Series V-4/V-5 Bonds," below.

University's Series V-4/V-5 Bonds

The University anticipates that it will cause to be issued, in March 2025, the California Educational Facilities Authority Revenue Bonds (Stanford University) Series V-4 and the California Educational Facilities Authority Revenue Bonds (Stanford University) Series V-5 (collectively, the "Series V-4/V-5 Bonds") to be used by the University to finance or refinance certain capital projects of the University. **The Series V-4/V-5 Bonds are not being offered pursuant to this Offering Memorandum.** The Bonds and the Series V-4/V-5 Bonds, if issued, will be separate and independent issues. If issued, the Series V-4/V-5 Bonds will be unsecured general obligations of the University and will not be issued pursuant to the Indenture. The size, timing and structure of the anticipated Series V-4/V-5 Bonds transaction remains subject to market conditions and the University reserves the right to modify or cancel its plans as it deems appropriate.

Miscellaneous

Included in this Offering Memorandum are descriptions of the University, the Bonds and the Indenture. All references herein to the Indenture and other documents relating to the Bonds are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the terms thereof and the information regarding the Bonds included in the Indenture. All descriptions are further qualified in their entirety by reference to laws relating to or affecting the enforcement of creditors' rights. The agreements of the University with the holders of the Bonds are fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Offering Memorandum is to be construed as constituting an agreement with the holders of the Bonds. Insofar as any statements are made in this Offering Memorandum involving matters of opinion, regardless of whether expressly so stated, they are intended merely as such and not as representations of fact. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. The delivery of this Offering Memorandum, any sale made hereunder or any future use of this Offering Memorandum shall not, under any circumstances, create any implication that there has been no change in the affairs of the University.

Additional information regarding this Offering Memorandum and copies of the documents referred to herein may be obtained by contacting the Office of the Treasurer, Stanford University at https://treasurer.stanford.edu/ or on-line at http://bondholder-information.stanford.edu/home.html. The information on the University's website is not a part of this Offering Memorandum.

PLAN OF FINANCE

The University plans to use the proceeds of the Bonds for general University purposes. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

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ESTIMATED SOURCES AND USES OF PROCEEDS

The University plans to use the proceeds of the Bonds for the purposes described under "PLAN OF FINANCE" herein. The estimated sources and uses of the proceeds of the Bonds are shown below.

SOURCES:

Principal Amount of Bonds	$327,000,000.00
University Contribution	969,762.72
Total Sources of Funds	$327,969,762.72

USES:

University Purposes	$327,000,000.00
Costs of Issuance (1)	969,762.72
Total Uses of Funds	$327,969,762.72

(1) Costs of issuance will be paid out of the University's contribution and includes fees of the Rating Agencies, the Trustee and Counsel to the University and the Underwriters' compensation, as well as certain other costs incurred in connection with the issuance and delivery of the Bonds.

THE BONDS

Description of the Bonds

The Bonds will bear interest at the rates and will mature on the date (subject to prior redemption) as set forth on the cover page of this Offering Memorandum. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds will be delivered in the form of fully registered Bonds in denominations of $1,000 and integral multiples thereof. The Bonds will be registered initially in the name of "Cede & Co.," as nominee of DTC and will be evidenced by one Bond in the principal amount of the Bonds. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except as set forth in the Indenture. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

The principal, Redemption Price or Make-Whole Redemption Price of the Bonds will be payable by check or by wire transfer of immediately available funds in lawful money of the United States of America at the Designated Office of the Trustee.

An "Interest Payment Date" for the Bonds will occur on March 1 and September 1 of each year commencing on September 1, 2025. Interest on the Bonds will be payable from the later of (i) the date of original issuance of the Bonds and (ii) the most recent Interest Payment Date to which interest has been paid or duly provided for. Payment of the interest on each Interest Payment Date will be made to the Person whose name appears on the registration books of the Trustee as the holder thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed on the applicable Interest Payment Date by first class mail to such holder at its address as it appears on such registration books, or, upon the written request of any holder of at least $1,000,000 in aggregate principal amount of Bonds, submitted to the Trustee at least one (1) Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States designated by such holder in such written request. Notwithstanding the foregoing, as long as Cede & Co. is the holder of all or part of the Bonds in book-entry form, such principal, Redemption Price or Make-Whole Redemption Price and interest payments will be made to Cede & Co. by wire transfer in immediately available funds.

Redemption

Optional Redemption at Par

On or after the Par Call Date, the Bonds will be subject to optional redemption prior to maturity, in whole or in part, at the direction of the University (and, if in part, in Authorized Denominations and on a pro rata basis, subject to the provisions described below under "Selection of Bonds for Redemption"), on any Business Day, as directed by the University, at the Redemption Price. "Redemption Price" means 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest on such Bonds to, but excluding, the redemption date. "Par Call Date" means December 1, 2034.

Optional Redemption at Make-Whole Redemption Price

Prior to the Par Call Date, the Bonds will be subject to optional redemption prior to maturity, in whole or in part, at the direction of the University (and, if in part, in Authorized Denominations and on a pro rata basis, subject to the provisions described below under "Selection of Bonds for Redemption"), on any Business Day, as directed by the University, at the Make-Whole Redemption Price. The University shall retain an independent accounting firm, an investment banking firm or an independent financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the University may conclusively rely on such accounting firm's, investment banking firm's or financial advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the Trustee nor the University will have any liability for such reliance. The determination of the Make-Whole Redemption Price by such accounting firm, investment banking firm or financial advisor shall be conclusive and binding on the Trustee, the University and the holders of the Bonds.

"Make-Whole Redemption Price" means the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed), discounted to the date on which such Bonds are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Treasury Rate plus 10 basis points (0.1%) plus, accrued and unpaid interest on such Bonds to, but excluding, the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to (i) the semiannual equivalent yield to maturity, or (ii) if no such semiannual equivalent yield to maturity is available, the interpolated yield to maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Bonds to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Bonds.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

"Designated Investment Banker" means a Primary Treasury Dealer appointed by the University.

"Primary Treasury Dealer" means one or more entities appointed by the University, which, in each case, is a primary U.S. Government securities dealer in the City of New York, New York, and its or their respective successors.

"Primary Treasury Dealer Quotations" means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Business Day" means any day other than (A) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Designated Office of the Trustee is located are authorized by law or executive order to close or (B) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is not operational.

Notice of Redemption

Notice of redemption will be sent by the Trustee by first class mail or using electronic means, not less than seven (7) days nor more than sixty (60) days prior to the redemption date, to the respective holders of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. If the Bonds are no longer held by DTC, its nominee or a successor or substitute, the Trustee shall also give notice of redemption by overnight mail or electronic means to such securities depositories and/or securities information services as shall be designated in a certificate of the University. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the redemption date, the method for determining the Redemption Price or Make-Whole Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturity, the CUSIP number (if any), any conditions to the redemption, as provided by the University, and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed as provided by the University. Each such notice will also state that on said date there will become due and payable on each of said Bonds the Redemption Price or Make-Whole Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

Failure by the Trustee to give notice as described above to any one or more of the securities information services, intermediaries or depositories designated by the University, or the insufficiency of any such notice will not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption to any one or more of the respective holders of any Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the holders to whom such notice was mailed.

The University may instruct the Trustee to provide conditional notice of redemption, which may be conditioned upon the receipt of moneys or any other event.

Effect of Redemption

Moneys for payment of the Redemption Price or Make-Whole Redemption Price of the Bonds (or portion thereof called for redemption) will be held by the Trustee, and if the conditions specified in the notice of redemption (if any) have been satisfied, shall be paid by the Trustee on the date fixed for redemption designated in such notice. The Bonds (or portion thereof) so called for redemption shall become due and payable at the Redemption Price or the Make-Whole Redemption Price specified in (or pursuant to the method of calculating the Make-Whole Redemption Price specified in) such notice, as applicable, interest on the Bonds so called for redemption shall cease to accrue, such Bonds (or portion thereof) will cease to be entitled to any benefit or security under the Indenture and the holders of such Bonds will have no rights in respect thereof except to receive payment of such Redemption Price or Make-Whole Redemption Price, as applicable, from funds held by the Trustee for such payment.

Selection of Bonds for Redemption

If the Bonds are registered in book-entry only form and so long as DTC or its nominee or a successor securities depository is the sole registered owner of the Bonds, if less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected on a pro rata pass-through distribution of principal basis in accordance with the customary procedures and operational arrangements of DTC (or its nominee or successor) then in effect, but, if such operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for redemption, in accordance with the customary procedures of DTC, by lot.

It is the University's intent that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, the University can provide no assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bonds on such basis.

For purposes of calculation of the pro rata pass-through distribution of principal, "pro rata," means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Bonds where (a) the numerator is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator is equal to the total original par amount of the respective Bonds.

If the Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Bonds will continue to be paid to the registered owners of such Bonds on a pro-rata basis, based on the portion of the original face amount of any such Bonds to be redeemed.

Mandatory Purchase in Lieu of Redemption

Each Holder or Beneficial Owner, by purchase and acceptance of any Bond, irrevocably grants to the University the option to purchase such Bond, in whole or in part, at any time such Bond is subject to optional redemption as provided in the Indenture, at a purchase price equal to the then applicable redemption price of such Bond. In order to exercise such option, the University will direct the Trustee to provide notice of mandatory purchase, such notice to be provided, as and to the extent applicable, in accordance with the provisions set forth in the Indenture. On the date fixed for purchase of any Bond pursuant to the relevant provisions of the Indenture summarized in this paragraph, the University will pay the purchase price of such Bond to the Trustee in immediately available funds and the Trustee shall pay the same to the Holders of Bonds being purchased against delivery thereof. Following such purchase, the Trustee will register such Bonds in accordance with the written instructions of the University. No purchase of any Bond pursuant to the relevant provisions of the Indenture summarized in this paragraph will operate to extinguish the indebtedness evidenced by such Bond. No Holder or Beneficial Owner may elect to retain a Bond subject to mandatory purchase pursuant to the relevant provisions of the Indenture summarized in this paragraph. The University may exercise its option to purchase Bonds, in whole or in part, in accordance with the relevant provisions of the Indenture summarized in this paragraph. The University may rescind any notice of mandatory purchase delivered pursuant to the relevant provisions of the Indenture summarized in this paragraph at any time on or prior to date of mandatory purchase specified in the notice of mandatory purchase delivered pursuant to the relevant provisions of the Indenture summarized in this paragraph.

Cancellation of Bonds

The University may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the University may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Individual purchases of the Bonds will be made in book-entry form only. Principal of, interest on and the Redemption Price or Make-Whole Redemption Price of the Bonds will be payable by the Trustee directly to DTC, as the registered owner of the Bonds. Upon receipt of payments of principal, interest and the Redemption Price or Make-Whole Redemption Price, DTC is to remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners (as defined in Appendix D) of the Bonds. One fully registered Bond certificate will be issued for the Bonds, and will be deposited with DTC. Purchasers will not receive certificates representing the Bonds purchased by them. Beneficial interests in the Bonds may be held through DTC, Clearstream Banking, S.A or Euroclear Bank S.A./N.V., directly as a participant or indirectly through organizations that are participants in such system. See Appendix D – "DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

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

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

SECURITY FOR THE BONDS

General

The Indenture provides that, on or before 11:00 a.m. (Pacific time) on each Payment Date, the University will pay the Trustee a sum equal to the amount payable on such Payment Date as principal of and interest on the Bonds, less the amounts, if any, in the Bond Fund (described below) and available therefor. In addition, the Indenture provides that each such payment made (together with other available amounts, if any, in the Bond Fund) will be sufficient to pay the total amount of interest and principal (whether at maturity or upon acceleration) becoming due and payable on the Bonds on such Payment Date.

If on any Payment Date, the amounts held by the Trustee in the Bond Fund are insufficient to make any required payments of principal of (whether at maturity or upon acceleration) and interest on the Bonds as such payments become due, the University is required to pay such deficiency to the Trustee.

The Bonds constitute unsecured general obligations of the University. The Bonds are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other assets of the University, although certain funds and accounts are held from time to time by the Trustee for the benefit of the holders of the Bonds under the Indenture. Pursuant to the Indenture, proceeds of the Bonds will be held by the University, rather than the Trustee, until expended, and may be commingled with general funds of the University. In addition, as described above, the University is not required to deposit with the Trustee amounts necessary to pay the principal of and interest on the Bonds until the Payment Date on which such amounts become due and payable; therefore, the funds held from time to time by the Trustee for the benefit of the holders of the Bonds under the Indenture are expected to be minimal. Proceeds of the Bonds held by the University are not subject to any lien or charge in favor of the holders of the Bonds and do not constitute security for the Bonds.

The Indenture does not contain any financial covenants limiting the ability of the University to incur indebtedness or encumber or dispose of its property or any other similar covenants. Further, the University is not required by the Indenture to produce revenues at any specified level or to obtain any insurance with respect to its property or operations.

The University has other unsecured general obligations outstanding. See Appendix A – "STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS)." Moreover, the University is not restricted by the Indenture or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Bonds.

Indenture Fund

Under the Indenture, the Trustee has established a fund for the sole benefit of the Holders of the Bonds, referred to as the "Indenture Fund," containing the Bond Fund and the Redemption Fund and each of the funds and accounts contained therein. The Trustee will deposit all payments (excluding income or profit from investments) received from the University into the Indenture Fund. The University has pledged, assigned and transferred the Indenture Fund and all amounts held therein to the Trustee for the benefit of the Bondholders to secure the full payment of the principal, the Redemption Price or Make-Whole Redemption Price of and interest on the Bonds in accordance with the terms and the provisions of the Indenture. The Indenture Fund and all amounts on deposit therein will constitute collateral security to secure the full payment of the principal, Redemption Price or Make-Whole Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Indenture. Due to the timing of payments by the University to the Trustee, in general there is not expected to be any money in the Indenture Fund except for a brief period of time on the dates on which payments of principal, Redemption Price or Make-Whole Redemption Price of or interest on the Bonds are made.

For information on other funds and accounts established by the Indenture, see Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the holders of the Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay, and such remedies may not be readily available or may be limited. In particular, under the United States Bankruptcy Code, a bankruptcy case may be filed by or against the University or by or against any of its affiliates. In general, the filing of any such petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party and, in the bankruptcy process, executory contracts such as the Indenture may be subject to assumption or rejection by the bankrupt party. In the event of any such rejection, the non-rejecting party or its assigns may become an unsecured claimant of the rejecting party. The various legal opinions to be delivered concurrently with the Bonds (including the opinions of counsel to the University) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

CERTAIN INVESTMENT CONSIDERATIONS

The following are certain investment considerations that have been identified by the University and should be carefully considered by prospective purchasers of the Bonds. The following list should not be considered to be exhaustive. Investors should read the Offering Memorandum in its entirety. Inclusion of certain factors below is not intended to signify that there are no other investment considerations or risks attendant to the Bonds. See Appendix A – "STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS)" for additional information about the University.

The University's stature in the educational community and its consolidated revenues, expenses, assets and liabilities may be affected by events, developments and conditions relating generally to, among other things, the ability of the University to (a) conduct educational and research activities of the types and quality required to maintain its stature, (b) generate sufficient revenues, while controlling expenses, to fund adequately the cost of these activities, (c) attract faculty, staff and management necessary to conduct these activities, (d) attract a student body of commensurate quality and (e) build and maintain the facilities necessary to conduct these activities.

Success in these areas depends upon the ability of the University and its management to respond to substantial challenges in a rapidly changing environment. For example:

(i) Volatility and dislocations in the global financial markets and other economic factors may reduce the value of the University's investment portfolio, impact investment returns, increase liabilities associated with investments, reduce investment income distributable from the endowment and other expendable funds for operations, affect the ability of donors to pledge resources or meet their pledge obligations, increase demand for financial aid, and increase interest costs on the University's debt. See Notes 6, 7, 9, 10, 11, and 13 to the consolidated financial statements of the University as of and for the years ended August 31, 2024 and 2023 included in Part II of Appendix A hereto.

(ii) Liquidity constraints may impact the University's ability to fund its commitments for operating expenses, construction, capital calls and possible tenders of variable rate debt.

(iii) The Federal Government may reduce levels of sponsored research funding and reimbursement for administrative overhead and infrastructure, and may take other actions that result in reduced federal funding or other adverse impacts on the University's financial condition (for more information on this topic, see Appendix A – "STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS) – PART I – GENERAL INFORMATION ABOUT STANFORD UNIVERSITY – "Federal Government").

(iv) Health care services revenue flowing from the hospitals to the University may be impacted by the factors affecting the hospitals' financial performance as described below.

(v) Legislation and regulation by governmental authorities may affect the tax-exempt status of, and associated tax benefits accorded to, educational institutions such as the University, impose constraints or mandates on tuition levels and endowment payout, or impose significant new compliance requirements with associated costs.

(vi) Counties or municipalities in which the University operates may constrain additional facility and infrastructure expansion, or impose significant costs.

(vii) The ability to recruit and retain faculty, graduate students, postdoctoral scholars and staff may be impaired by the high regional cost of living and the limited availability of affordable housing within reasonable commuting distance.

The preservation and growth of the University's endowment are affected not only by the factors noted above but by discretionary changes in the annual payout to operations from endowment earnings, transfers of expendable funds and other distributions, all of which are subject to changes in policies and practices made by the Board of Trustees and University management.

In addition to the challenges noted above, a variety of risks, uncertainties and other factors may affect the financial strength and stature of the University. By its nature, the University is an open environment, potentially vulnerable to disruption of operations, injury and damage notwithstanding its security and public safety programs. It is subject to governmental regulations and mandates, investigations and enforcement actions and private litigation, and may incur substantial costs of compliance, defense, sanctions, penalties and reputational harm for violation of applicable laws. The University self-insures for the first $2 million to $3 million of liability claims and carries limited liability insurance for losses exceeding this amount. In addition, certain types of claims may not be reimbursed by insurance policies.

The University is a large landowner and lessor and as such is subject to numerous environmental laws and regulations; it routinely stores, uses and produces hazardous substances in its operations; it houses thousands of students, faculty and others; it maintains confidential personal information and protected health information, including electronically, subject to information security and privacy laws; it can experience data privacy and security incidents related to such information, which may stem from a variety of causes ranging from deliberate invasions and cyberattacks to inadvertent loss, exposure, or theft of paper or electronic records. The University self-insures the first $1.5 million of property losses per occurrence resulting from fire and other hazards, including terrorism, and carries limited property insurance for losses exceeding this amount. In addition, the University carries limited insurance for damage to facilities sustained from flooding and minimal insurance for damage to facilities due to seismic events. The University is located in a region that is subject to significant seismic activity, as well as significant weather-related events, including wildfires and floods. In the event of a significant seismic event or a significant weather-related event, the University could suffer substantial damage to its facilities and disruption of its operations.

Because the financial results of the University are reported on a consolidated basis with those of its hospital affiliates (the "Hospitals"), these consolidated financial results will be affected by the financial results of the Hospitals. The Hospitals' financial results, in turn, will be affected not only by the factors set forth above but specifically by demand for the medical services they provide, the amounts of third-party payments received, limitations on and inadequate governmental reimbursements for medical services and graduate medical education, increasing costs of providing indigent care, escalating costs of personnel and equipment and inpatient capacity constraints that limit the Hospitals' ability to absorb increased costs through greater volume. In addition, industry trends, adverse legislative and regulatory developments such as changes to state or federal health care programs, state or federal adoption of a single-payor reimbursement system, and government enforcement actions could also negatively impact the Hospitals' results. Among other things, due in part to the Patient Protection and Affordable Care Act (the "ACA") enacted in 2010, the United States health care system has experienced significant changes in recent years affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers, employers and consumers. These changes are ongoing, continue to be challenged in various venues and could have adverse financial impacts on the Hospitals. Legislative and regulatory actions to repeal, postpone and replace elements of the ACA or other components of the United States health care system create unpredictability for the strategic and business planning efforts of health care providers, which creates additional risks. The Hospitals' operations and financial results may be adversely affected by consequences of pandemics or other public health emergencies.

For a discussion of certain financial challenges facing the University, see Appendix A – "STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS) – PART I – GENERAL INFORMATION ABOUT STANFORD UNIVERSITY – Capital Improvement Programs," "– Hospitals," and "– Liquidity," and "– PART II, STANFORD UNIVERSITY'S FY2024 ANNUAL FINANCIAL REPORT – Financial Results" attached hereto.

The events, developments and conditions described above are, or may be, of a magnitude such that they could have a material adverse effect on the financial results and condition of the University.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Bonds. The discussion below is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), current final, temporary and proposed Treasury regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"). There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS has been, or is expected to be, sought on the issues discussed herein. Legislative, judicial, or administrative changes or interpretations (including as a result of tax reform in the United States) may occur that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could adversely affect the tax consequences discussed below.

This summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of Bonds and does not address U.S. federal gift or estate tax consequences, alternative minimum tax consequences or foreign, state, local or other tax consequences or the 3.8% net investment income tax. This summary does not purport to address special classes of taxpayers (such as S corporations, mutual funds, insurance companies, banks and other financial institutions, small business investment companies, regulated investment companies, real estate mortgage investment conduits, real estate investment trusts, grantor trusts, former citizens of the United States, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, broker-dealers, traders in securities and tax-exempt organizations) that are subject to special treatment under the federal income tax laws, or persons that hold Bonds as part of a hedge against currency risk, or that are part of a hedge, straddle, conversion, constructive ownership, constructive sale or other risk reduction or integrated transaction or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. This summary also does not address the tax consequences to a holder of Bonds held through a partnership or other pass-through entity treated as a partnership for U.S. federal income tax purposes. In addition, this discussion is limited to persons purchasing the Bonds for cash in this offering at their "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of Bonds are sold to the public for cash), and it does not address the tax consequences to holders that purchase the Bonds after their original issuance. This discussion further assumes that the Bonds will be held by holders as capital assets within the meaning of Section 1221 of the Code.

As used herein, the term "U.S. Holder" means a beneficial owner of Bonds that is (i) a citizen or individual resident of the United States for U.S. federal income tax purposes, (ii) a corporation (or other entity classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust if (a) a U.S. court can exercise primary supervision over the administration of such trust and one or more United States persons (within the meaning of the Code) have the authority to control all of the substantial decisions of such trust or (b) the trust has made a valid election under applicable Treasury regulations to be treated as a United States person (within the meaning of the Code). As used herein, the term "Non-U.S. Holder" means a beneficial owner of Bonds that is not a U.S. Holder.

If the liability of the University in respect of a Bond ceases as a result of an election by the University to pay and discharge the indebtedness on such Bond by depositing with the Trustee sufficient cash and/or obligations to pay or redeem and discharge the indebtedness on such Bond (a "legal defeasance"), under current tax law a holder will be deemed to have sold or exchanged such Bond. In the event of such a legal defeasance, a holder generally will recognize gain or loss on the deemed exchange of the Bond. Ownership of the Bond after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different than those described in this "Certain U.S. Federal Income Tax Considerations" section and each holder should consult its own tax advisor regarding the consequences to such holder of a legal defeasance of a Bond.

In certain circumstances, the University may be obligated to pay amounts in excess of the stated interest or principal on the Bonds and/or to prepay or redeem all or a portion of the Bonds. The obligation to make such payments may implicate the provisions of U.S. Treasury regulations relating to "contingent payment debt instruments" in which case the timing and amount of income inclusions and the character of income recognized may be different from the consequences discussed herein. According to the applicable U.S. Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a contingent payment debt instrument if such contingencies in the aggregate, as of the date of issuance, are either "remote" or "incidental" or if certain other rules apply. Although the matter is not free from doubt, the University believes and intends to take the position if required that either such contingencies should be treated as remote and/or incidental or that the rules on "contingent payment debt instruments" otherwise would not be applicable. The position that the Bonds are not contingent payment debt instruments is binding on a holder unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury regulations. The University's position is not, however, binding on the IRS, and if the IRS were to successfully challenge this position, a holder subject to U.S. federal income taxation might be required to accrue interest income on the Bonds at a rate higher than the stated interest rate and to treat as ordinary interest income (rather than as capital gain) any gain realized on the taxable disposition of a Bond.

BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, PROSPECTIVE HOLDERS OF THE BONDS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR TAX SITUATIONS AND AS TO ANY FEDERAL, FOREIGN, STATE, LOCAL, ESTATE OR OTHER TAX CONSIDERATIONS (INCLUDING ANY POSSIBLE CHANGES IN TAX LAW) AFFECTING THE PURCHASE, HOLDING AND DISPOSITION OF THE BONDS.

Certain U.S. Federal Income Tax Consequences to U.S. Holders

This section describes certain U.S. federal income tax consequences to U.S. Holders. Non-U.S. Holders should see the discussion under the heading "Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders" for a discussion of certain tax consequences applicable to Non-U.S. Holders.

Interest. Interest on the Bonds will generally be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

If a Bond is issued at a discount from its stated redemption price at maturity, and the discount is at least the product of one-quarter of one percent (0.25%) of the stated redemption price at maturity of the Bond multiplied by the number of full years to maturity, the Bond will be an "OID Bond." In general, the excess of the stated redemption price at maturity of an OID Bond over its issue price will constitute original issue discount ("OID") for U.S. federal income tax purposes. The stated redemption price at maturity of a Bond is the sum of all scheduled amounts payable on the Bond (other than qualified stated interest). The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the University), or that is treated as constructively received, at least annually at a single fixed rate or. U.S. Holders of OID Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

If a Bond is issued at a price greater than the principal amount payable at maturity, a U.S. Holder generally will be considered to have purchased the Bond at a premium, and generally may elect to amortize the premium as an offset to interest income otherwise required to be included in respect of the Bond during a taxable year, using a constant-yield method, over the remaining term of the Bond. If a U.S. Holder makes the election to amortize the premium, it generally will apply to all debt instruments held by such U.S. Holder at the time of the election, as well as any debt instruments that are subsequently acquired by such U.S. Holder. In addition, a U.S. Holder may not revoke the election to amortize the premium without the consent of the IRS. If such U.S. Holder elects to amortize the premium, such U.S. Holder will be required to reduce its U.S. federal income tax basis in the Bond by the amount of the premium amortized during the holding period of the U.S. Holder. If such U.S. Holder does not elect to amortize premium, the amount of premium will be included in its U.S. federal income tax basis in the Bond. Therefore, if a U.S. Holder does not elect to amortize premium and holds the Bond to maturity, the premium will decrease the amount of gain or increase the amount of loss otherwise recognized on the disposition of such Bond. Special rules for determining the amount of amortizable bond premium attributable to a debt instrument may be applicable if the debt instrument may be optionally redeemed. These rules are complex and prospective purchasers of the Bonds are urged to consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption (including pursuant to an offer by the University) or other disposition of a Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of Bonds will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bonds that qualifies as qualified stated interest which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Bonds. A U.S. Holder's adjusted tax basis in a Bond generally will equal the purchase price paid by the U.S. Holder increased by any original issue discount included in income and decreased by the amount of payments (other than qualified stated interest), received and amortizable bond premium taken with respect to Bond. Any such gain or loss generally will be long-term capital gain or loss, provided the Bonds have been held for more than one year at the time of the disposition. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments of interest and principal on the Bonds will be generally subject to IRS information reporting. In addition, under Section 3406 of the Code and applicable Treasury Regulations, a non-corporate U.S. Holder of the Bonds may be subject to backup withholding at the then current rate with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption or retirement of the Bonds. The applicable payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

This section describes certain U.S. federal income tax consequences to Non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a non-U.S. Holder that is a "controlled foreign corporation" or a "passive foreign investment company," and, accordingly, non-U.S. Holders should consult their own tax advisors to determine the effect of U.S. federal, state, local and non-U.S. tax laws, as well as tax treaties, with respect to an investment in the Bonds.

Interest. If, under the Code, interest on the Bonds is "effectively connected with the conduct of a trade or business within the United States" by a Non-U.S. Holder, such interest will be subject to U.S. federal income tax in a similar manner as if the Bonds were held by a U.S. Holder, as described above, and in the case of Non-U.S. Holders that are corporations may be subject to U.S. branch profits tax at a rate of up to 30%, unless an applicable income tax treaty provides otherwise. Such Non-U.S. Holder will not be subject to withholding taxes, however, if it provides a properly executed Form W-8ECI (subject to the discussion below concerning FATCA withholding).

Interest on the Bonds held by other Non-U.S. Holders may be subject to withholding taxes of up to 30% of each payment made to the Non-U.S. Holders unless the "portfolio interest" exemption applies (subject to the discussion below concerning backup withholding and FATCA withholding). In general, interest paid on the Bonds to a Non-U.S. Holder will qualify for the portfolio interest exemption, and thus will not be subject to U.S. federal withholding tax, if (i) such Non-U.S. Holder is not a "controlled foreign corporation" (within the meaning of Section 957 of the Code) related, directly or indirectly, to the University; (ii) the Non-U.S. Holder is not actually or constructively a "10-percent shareholder" of the University under Section 871(h) of the Code; (iii) the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; (iv) the interest is not effectively connected with the conduct of a trade or business by the Non-U.S. Holder in the United States under Section 871(b) or Section 882 of the Code; and (v) either (a) the Non-U.S. Holder who is the beneficial owner of the Bonds provides a statement signed by such person under penalties of perjury, on valid IRS Form W-8BEN or W-8BEN-E (or successor form), certifying that such owner is not a U.S. Holder and providing such owner's name and address or (b) a securities clearing organization, bank or other financial institution that holds the Bonds on behalf of such Non-U.S. Holder in the ordinary course of its trade or business certifies under penalties of perjury that such an IRS Form W-8BEN or W-8BEN-E (or a successor form) has been received from the beneficial owner and furnishes a copy thereof, and otherwise complies with applicable IRS requirements. Foreign trusts and their beneficiaries are subject to special rules, and such persons should consult their own tax advisors regarding the certification requirements.

If a Non-U.S. Holder does not quality for, or does not claim, the benefit of the portfolio interest exemption, the Non-U.S. Holder will be subject to a 30% withholding tax on interest payments on the

Bonds. A Non-U.S. Holder may be able to reduce or eliminate withholding tax under an applicable income tax treaty between the Non-U.S. Holder's country of residence and the United States. Non-U.S. Holders are urged to consult their own tax advisors regarding their eligibility for treaty benefits. The required information for claiming treaty benefits is generally submitted on Form W-8BEN or W-8BEN-E (or successor form). In addition, a Non-U.S. Holder may under certain circumstances be required to obtain a U.S. taxpayer identification number.

Disposition of the Bonds. Subject to the discussion below concerning backup withholding, a Non-U.S. Holder will generally not be subject to U.S. federal income tax or withholding tax on gain recognized on a sale, exchange, redemption, retirement, or other disposition of a Bond. (Such gain does not include proceeds attributable to accrued but unpaid interest on the Bonds, which will be treated as interest.) A Non-U.S. Holder may be subject to U.S. federal income tax on such gain if: (i) the Non-U.S. Holder is a nonresident alien individual who was present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met under Section 871(a)(2) of the Code; or (ii) the gain is effectively connected with the conduct of a U.S. trade or business, as provided by applicable U.S. tax rules (in which case the U.S. branch profits tax may also apply), unless an applicable income tax treaty provides otherwise.

Information Reporting and Backup Withholding. Certain payors must report annually to the IRS and to each Non-U.S. Holder on information returns any interest that is subject to U.S. withholding taxes or that is exempt from U.S. withholding taxes pursuant to an income tax treaty or certain provisions of the Code. Copies of these information returns may also be made available under the provisions of a specific tax treaty or agreement with the tax authorities of the country in which the Non-U.S. Holder resides.

A Non-U.S. Holder generally will not be subject to backup withholding with respect to payments of interest on the Bonds as long as the Non-U.S. Holder (i) has furnished to the applicable payor, a valid IRS Form W-8BEN or W-8BEN-E (or successor form) certifying, under penalties of perjury, its status as a non-U.S. person, (ii) has furnished to the applicable payor, other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with Treasury regulations, or (iii) otherwise establishes an exemption from backup withholding. A Non-U.S. Holder may be subject to information reporting and/or backup withholding on a sale of the Bonds through the United States office of a broker and may be subject to information reporting (but generally not backup withholding) on a sale of the Bonds through a foreign office of a broker that has certain connections to the United States, unless the Non-U.S. Holder provides the certification described above or otherwise establishes an exemption. Non-U.S. Holders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

FATCA Withholding

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. An intergovernmental agreement between the United States and the holder's jurisdiction may modify these requirements. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID, if any). While withholding under FATCA would also have applied to payments of gross proceeds from the sale or other disposition of the Bonds on or after January 1, 2019, proposed U.S. Treasury regulations eliminate FATCA withholding on payments of gross proceeds entirely. Although these Treasury regulations are not final, they can be relied upon until final U.S. Treasury regulations are issued. Prospective holders are encouraged to consult with their own tax advisors regarding the implications of this legislation and the applicable regulations on their investment in a Bond.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

ERISA AND OTHER BENEFIT PLAN CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans") and the fiduciaries of such plans. Section 4975 of the Code imposes similar prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein, and on Individual Retirement Accounts/Annuities described in Section 408(a) and 408(b) of the Code and certain other tax favored accounts (collectively, "Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA or Section 4975 of the Code, but may be subject to state, federal, non-US, or other laws or regulations that are similar to Title I of ERISA or Section 4975 of the Code ("Similar Law").

Under ERISA and Section 4975 of the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or Tax-Favored Plan and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") or exercises any authority or control over the management or disposition of the assets of a Benefit Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to an ERISA Plan, is generally considered to be a fiduciary of the Benefit Plan. In considering an investment in the Bonds of a portion of the assets of any Benefit Plan, a fiduciary should determine, particularly in light of the risks and lack of liquidity inherent in an investment in the Bonds, whether the investment is in accordance with the documents and instruments governing the Benefit Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Benefit Plan (including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law and the need for, and the availability, if necessary, of any exemptive relief under such laws or regulations).

Each Benefit Plan should consider the fact that none of the University or the Trustee or any of their respective affiliates (the "Transaction Parties") is acting, or will act, as a fiduciary to any Benefit Plan with respect to the decision to invest in the bonds. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Bonds. All communications, correspondence and materials from the Transaction Parties with respect to the Bonds are intended to be general in nature and are not directed at any specific purchaser of the Notes, do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser and does not constitute "investment advice" (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code). The decision to purchase and hold the Bonds must be made solely by each prospective Benefit Plan purchaser on an arm's length basis.

In addition to the imposition of general fiduciary obligations under ERISA, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of Benefit Plans and persons who have certain specified relationships to the Benefit Plans ("Parties in Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. Certain Parties in Interest or Disqualified Persons that participate in a non-exempt prohibited transaction may be subject to a penalty or an excise tax imposed pursuant to Section 502(i) of ERISA or Section 4975 of the Code unless a statutory or administrative exemption is available.

The acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if any Transaction Party is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond.

Each purchaser and transferee, by its purchase or acceptance of the Bonds, shall be deemed to have represented and covenanted, that either (A) it is not acquiring the Bonds for or on behalf of any Benefit Plan or (B) the purchase and holding of the Bonds for or on behalf of a Benefit Plan or foreign plan, governmental plan or church plan subject to Similar Law will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or in the case of a foreign plan, governmental plan or church plan that is subject to Similar Law, a violation of such Similar Law.

Any ERISA Plan fiduciary considering whether to purchase Bonds on behalf of a Benefit Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans or plans that are subject to Similar Law should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any Similar Law.

UNDERWRITING

The University has entered into a purchase contract (the "Purchase Contract") with the Underwriters listed on the cover hereof for whom Morgan Stanley & Co. LLC is acting as representative, and the Underwriters have agreed to purchase the Bonds from the University at a purchase price of $327,000,000.00, representing the par amount of the Bonds. The Underwriters' compensation is $654,142.33, which will be paid by the University from its own funds on the date of issuance of the Bonds. The Purchase Contract provides that the Underwriters will purchase not less than all of the Bonds. The Underwriters' obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the initial offering price. The offering price of Bonds may be changed from time to time by the Underwriters.

The offering of the Bonds by the Underwriters is subject to receipt and acceptance and subject to the Underwriters' right to reject any order in whole or in part.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, lending, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the University and its affiliates in connection with such activities. In addition, certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the University and to persons and entities with relationships with the University, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the University (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the University. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

BofA Securities, Inc., one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each dealer agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

ANNUAL REPORTS

The University routinely posts its annual report containing financial information on its website (http://bondholder-information.stanford.edu/financials/index.html). The information contained in the University's website is not a part of this Offering Memorandum and is not incorporated by reference herein.

REGULATORY MATTERS AND LITIGATION

There is no litigation pending concerning the validity of the Bonds. The University is, however, a party to certain other litigation which is described in "Regulatory Matters and Litigation" in Appendix A.

APPROVAL OF LEGALITY

Legal matters incident to the validity of the Bonds and certain other matters are subject to the opinion of Ropes & Gray LLP, counsel to the University. The proposed form of opinion of counsel to the University relating to the validity of the Bonds and certain other matters is attached hereto as Appendix C. In addition, certain other legal matters will be passed upon for the University by the General Counsel to the University, and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP. None of the firms named above undertakes any responsibility to holders of the Bonds for the accuracy, completeness or fairness of this Offering Memorandum.

INDEPENDENT AUDITORS

The consolidated financial statements as of August 31, 2024 and 2023 and for each of the two years in the period ended August 31, 2024, included in Part II of Appendix A of this Offering Memorandum, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report appearing herein.

RATINGS

The Bonds have been given an "Aaa" rating by Moody's Investors Service, Inc. ("Moody's"), an "AAA" rating by S&P Global Ratings ("S&P"), and an "AAA" rating by Fitch Ratings, Inc. ("Fitch"). An explanation of the significance of the ratings given can be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, from S&P at 55 Water Street, New York, New York 10041 and from Fitch at 33 Whitehall Street, New York, New York, 10004. Such ratings reflect only the views of Moody's, S&P and Fitch, respectively, and there is no assurance that any of the ratings, if received, will continue for any given period of time or that any of the ratings will not be lowered or withdrawn entirely if, in the judgment of Moody's, S&P or Fitch, circumstances so warrant. None of the University or the Underwriters have undertaken any responsibility either to bring to the attention of the holders of the Bonds any proposed change in or withdrawal of the ratings received or to oppose any such proposed revision. Any such change in or withdrawal of the ratings received could have an adverse effect on the market price of the Bonds.

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MISCELLANEOUS

All quotations from, and summaries and explanations of, the Indenture and of other statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions. A copy of the Indenture may be obtained upon written request directed to the Underwriters or the University.

Any statements in this Offering Memorandum involving matters of opinion are intended as such and not as representations of fact. This Offering Memorandum is not to be construed as a contract or agreement between the University and holders of any of the Bonds.

The execution and delivery of this Offering Memorandum has been duly authorized by the University.

THE BOARD OF TRUSTEES OF
THE LELAND STANFORD JUNIOR UNIVERSITY

March 3, 2025

By: /s/ Karen L. Kearney
Treasurer

APPENDIX A

STANFORD UNIVERSITY (INCLUDING FINANCIAL STATEMENTS AND DISCUSSION OF FINANCIAL RESULTS)

Part I of this Appendix A contains general information with respect to The Leland Stanford Junior University ("Stanford", the "University" or "Stanford University"). Part II consists of Stanford's FY2024 Annual Financial Report for the fiscal years ended August 31, 2024 and 2023 ("Stanford's FY2024 Annual Financial Report"), which includes management's financial overview on the fiscal year results, selected financial and other data, the report of independent auditors, and Stanford's consolidated financial statements as of and for the years ended August 31, 2024 and 2023 ("Stanford's FY2024 Audited Financial Statements"). Financial information presented in Part I of this Appendix A with respect to the University relates solely to the University; financial information regarding the University and its affiliates is stated both separately and on a consolidated basis in Stanford's FY2024 Audited Financial Statements.

PART I

GENERAL INFORMATION ABOUT STANFORD UNIVERSITY

Founded in 1885, Stanford University is one of a select group of universities that has achieved eminence in both undergraduate and graduate education and in a broad range of academic disciplines. It is internationally recognized for the quality of its teaching and research, its distinguished faculty, and its outstanding student body.

Academic and Research Programs

Stanford is a major research and teaching university offering a wide range of undergraduate, graduate, and professional degree programs. The School of Engineering, the School of Humanities and Sciences (which includes the core humanities, fine arts, languages and literature, the social sciences, mathematics, and the natural sciences), and the Stanford Doerr School of Sustainability offer undergraduate and graduate degree programs. The Schools of Business, Education, Law and Medicine offer graduate and professional degree programs. Undergraduate students have access to a wide variety of undergraduate majors and to classes and research opportunities in all seven Schools. Degree programs are offered by departments and through interdepartmental programs involving multiple departments in one or more Schools. The University, its Schools and its academic programs hold appropriate accreditations.

Stanford's research enterprise extends throughout the University. Multidisciplinary research is conducted in the Schools, independent laboratories, institutes and research centers, which engage faculty and students from across the University. The SLAC National Accelerator Laboratory operates advanced X-ray facilities and conducts research in materials, energy, structural biology and particle physics. Extensive library and archival resources are available through the Stanford University Libraries and the Hoover Institution on War, Revolution and Peace.

Governance and Management

Board of Trustees. Stanford is a trust with corporate powers under the laws of the State of California. The Internal Revenue Service has determined the University to be a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Under the provisions of the founding grant of Senator Leland Stanford and Jane Lathrop Stanford and related organizational documents of the University (the "Founding Grant"), the Board of Trustees (the "Board") is custodian of the endowment and all the properties of the University. The Board administers the invested funds and has the ultimate authority over the annual budget and policies for operation and control of the University. The powers and duties of the Board of Trustees derive from a combination of the Founding Grant, amendments to the Founding Grant, and legislation and court decrees specific to Stanford. In addition, the Board operates under its own bylaws and a series of resolutions on major policy. The Board conducts its business through standing committees, currently consisting of the Committees on Audit, Compliance and Risk; Development; Finance; Land and Buildings; Engagement and Advancement of the Institution; Academic and Student Affairs; and Trusteeship. The Board consists of a minimum of 25 and a maximum of 38 Trustees, including the President of the University as a Trustee *ex officio* and with vote.

The following table lists the members of the Board of Trustees as of February 1, 2025.

* Current term as chair concludes June 30, 2025. Lily Sarafan has been elected Chair commencing July 1, 2025.

Administration. The Founding Grant prescribes that the Board of Trustees appoints the President of the University. The Board of Trustees delegates the responsibility to the President to prescribe the duties of professors and teachers, to set the course of study and the mode and manner of teaching and to exercise all other necessary powers relating to the educational, research, financial and business affairs of the University, including the operation of the physical plant. The President appoints, subject to confirmation by the Board, the Provost and the other Officers of the

University. The Stanford Management Company is the operating division of the University responsible for the management of the University's endowment and other investment assets.

The following table sets forth in summary form certain members of the principal administration of the University as of February 1, 2025.

University Officers

Jonathan Levin
President

Jenny Martinez
Provost

Ryan Adesnik
Vice President for Government Affairs

Deborah Cullinan
Vice President for the Arts

Jon Denney
Vice President for Development

Farnaz Khadem
Vice President for Communications

Randall Livingston[1]
Vice President for Business Affairs, Chief Financial Officer and University Liaison for Stanford Medicine

Lloyd Minor
Dean, School of Medicine; Vice President, Medical Affairs

Kathryn Moler
Vice President, SLAC National Accelerator Laboratory

Megan Pierson
Vice President for University Affairs; Secretary of the Board of Trustees

Robert Reidy
Vice President for Land, Buildings and Real Estate

Martin Shell
Vice President and Chief External Relations Officer

Robert Wallace
Chief Executive Officer, Stanford Management Company

University Executive Cabinet

Jonathan Levin
President

Jenny Martinez
Provost

Stacey Bent[2]
Vice Provost for Graduate Education and Postdoctoral Affairs

Peter DeMarzo[3]
Interim Dean, Graduate School of Business

Jay Hamilton
Vice Provost for Undergraduate Education

Arun Majumdar
Dean, Stanford Doerr School of Sustainability

Lloyd Minor
Dean, School of Medicine; Vice President, Medical Affairs

Condoleezza Rice
Director, Hoover Institution on War, Revolution and Peace

John Sarrao
Director, SLAC

Debra Satz
Dean, School of Humanities and Sciences

Daniel Schwartz
Dean, Graduate School of Education

David Studdert
Vice Provost and Dean of Research

George Triantis
Dean, School of Law

[1] Randall Livingston has announced his intention to retire, and a search for his replacement is underway.
[2] Stacey Bent has announced her intention to step down from her position in 2025, following the naming of her replacement. A search for her replacement is underway.
[3] Sarah Soule, Professor of Organizational Behavior at the University, has been named as Dean, Graduate School of Business effective June 16, 2025.

Howard Wolf
Vice President for Alumni Affairs
and President, Stanford Alumni Association

Jennifer Widom
Dean, School of Engineering

Elizabeth Zacharias
Vice President for Human Resources

Debra Zumwalt
Vice President and General Counsel

Faculty and Staff

For the 2024 fall quarter, the Stanford professoriate had 2,345 members. Of those, 54% hold tenure, and 99% hold the highest degrees in their respective fields. The Academic Council comprises the main body of the faculty. Of its 1,738 members, 1,584 are tenure-line faculty, and 154 are non-tenure-line faculty, such as Senior Fellows and those holding teaching, research, clinical or performance titles. The student-Academic Council ratio (including only matriculated undergraduate and graduate students) is approximately 10 to 1.

As of August 31, 2024, the University, including the SLAC National Accelerator Laboratory, employed 19,705 non-academic staff members. Of these employees, 1,389 were represented by the Service Employees International Union, and 16 were police officers represented by the Stanford Deputy Sheriffs' Association. The University's agreement with the Service Employees International Union (SEIU) will expire in 2028. The University's agreement with the Stanford Deputy Sheriffs' Association will expire in 2026.

Students

For the 2024 fall quarter, the University enrolled 7,554 undergraduate and 9,933 graduate students. During academic year 2023-24, 1,903 bachelor's degrees and 3,648 advanced degrees were conferred. The following table provides a summary for the last five academic years of undergraduate and graduate applications, admissions and enrollment.

Academic		Undergraduate(1)(2)			Graduate(2)	
Year	Applications	Admissions	Enrollment	Applications	Admissions	Enrollment
2020-21(3)	47,443	2,435	1,675	48,150	3,612	2,135
2021-22(3)	58,736	2,245	2,191	59,224	4,057	2,760
2022-23	59,519	2,132	1,783	49,238	4,167	2,769
2023-24	57,024	2,172	1,763	51,510	4,283	2,758
2024-25	61,446	2,132	1,763	58,766	4,303	2,863

(1) Includes both freshman and transfer students.
(2) Fall only.
(3) Enrollment numbers for Academic Years 2020-21 and 2021-22 were impacted by COVID-19 with a high number of students deferring admission for Academic Year 2020-21 to enroll in Academic Year 2021-2022.

Tuition, Fees and Financial Aid

Stanford is committed to providing a need-based financial aid program that makes it financially possible for admitted students to attend Stanford. Stanford's admission program is "need-blind," for eligible U.S. citizens and permanent resident undergraduate students, meaning financial status does not affect the admission decision for all but some international applicants.

Stanford meets the full need for admitted students without expecting to borrow student loans. In addition to institutional scholarships, eligible Stanford undergraduates may also receive other financial aid in the form of government and private scholarships and grants, student employment, and low-interest student loans. The following table summarizes Stanford's undergraduate tuition, average room and board expenses, average need-based Stanford scholarships, and average total aid package (inclusive of athletic aid) for the academic years 2020-21 through 2024-25.

Academic Year	Tuition	Room and Board	Total(1)	Average Financial Aid	Average Financial Aid + Athletic Aid(2)
2020-21(3)	$55,473	$17,255	$73,424	$23,457	$ 27,218
2021-22(3)	55,473	17,860	74,029	28,094	31,851
2022-23	57,693	18,619	77,035	28,908	32,739
2023-24	61,731	19,922	82,406	30,616	34,784
2024-25	65,127	21,315	87,225	N/A(4)	N/A(4)

(1) Inclusive of mandatory campus health fee in addition to tuition and room and board.
(2) Stanford's athletic aid is not need-based.
(3) There was a decrease in the total and average need-based undergraduate financial aid for the 2020-21 academic year. This decrease was due to decreases in enrollment of need-based financial aid recipients for the 2020-21 academic year, which attributable to the COVID-19 pandemic. In 2021-22, Stanford had higher than usual enrollment because of prior year deferring students enrolling.
(4) Not available until the completion of the 2024-25 academic year.

Institutional graduate student support is awarded based on academic merit and the availability of funds and consists of fellowships, stipends, and trainee/assistantships. Stanford also provides a gift-funded institutional loan program for some students in certain academic programs. Student loans receivable, including receivables for the loans issued under the federal Perkins Loan Program, net of allowances for doubtful accounts, were $33.7 million and $37.5 million as of August 31, 2024 and 2023, respectively.

The Stanford Campus and Other Real Property

Stanford's main campus consists of 8,352 acres of land owned by the University near Palo Alto, California, much of which was given to the University under the Founding Grant on the condition that the lands subject to the grant may not be sold. The campus includes land located in seven different municipalities. In addition to the lands utilized for educational, research, athletics, patient care and related purposes, a portion of Stanford lands are leased to third parties operating commercial, residential, agriculture and other developments that provide rental income as part of the University's investment portfolio. Much of the University's other land remains undeveloped.

Stanford also owns real property elsewhere. Some of this property has been acquired for expansion or relocation of academic programs and administrative functions, including approximately 28 acres in Redwood City, California. The University also owns facilities for use in study programs in Pacific Grove, California; the District of Columbia; and Berlin, Germany.

Capital Improvement Programs

Stanford University makes a significant investment in its facilities for teaching, research and related activities. Stanford's Capital Budget and three-year Capital Plan are based on projections of the major capital projects that the University plans to pursue in support of its academic mission. The fiscal year 2025 Capital Budget approved by the Board of Trustees is $687.2 million and represents the anticipated capital expenditures in the first year of the rolling three-year Capital Plan. The fiscal year 2025-27 Capital Plan includes projects with estimated total costs of $3.6 billion. Anticipated funding sources for projects under the current Capital Plan consist of $1.4 billion in debt, $1.2 billion in gifts, $763.7 million in reserves, and $255.8 million in other funds to be identified in the course of annual capital planning. Additional debt will be required to bridge timing differences between project expenditures and the receipt of gifts. The Capital Budget and the Capital Plan are both subject to change based on funding availability, budget affordability and university priorities.

The use and development of Stanford University land within the County of Santa Clara ("Santa Clara County") are governed by a General Use Permit and the related Stanford University Community Plan (together, the "2000 GUP"), which have been in force since they were approved in 2000 by the Santa Clara County Board of Supervisors. The 2000 GUP permits Stanford University to develop 2,035,000 square feet of net new academic facilities and 4,468 new housing units for students, faculty and staff. Although the 2000 GUP limits the amount of new development, it does not restrict removal, renovation or rehabilitation of existing facilities. Through August 31, 2024, projects using approximately 1,871,000 of net new gross square feet were completed or under construction and approximately 4,428 housing beds/units have been added. Stanford University continues to address academic space and housing needs by, for example, making use of the remaining allotments under the 2000 GUP, renovating and optimizing existing facilities in the main campus land in Santa Clara County, and developing facilities on the University land in other jurisdictions, including the University's campus in Redwood City.

Hospitals

The University is the sole member of Stanford Health Care ("SHC") and Lucile Salter Packard Children's Hospital at Stanford ("LPCH") (collectively, the "Hospitals"). SHC and LPCH are each separate not-for-profit public benefit corporations operating the adult and pediatric hospitals and clinics, respectively, which together with the University's School of Medicine and its clinical faculty, comprise and are known in the marketplace as Stanford Medicine. Each Hospital corporation has its own management with responsibility for its own financial reporting. Management of each Hospital reports to the chief executive officer of that Hospital, and the chief executive officer reports to the board of directors appointed for that Hospital. Management of the Hospitals does not report to management of the University. Each Hospital has its own separate liabilities, including bond debt obligations. The University and the Hospitals are not obligated to pay the debt of each other, and the debt of the University and the Hospitals receive separate credit ratings from the rating agencies.

Regulatory Matters and Litigation

The University is subject to various suits, audits, investigations, and other legal proceedings in the course of its operations. The University's ultimate liability, if any, for these legal proceedings is not determinable at present. However, no proceedings are pending or threatened that, in management's opinion, would be likely to have a material adverse effect on the University's financial position.

Federal Government

Stanford continues to monitor developments involving the federal government. Actions at the federal level may have the direct or indirect effect of reducing federal support for Stanford's research or other operations, reducing Stanford's fundraising or other revenue sources, and increasing taxes or other costs borne by Stanford. The National Institutes of Health ("NIH") issued a notice on February 7, 2025 announcing that institutions of higher education and other organizations will be subject to a new limit on indirect cost recovery rate with regard to NIH grants. If implemented in current or similar form, this limit may result in a substantial reduction in federal funding for Stanford's costs associated with its research facilities and administration. In addition, the U.S. Department of Education has indicated that it views as unlawful a wide variety of actions that may be taken by colleges and universities to increase diversity, and that such actions may result in the loss of federal funding. While the immediate financial impact on Stanford is not material at this time, these and other developments involving the federal government may, directly or indirectly, have a material adverse effect on the financial profile and operating performance of Stanford.

Liquidity

Stanford closely monitors its liquidity requirements and structures its financial assets to meet its projected short- and long-term needs and contractual commitments. To meet these needs, Stanford holds investments in various pools or in specific assets with varying degrees of liquidity, as well as having an authorized short-term commercial paper program. Stanford also has access to additional short-term financing facilities such as revolving lines of credit that can be available for liquidity needs. The University has significant contractual commitments outstanding to limited partnership and other investment vehicles and major construction projects (see discussion under the caption "Capital Improvement Programs" above and in Note 6, "Investments," and Note 19, "Commitments and Contingencies," to Stanford's FY2024 Audited Financial Statements included in Part II of this Appendix A).

PART II

STANFORD UNIVERSITY'S FY2024 ANNUAL FINANCIAL REPORT

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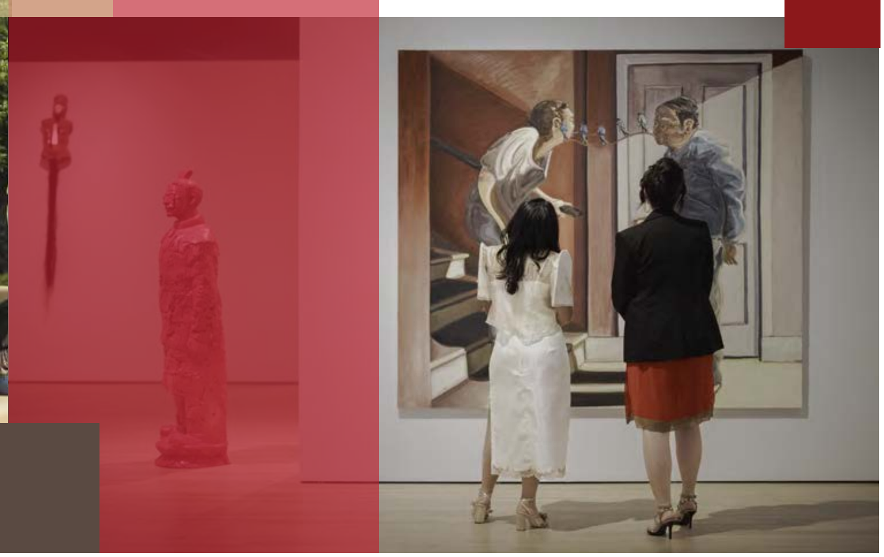
Stanford

Annual Financial Report

August 31, 2024 and 2023



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Excellence in Research, Teaching and Medical Care

Stanford was founded almost 150 years ago on a bedrock of societal purpose. Its mission is to contribute to the world by **educating students for lives of leadership** and contribution with integrity; advancing fundamental knowledge and cultivating creativity; **leading in pioneering research** for effective clinical therapies; and **accelerating solutions** and amplifying their impact.

Financial Results

Introduction

At the start of the fiscal year, Richard Saller, a renowned academic leader, classics scholar, and former dean of the School of Humanities and Sciences assumed his interim role as the university's twelfth president. In April 2024, the university announced that Jonathan D. Levin would be the thirteenth president effective August 1, 2024. Jenny Martinez succeeded Persis Drell as provost, the university's chief academic officer and budgetary officer.

This year posed significant challenges to the Stanford community, driven by global issues that sparked activism and advocacy. The university's athletics program faced upheaval, with the dissolution of the Pac-12 Athletic Conference last summer and ongoing NCAA-related antitrust lawsuits along with new athlete compensation arrangements. Nevertheless, Stanford's community upheld their values of excellence and integrity, continuing to advance Stanford's core mission.

Stanford's financial results reflect a careful balance of growth and stability, supported by strategic financial stewardship. The following sections highlight key financial metrics, milestones, and strategic decisions that have shaped Stanford's progress and future direction.

Stanford's thirteenth president

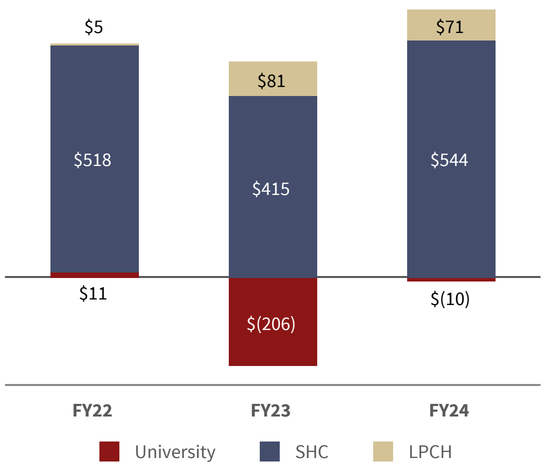
Stanford's thirteenth president is **Jonathan D. Levin**, a distinguished economist, Stanford alumnus, and dean of Stanford's Graduate School of Business for eight years.

"I am grateful and humbled to be asked to lead Stanford – a university that has meant so much to me for more than three decades. When I was an undergraduate, Stanford opened my mind, nurtured my love for math and literature, and inspired me to pursue an academic career. In the years since, it has given me opportunities to pursue ideas in collaboration with brilliant colleagues, teach exceptional students, and bring people together to achieve ambitious collective goals around the university." - President Levin

Operating Results

Stanford's consolidated financial results include the university, Stanford Health Care (SHC) and the Lucile Salter Packard Children's Hospital at Stanford (LPCH[1]), and their respective affiliates.

Operating Surplus/(Deficit) (in millions)



In fiscal year 2024, the consolidated operating surplus rose to $605 million, a 109% increase as compared to fiscal year 2023, primarily driven by SHC's surplus.

The university reported an operating deficit of $10 million in fiscal year 2024, improving by $196 million from a $206 million deficit in the previous year. SHC and LPCH had operating surpluses of $544 million and $71 million, respectively. While SHC's operating surplus increased by $129 million, LPCH's operating surplus decreased by $9 million year over year.

Consolidated operating revenues increased 12% to $18.3 billion driven by increases in health care services, sponsored support, and investment income distributed for operations.

Both SHC and LPCH's operating revenues rose due to higher patient volumes and provider fee revenue. In addition, SHC received settlements from the Center for Medicare and Medicaid Services (CMS).

Consolidated operating expenses grew 10% to $17.7 billion primarily due to a 10% rise in salaries and benefits and an 11% increase in other operating expenses driven by expanded research activities, competitive compensation, enhanced financial aid programs, and inflation.

Operating Revenues

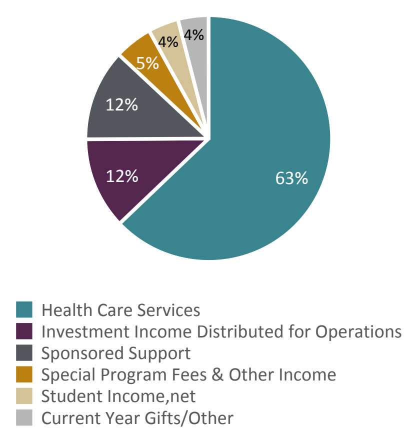
Total consolidated operating revenues increased by $2.0 billion or 12% to $18.3 billion. Health care services increased by $1.4 billion or 14% to $11.5 billion, making up 63% of total consolidated revenues.

Sponsored support increased by 10% to $2.2 billion including funding from the U.S. Department of Energy (DOE) for SLAC National Accelerator Laboratory (SLAC, a federally funded research and development center). The increase in sponsored support was primarily driven by revenues from the Department of Health and Human Services (DHHS), DOE, Federal Emergency Management Agency (FEMA) for reimbursement of COVID-related expenses, and non-Federal sponsors, as further described in the "Research" section below.

Investment income distributed for operations increased by 18% to $2.2 billion. The drivers for this increase are further described in the "Investment Income Distributed for Operations" section below.

Student income increased by 6% to $802 million due to increases in tuition and room and board revenues offset by student financial aid as further described in the "Teaching and Education" section below.

Consolidated Operating Revenues | $18.3B



Consolidated special program fees and other income decreased by $3 million or 0.4% in fiscal year 2024. The university alone saw an increase in special program fees and other income of $43 million or 7%. Nearly half of the increase was driven by higher enrollments and fees for executive education programs and increased rental income from university-owned housing for faculty and staff.

Both SHC and LPCH experienced decreases in special program fees and other income. LPCH decreased by $10 million or 8% while SHC decreased by $35 million or 14%, due to COVID-related relief funding received in prior years.

[1] Known in the marketplace as Stanford Medicine Children's Health

Operating Expenses

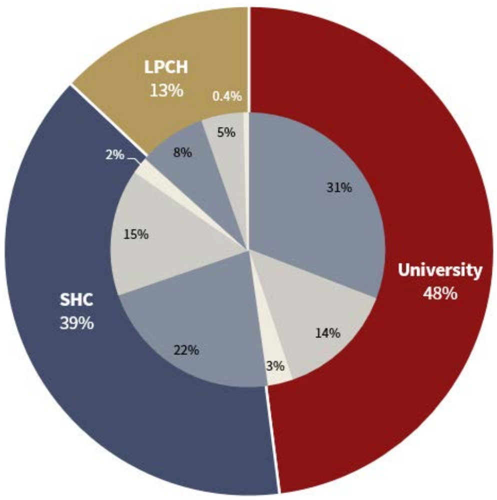
Total consolidated operating expenses increased by $1.7 billion or 10% to $17.7 billion, with salaries and benefits making up over 60% of consolidated expenses.

Consolidated salaries and benefits increased by 10% to $10.8 billion, driven by competitive pay, and increased employee headcount primarily, at the School of Medicine (SoM). Both SHC and LPCH also experienced increased employee headcount to support growing patient volumes.

Consolidated other operating expenses increased by 11% to $6.0 billion, primarily due to inflation and growth in operational activities. The university experienced an increase of 7% or $153 million resulting from growth in operational and research activities, coupled with sustained inflationary pressures.

SHC's other operating expenses increased by $583 million or 16% to $4.2 billion. LPCH's other operating expenses increased by $146 million or 12% to $1.3 billion. These increases were largely due to increases in purchased physician services, costs of medical, surgical and pharmaceutical supplies, and other patient care expenses due to increased patient volume.

Consolidated Operating Expenses: $17.7B

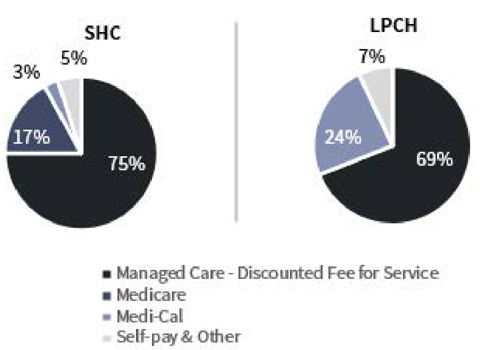


Health Care

Stanford Medicine, comprised of the university's SoM, SHC and LPCH, is an integrated academic health system that combines the research capabilities of the university with SHC's and LPCH's network of care facilities for adults and children, respectively.

The university's health care services revenue grew by $274 million or 17% to $1.9 billion, with 97% derived from SHC's and LPCH's purchase of physician services. The growth was driven by rising patient care needs and expanded clinical programs.

Net Patient Service Revenue



SHC's net patient service revenue rose by $1.2 billion or 15% to $8.7 billion, fueled by increased patient volume, provider fee revenue, CMS settlements from prior audits and a one-time settlement for the 340B drug program. Patient day volume increased by 4%, total surgical cases by 8% (largely due to increased outpatient surgeries), and emergency department visits by 5%. Inpatient and outpatient volumes, represented 40% and 60% of net patient revenues, grew across multiple areas, including surgery, pharmacy, imaging and lab services.

LPCH's net patient service revenue increased by $224 million or 9% to $2.7 billion, primarily due to higher patient volumes in inpatient visits, clinic visits, surgeries, and other procedures along with provider fee revenue.

Human-centered, digitally-driven health care

This year, Stanford continued its pursuit and application of health care that is human-centered and digitally driven. For example, a team of Stanford Medicine doctors and biomedical engineers are among the first to integrate Apple Vision Pro, a new augmented reality tool into surgical practice. The headset enables the user to navigate their surroundings using real-time visual data in combination with virtual elements.

"The novel use of augmented reality in the operating room exemplifies Stanford Medicine's mission of serving patients in a digitally driven, human-centered care environment," said Lloyd Minor, dean of the School of Medicine and vice president of medical affairs at Stanford University.

Research

University sponsored support from federal and non-federal sources increased by $229 million or 12%, compared to fiscal year 2023. The largest sources of funding, including for SLAC, is from the DHHS and DOE.

95% of the support for SLAC is provided by DOE. SLAC's overall funding increased by $64 million, or 11%, due to increased operational costs for the Linac Coherent Light Source (LCLS) user facility and project costs related to the LCLS II High Energy Project.

Excluding SLAC, the university's sponsored support revenue rose by $165 million, or 12%, largely due to support from DHHS for the SoM. This fiscal year, the university was also awarded a $51 million public assistance grant from the Federal Emergency Management Agency (FEMA) provided through the California Office of Emergency Services for reimbursement of COVID-19 testing costs incurred in prior fiscal years.

Taking the next molecular step: LCLS II

The Linac Coherent Light Source (LCLS) takes X-ray snapshots of atoms and molecules at work, providing atomic resolution detail on ultrafast timescales to reveal fundamental processes in materials, technology and living things. Its snapshots can be strung together into "molecular movies" that show chemical reactions as they happen.

LCLS-II will build from the success of LCLS to assist the U.S. in maintaining a world-leading capability for advanced research in chemistry, materials, biology and energy. LCLS-II will add a superconducting accelerator, occupying one-third of SLAC's original 2-mile-long linear accelerator tunnel, which will generate an almost continuous X-ray laser beam. The unique capabilities of LCLS-II have the potential to yield a host of discoveries to advance technology, new energy solutions and our quality of life.

Philanthropy | Gifts & Pledges

The university benefits from a community of engaged donors whose contributions provide crucial funding for current operations, capital projects and new endowments. Most gifts and pledges are designated for specific purposes such as student financial aid, academic programs, and new facilities for research and clinical care.

The university recorded total net gifts and pledges of approximately $1.2 billion in fiscal year 2024, a decrease of $594 million or 34% compared to the prior year. This includes $260 million in current year gifts in support of operations and $895 million in the non-operating section of the statement of activities. Excluding the $1.0 billion John and Ann Doerr gift for the Doerr Stanford School of Sustainability that was recorded in fiscal year 2023, net gifts and pledges increased by $224 million, or 25%, indicating strong philanthropic support . Gifts and pledges are recorded in the consolidated financial statements, on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), thereby excluding payments received for prior year pledges.

Overall, total gifts, including pledged payments received, reported by the Office of Development were $1.6 billion in fiscal year 2024, reflecting contributions received in cash or property, including $14 million for SHC and $78 million for LPCH.

Transforming global economies through SEED

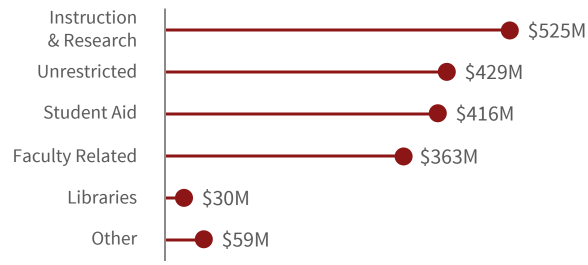
The Graduate School of Business has made significant strides with Stanford Seed, which educates entrepreneurial leaders in the developing world. Stanford Seed recently launched the Seed Transformation Program to identify growth opportunities and formulate plans to revolutionize businesses in developing countries. To date worldwide, 75% of participants report increased revenue, 39% engage in business with fellow participants, and 34% have expanded into new markets.

Investment Income Distributed for Operations

University investment income distributed for operations totaled $2.2 billion with $1.8 billion distributed from the endowment and $389 million from the expendable funds pool and other investment income. The 18% increase in investment income distributed for operations was driven by improved investment market performance and additional capital investments.

The Board of Trustees approves endowment payouts, balancing the university's current and future needs. The payout strategy aims to provide consistent monthly support, which funded 22% of fiscal year 2024 operating expenses. The endowment value at the end of fiscal year 2024 increased by $1.1 billion, or 3%, to $37.6 billion, after distributions to support current operations, including vital academic programs and financial aid.

University Endowment Payout by Purpose



As shown in the figure above, over 75% of the endowment payout is restricted by purpose. Endowment payout is primarily used for instruction and research activities, student aid and faculty salaries and support. Unrestricted endowment is also used to support these activities in addition to other critical strategic priorities of the university.

Teaching & Education

Student income, which includes tuition and room and board revenues less student financial aid, rose by 6% or $42 million to $802 million. Tuition revenue increased by $57 million, due to higher undergraduate and graduate enrollment combined with an increase in tuition rates. Room and board revenue grew by $19 million from rate increases and higher occupancy. The university continues to prioritize affordability to all students, with nearly 50% of undergraduate students awarded need-based financial aid, and over 80% of graduate students receiving financial support.

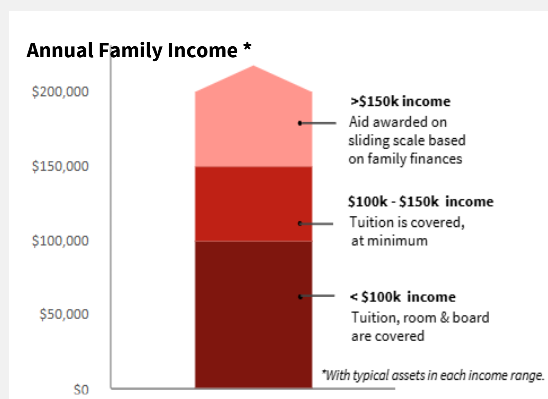
Student financial aid increased by $33 million to $459 million aligned with the increase in tuition and room and board rates and enrollment growth. The university expanded financial aid programs, raising the income threshold for no tuition or room and board fees from a family income of $75,000 to $100,000 while families earning below $150,000 pay no tuition.

The university also provides support in the form of stipends, teaching and research assistantships and related allowances for tuition, totaling $436 million in fiscal year 2024.

The $895 million in total student financial aid and graduate support comes from approximately $413 million in endowment payouts and expendable restricted gifts, $342 million from unrestricted university funds, and $140 million from grants and contracts.

Increasing access to Stanford

In July, Stanford joined a consortium of colleges and universities, known as the STARS College Network, that are working to bring more students from rural areas and small towns to their campuses. As a member of the STARS College Network, the university seeks to increase its focus on high school students from small communities and supporting them after they enroll.



To support access, Stanford has built and continues to enhance a robust financial aid program.

“Stanford is committed, with intent, to reaching out across the country to attract young people from rural and small town communities, and to encourage these students to consider the possibilities here,” says Richard H. Shaw, dean of undergraduate admission.

Statements of Financial Position

In fiscal year 2024, total consolidated assets rose by $3.0 billion to $80.1 billion while total consolidated liabilities increased by $581 million to $16.6 billion. Net assets increased $2.4 billion to end the year at $63.5 billion.

University Investments

As of August 31, 2024, university's investments totaled $48.0 billion, an increase of $1.1 billion from the prior fiscal year driven by investment returns and new investment capital, offset by income distributed for operations.

The majority of the university's investments, $38.5 billion, are part of a diversified portfolio aimed at long-term growth. In addition, $6.7 billion of the university's investments are real estate located on a portion of Stanford's 8,271 acres designated by the Board of Trustees for income production. These lands have been developed for various uses including research, medical and commercial offices, hotels, and retail properties.

In fiscal year 2024, the real estate portfolio's value declined by $702 million from fiscal year 2023 due to challenges in the real estate industry particularly in the office sector. Office market fundamentals continued to decline resulting in bearish leasing projections (lower market rents, higher vacancies, and increased concessions), and higher return requirements, all leading to decreased market values.

Capital Projects

Stanford invested over $1 billion in fiscal year 2024 in physical facilities, funded by philanthropy, debt and reserves. These investments are aimed to further Stanford's mission, by replacing and renovating aging facilities while increasing access to housing and flexible work spaces for the university community. Significant projects completed include the construction of 560 Fremont Road, Hoover Institution's George P. Shultz Building revitalization and lab renovations and new medical spaces at 3174 Porter Drive. As of the end of fiscal year 2024, significant projects are underway to provide state-of-the art facilities that support research, teaching and collaboration, including the construction of the Data Science and Computation Complex, and renovations to the Graduate School of Education.

Both SHC and LPCH also continue to invest in facilities and systems to provide care to the communities they serve. In fiscal year 2024, the majority of SHC's and LPCH's spending was for hospital renovations, new clinic buildings, equipment upgrade and replacement, enterprise resource planning system transition, and information technology infrastructure enhancements.

Building a sustainable home for the GSE

The new home for the Graduate School of Education (GSE), scheduled to be completed by fall 2025, includes the preservation and restoration of the education building and the Barnum Center; the construction of a new south building adjacent to Barnum Center; and a new 13,500 square foot courtyard connecting the three structures.

These buildings will house a combined 150,000 square feet of research, teaching, convening, and community spaces. It is a comprehensive approach to sustainability that considers history and people, as well as the planet.

One of the important ways that the project's ecological impact has been reduced is by preserving the exterior of the historic north building (also known as the education building), which was originally designed in the 1930s. The building was effectively gutted and kept intact to make room for interior renovations.

"The idea was to enhance what was already good about the buildings, while making the space relevant for the future," said Sapna Marfatia, Stanford's director of architecture, who specializes in historic preservation.

In addition to avoiding physical waste, teams involved in the GSE construction project are seeking to ensure that it is energy efficient.

Debt

During fiscal year 2024, total consolidated debt rose by $293 million to $8.8 billion.

University debt remained relatively flat at $5.5 billion, increasing $37 million year-over-year. The university's taxable commercial paper increased by $163 million, with $150 million used for refinancing taxable bonds. Additionally, the university's tax-exempt commercial paper increased by $50 million. The university continued to maintain the highest available long and short-term credit ratings by Moody's Investor Service (Moody's), S&P Global Ratings (S&P) and Fitch Ratings (Fitch).

In September 2023, the California Health Facilities Financing Authority (CHFFA), on behalf of SHC, issued fixed rate revenue bonds in the aggregate par amount of $261 million. Proceeds of the 2023 bonds were used to reimburse expenditures related to the redesign, remodel and renovation of SHC's original hospital facility. SHC's ratings were affirmed by Moody's, S&P, and Fitch.

In June 2024, CHFFA completed, on behalf of LPCH, two series refunding revenue bonds in the aggregate par amount of $180 million. Proceeds of the 2024 bonds were used for legal defeasance and redemption of the 2014 bonds and payments of costs of issuance. LPCH's ratings were affirmed by Moody's, S&P, and Fitch.

In Closing

Stanford's fiscal year financial results reflect effective stewardship of critical financial resources that advance its mission of teaching, research and medical care, bolstered by donor generosity.

Despite ongoing economic challenges, leadership remains committed to fostering excellence and resilience, ready to advance Stanford's core values in the upcoming year.

SELECTED FINANCIAL AND OTHER DATA

Fiscal Years Ended August 31

	2024	2023	2022	2021	2020
	(dollars in millions)				
CONSOLIDATED STATEMENTS OF ACTIVITIES HIGHLIGHTS:					
Total operating revenues	$ 18,314	$ 16,343	$ 15,132	$ 13,939	$ 12,455
Student income	802	761	715	508	610
Sponsored support	2,208	2,013	1,812	1,681	1,622
Health care services	11,476	10,101	9,232	8,302	7,137
Investment income distributed for operations	2,226	1,894	1,752	1,751	1,661
Total operating expenses	17,709	16,053	14,597	13,094	12,348
Change in net assets from operating activities	605	290	535	845	107
Other changes in net assets	1,832	1,320	(434)	11,377	1,877
Net change in total net assets	$ 2,437	$ 1,610	$ 101	$ 12,222	$ 1,984
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS:					
Investments at fair value	$ 55,197	$ 52,826	$ 52,180	$ 54,040	$ 40,929
Plant facilities, net of accumulated depreciation	14,512	14,184	13,377	13,079	13,173
Notes and bonds payable	8,844	8,551	8,271	8,383	8,226
Total assets	80,144	77,126	75,084	75,144	62,970
Total liabilities	16,601	16,020	15,588	15,749	15,797
Total net assets	63,543	61,106	59,496	59,394	47,173
UNIVERSITY STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS:					
Investments at fair value	$ 47,954	$ 46,856	$ 46,474	$ 48,001	$ 37,575
Plant facilities, net of accumulated depreciation	8,691	8,559	7,904	7,683	7,686
Notes and bonds payable	5,507	5,470	5,154	5,144	5,004
Total assets	63,332	61,811	60,498	60,495	49,934
Total liabilities	10,865	10,573	10,091	9,879	9,628
Total net assets	52,468	51,238	50,407	50,616	40,306
FINANCIAL DATA AND METRICS:					
University endowment at year-end	$ 37,631	$ 36,495	$ 36,339	$ 37,788	$ 28,948
University endowment payout in support of operations	1,822	1,736	1,466	1,330	1,355
As a % of beginning of year University endowment	5.0 %	4.8 %	3.9 %	4.6 %	4.9 %
As a % of University total expenses	21.7 %	22.7 %	21.4 %	21.5 %	22.3 %
Total gifts as reported by the Office of Development (A)	1,632	1,531	1,624	1,393	1,363
STUDENTS:					
ENROLLMENT: (B)					
Undergraduate	7,554	7,841	7,761	7,645	6,366
Graduate	9,933	9,688	9,565	9,292	8,791
DEGREES CONFERRED:					
Bachelor degrees	1,903	1,654	1,699	1,511	1,771
Advanced degrees	3,648	3,583	3,533	3,310	3,422
FACULTY:					
Total Professoriate (B)	2,345	2,323	2,304	2,288	2,279
ANNUAL UNDERGRADUATE TUITION RATE (IN DOLLARS)	$ 61,731	$ 57,693	$ 55,473	$ 55,473	$ 52,857

(A) Includes University, SHC and LPCH gifts.

(B) Fall quarter immediately following fiscal year-end.

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Report of Independent Auditors

To The Board of Trustees of the Leland Stanford Junior University

Opinion

We have audited the accompanying consolidated financial statements of The Leland Stanford Junior University and its subsidiaries ("Stanford"), which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Stanford as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Stanford and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stanford's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stanford's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stanford's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the August 31, 2024 Stanford Annual Financial Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

San Francisco, California
December 10, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 1,726,991	$ 1,738,944
Accounts receivable, net	2,509,955	2,176,591
Prepaid expenses and other assets	629,794	566,158
Pledges receivable, net	2,669,437	2,781,116
Student loans receivable, net	33,652	37,527
Faculty and staff mortgages and other loans receivable, net	1,209,048	1,098,851
Assets limited as to use	559,644	651,980
Investments at fair value	55,196,789	52,826,274
Right-of-use assets	1,096,495	1,064,424
Plant facilities, net of accumulated depreciation	14,512,311	14,184,041
Works of art and special collections	—	—
TOTAL ASSETS	**$ 80,144,116**	**$ 77,125,906**
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 2,993,288	$ 2,855,495
Liabilities associated with investments	889,360	878,955
Lease liabilities	1,183,291	1,133,933
Deferred income and other obligations	2,062,692	2,018,011
Accrued pension and postretirement benefit obligations	628,306	582,483
Notes and bonds payable	8,844,450	8,551,143
TOTAL LIABILITIES	**16,601,387**	**16,020,020**
NET ASSETS:		
Without donor restrictions	37,101,011	36,083,147
With donor restrictions	26,441,718	25,022,739
TOTAL NET ASSETS	**63,542,729**	**61,105,886**
TOTAL LIABILITIES AND NET ASSETS	**$ 80,144,116**	**$ 77,125,906**

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

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUES:		
TOTAL STUDENT INCOME, NET	**$ 802,484**	**$ 760,534**
Sponsored support:		
Direct costs - University	1,201,900	1,094,064
Direct costs - SLAC National Accelerator Laboratory	635,865	571,654
Indirect costs	369,828	347,576
TOTAL SPONSORED SUPPORT	**2,207,593**	**2,013,294**
TOTAL HEALTH CARE SERVICES, primarily net patient service revenue	**11,475,577**	**10,100,570**
TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS	**265,368**	**275,630**
Net assets released from restrictions:		
Payments received on pledges	267,185	226,717
Prior year gifts released from donor restrictions	149,303	148,404
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**416,488**	**375,121**
Investment income distributed for operations:		
Endowment	1,836,108	1,749,583
Expendable funds pools and other investment income	389,989	144,784
TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS	**2,226,097**	**1,894,367**
TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME	**920,533**	**923,811**
TOTAL OPERATING REVENUES	**18,314,140**	**16,343,327**
OPERATING EXPENSES:		
Salaries and benefits	10,757,678	9,761,082
Depreciation	907,913	853,821
Other operating expenses	6,043,399	5,438,459
TOTAL OPERATING EXPENSES	**17,708,990**	**16,053,362**
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	**$ 605,150**	**$ 289,965**

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

CONSOLIDATED STATEMENTS OF ACTIVITIES, Continued

For the years ended August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)		
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	**$ 605,150**	**$ 289,965**
NON-OPERATING ACTIVITIES:		
Increase in reinvested gains	525,346	268,816
Donor advised funds, net	(64,292)	(41,846)
Current year gifts not included in operations	911	822
Capital and other gifts released from restrictions	73,773	48,799
Pension and other postemployment benefit related changes other than service cost	(47,089)	(9,096)
Transfer to net assets with donor restrictions, net	(69,381)	(57,781)
Swap interest and change in value of swap agreements	(4,768)	63,609
Other	(1,786)	565
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**1,017,864**	**563,853**
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts and pledges, net	1,053,616	1,636,548
Increase (decrease) in reinvested gains	751,646	(229,519)
Change in value of split-interest agreements, net	60,539	31,158
Net assets released to operations	(437,011)	(397,520)
Capital and other gifts released to net assets without donor restrictions	(73,773)	(48,799)
Transfer from net assets without donor restrictions, net	69,381	57,781
Other	(5,419)	(3,085)
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	**1,418,979**	**1,046,564**
NET CHANGE IN TOTAL NET ASSETS	**2,436,843**	**1,610,417**
Total net assets, beginning of year	61,105,886	59,495,469
TOTAL NET ASSETS, END OF YEAR	**$63,542,729**	**$61,105,886**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,436,843	$ 1,610,417
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	910,570	853,821
Amortization of bond premiums, discounts and other	12,088	18,317
Accretion of discounts on bond investments	(89,050)	(630)
Net gains on investments	(2,772,756)	(1,420,202)
Change in fair value of interest rate swaps	3,914	(68,761)
Change in split-interest agreements	66,732	15,999
Gifts restricted for long-term investments	(601,162)	(1,007,624)
Gifts of securities, properties and interest in trusts	(45,850)	(5,423)
Other	16,781	72,167
Premiums received from bond issuance	39,460	58,451
Changes in operating assets and liabilities:		
Accounts receivable	(331,960)	(172,667)
Pledges receivable, net	16,623	(120,354)
Prepaid expenses and other assets	(51,313)	(76,402)
Accounts payable and accrued expenses	196,963	85,535
Accrued pension and postretirement benefit obligations	45,823	19,987
Lease liabilities	(24,626)	46,411
Deferred income and other obligations	24,494	11,053
NET CASH USED FOR OPERATING ACTIVITIES	**(146,426)**	**(79,905)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to plant facilities, net	(1,323,454)	(1,621,683)
Faculty, student and other loans: new loans made	(185,630)	(157,369)
Faculty, student and other loans: principal collected	84,276	63,341
Purchases of investments	(18,853,940)	(15,391,722)
Sales and maturities of investments	19,160,586	16,186,356
Change associated with short term investments	63,854	(130,304)
Swap settlement payments, net	(776)	(5,095)
NET CASH USED FOR INVESTING ACTIVITIES	**(1,055,084)**	**(1,056,476)**
CASH FLOW FROM FINANCING ACTIVITIES		
Gifts and reinvested income for long-term purposes	690,894	563,640
Proceeds from borrowing	1,543,610	768,114
Repayment of notes and bonds payable	(1,220,317)	(592,440)
Contributions received for split-interest agreements	19,657	9,791
Payments made under split-interest agreements	(55,697)	(57,454)
Commercial paper and variable rate debt proceeds (repayments), net	(22,505)	(12,299)
Securities lending collateral sold, net	—	(2,151)
Other	(11,879)	(13,500)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**943,763**	**663,701**
DECREASE IN CASH AND CASH EQUIVALENTS	**(257,747)**	**(472,680)**
Cash and cash equivalents, beginning of year	2,147,215	2,619,895
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,889,468**	**$ 2,147,215**
SUPPLEMENTAL DATA:		
Cash and cash equivalents as shown in the *Statements of Financial Position*	$ 1,726,991	$ 1,738,944
Restricted cash and cash equivalents included in assets limited as to use	61,603	269,202
Restricted cash included in other assets	15,673	16,725
Cash and restricted cash included in investments	85,201	122,344
TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS	**$ 1,889,468**	**$ 2,147,215**
Interest paid, net of capitalized interest	$ 323,192	$ 300,243
Change in payables for plant facilities	$ (59,864)	$ 49,228
Right-of-use assets obtained in exchange for lease liabilities	$ 169,772	$ 178,329

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

BASIS OF PRESENTATION

The *Consolidated Financial Statements* include the accounts of The Leland Stanford Junior University ("Stanford University" or the "University"), Stanford Health Care (SHC), Lucile Salter Packard Children's Hospital at Stanford (LPCH) and other majority-owned or controlled entities of the University, SHC and LPCH. Collectively, all of these entities are referred to as "Stanford". LPCH and its controlled entities comprise and are known in the marketplace as Stanford Medicine Children's Health. All significant inter-entity transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year's presentation. These reclassifications had no impact on total net assets or the change in total net assets.

University

The University is a private, not-for-profit educational institution, founded in 1885 by Senator Leland and Mrs. Jane Stanford in memory of their son, Leland Stanford Jr. A Board of Trustees (the "Board") governs the University. The University information presented in the *Consolidated Financial Statements* comprises all of the accounts of the University, including its institutes and research centers, and the Stanford Management Company.

SLAC National Accelerator Laboratory (SLAC) is a federally funded research and development center owned by the U.S. Department of Energy (DOE). The University manages and operates SLAC for the DOE under a management and operating contract; accordingly, the revenues and expenditures of SLAC are included in the *Consolidated Statements of Activities*, but SLAC's DOE funded assets and liabilities are not included in the *Consolidated Statements of Financial Position*. SLAC employees are University employees and participate in the University's employee benefit programs. The University holds some receivables from the DOE substantially related to reimbursement for employee compensation and benefits.

Hospitals

SHC and LPCH (the "Hospitals") are California not-for-profit public benefit corporations, each governed by a separate Board of Directors. The University is the sole member of each of these entities. SHC and LPCH support the mission of medical education and clinical research of the University's School of Medicine (SOM). Collectively, the SOM and Hospitals comprise Stanford Medicine. SHC and LPCH operate two licensed acute care and specialty hospitals on the Stanford campus, a leading community acute care hospital, and numerous physician clinics on the campus, in community settings and in association with regional hospitals in the San Francisco Bay Area and elsewhere in California. The University has partnered with SHC and LPCH, respectively, to establish physician medical foundations to support Stanford Medicine's mission of delivering quality care to the community and conducting research and education.

TAX STATUS

The University, SHC and LPCH are exempt from federal and state income taxes to the extent provided by Section 501(c)(3) of the Internal Revenue Code and equivalent state provisions, except with regard to unrelated business income which is taxable at corporate income tax rates.

Management regularly evaluates its tax positions and does not believe the University, SHC or LPCH have any uncertain tax positions that require disclosure in or adjustment to the *Consolidated Financial Statements*. The University, SHC and LPCH are subject to routine audits by taxing jurisdictions. Management of each of the consolidated entities believes they are no longer subject to income tax examinations for fiscal years prior to August 31, 2020.

BASIS OF ACCOUNTING

The *Consolidated Financial Statements* are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the *Consolidated Financial Statements* and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

For financial reporting purposes, net assets and revenues, expenses, gains and losses are classified into one of two categories - net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of legal or donor-imposed restrictions (see *Note 10*).

Net assets without donor restrictions are expendable resources which are not subject to donor-imposed restrictions. These net assets may be designated by Stanford for specific purposes under internal operating and administrative arrangements or be subject to contractual agreements with external parties (see *Note 10*).

Net assets with donor restrictions include gifts, pledges and split-interest agreements (a) which by donor stipulation must be made available in perpetuity for investment or specific purposes, or (b) for which legal or donor-imposed restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, time restrictions imposed by donors, or appreciation and income on certain donor-restricted endowment funds that have not yet been appropriated for spending (see *Note 11*).

Gifts and pledges subject to donor-imposed restrictions for specific purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions upon expiration of time and purpose restrictions. Donor-restricted resources intended for capital projects are initially recorded as "Net assets with donor restrictions" and then released and reclassified as "Net assets without donor restrictions" when the asset is placed in service. Contributions with donor restrictions that are received and expended or deemed expended, based on the nature of donors' restrictions, in the same fiscal year are recorded as "Net assets without donor restrictions".

Transfers from net assets without donor restrictions to net assets with donor restrictions are primarily the result of donor redesignations or matching funds that are added to donor gift funds which then take on the same restrictions as the donor gift.

The operating activities of Stanford include the revenues earned and expenses incurred in the current year to support education, research, and health care. The non-operating activities of Stanford include increases in reinvested gains, current year gifts not included in operations, capital and other gifts released from restrictions, pension and other postemployment benefit related changes other than service cost, and certain other non-operating activities. All expenses are recorded as a reduction of net assets without donor restrictions with the exception of investment expenses that are required to be netted against investment returns.

CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" included in the *Consolidated Statements of Financial Position* primarily consist of U.S. Treasury bills, certificates of deposit, repurchase agreements, money market funds and all other short-term investments available for current operations with original maturities of 90 days or less at the time of purchase. These amounts are carried at amortized cost, which approximates fair value. Cash and cash equivalents that are held for investment purposes are classified as investments (see *Note 6*). The University has elected the policy to treat cash equivalents held for investment as short-term investments, and are therefore excluded from "Cash and cash equivalents" on the *Consolidated Statements of Cash Flows.*

ASSETS LIMITED AS TO USE

Assets limited as to use consist of deferred compensation plan assets and tax-exempt bond proceeds as described below.

Deferred compensation plan assets

The University's custodians hold 457(b) non-qualified deferred compensation plan assets under a grantor trust which requires that they be used to satisfy plan obligations to participants and beneficiaries unless the University becomes insolvent. The funds are primarily invested in mutual funds, at the participants' discretion, which are valued based on quoted market prices (and exchange rates, if applicable) on the last trading date of the principal market on or before August 31.

Tax-exempt bond proceeds

The proceeds of tax-exempt bonds issued for the benefit of the University and trustee-held accounts holding proceeds of tax-exempt bonds issued for the benefit of SHC and LPCH are limited by the terms of indentures to use for qualified capital projects. The assets consist of cash and cash equivalents, recorded at amortized cost, which approximates fair value.

ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable are carried at cost, less an allowance for credit losses.

PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for goods or services that will be received after the end of the fiscal year.

PLEDGES RECEIVABLE

Unconditional promises to give are included in the *Consolidated Financial Statements* as "Pledges receivable, net" and are classified as net assets with donor restrictions. Pledges recognized on or after September 1, 2009 are recorded at an applicable risk-adjusted discount rate commensurate with the duration of the donor's payment plan. Pledges recognized in periods prior to September 1, 2009 were recorded at a discount based on the U.S. Treasury rate. Conditional promises to give are not recorded until specified obligations or barriers, such as milestones or performance targets, are met.

INVESTMENTS

Investments are recorded at fair value. Gains and losses (realized and unrealized) on investments are recognized in the *Consolidated Statements of Activities* (see *Note 6*).

PLANT FACILITIES

Plant facilities are recorded at cost or, for donated assets, at fair value at the date of donation, except for land and improvements previously reported as "Investments" and reclassified as "Plant facilities". Such land and improvements are reported at fair value as of the date of reclassification in accordance with interpreted accounting guidance. Interest expense for construction financing, net of income earned on unspent proceeds, is capitalized as a cost of construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful lives used in calculating depreciation for the years ended August 31, 2024 and 2023 are as follows:

Land improvements	5-25 years
Buildings and building improvements	3-50 years
Furniture, fixtures and equipment	3-20 years
Utilities	5-40 years

WORKS OF ART AND SPECIAL COLLECTIONS

Works of art, historical treasures, literary works and artifacts, which are preserved and protected for educational, research and public exhibition purposes, are not capitalized. Donations of such collections are not recorded for financial statement purposes. Purchases of collection items are recorded as operating expenses in the period in which they are acquired. Proceeds from sales of such items are used to acquire other items for the collections.

DONATED ASSETS

Donated assets, other than works of art and special collections, are recorded at fair value at the date of donation. Undeveloped land, including land acquired under the original endowment to the University from Senator Leland and Mrs. Jane Stanford, is reported at fair value as of the date of acquisition. Under the terms of the original founding grant, a significant portion of University land may not be sold.

DONOR ADVISED FUNDS

The University receives gifts from donors under donor advised fund (DAF) agreements. These funds are owned and controlled by the University and are separately identified by donor. A significant portion of the gift must be designated to the University. At August 31, 2024 and 2023, $679.9 million and $703.7 million, respectively, of DAFs may be used to support other approved charities; the donors have advisory privileges with respect to the distribution of these funds.

Current year gifts under the DAF agreements are included in the *Consolidated Statements of Activities* as "Donor advised funds, net" at the full amount of the gift. Transfers of funds to other charitable organizations are included in the *Consolidated Statements of Activities* as a reduction to "Donor advised funds, net" at the time the transfer is made.

SPLIT-INTEREST AGREEMENTS

Split-interest agreements consist of arrangements with donors where Stanford has an interest in the assets and receives benefits that are shared with other beneficiaries. Stanford's split-interest agreements with donors, for which Stanford serves as trustee, consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, perpetual trusts and charitable lead trusts. Assets are invested and payments are made to donors or other beneficiaries in accordance with the respective agreements. Contribution revenues are recognized at the date the agreements are established. The fair value of the estimated future payments to beneficiaries under these agreements is recorded as a liability.

The assets held under split-interest agreements, where the University is the trustee, were $1.1 billion and $1.0 billion at August 31, 2024 and 2023, respectively, and were recorded in specific investment categories. The assets held under split-interest agreements, where LPCH is the trustee, were $13.1 million and $11.4 million at August 31, 2024 and 2023, respectively, and were recorded in specific investment categories. Liabilities for the discounted present value of any income beneficiary interest are reported in "Liabilities associated with investments" in the *Consolidated Statements of Financial Position*, and were $664.5 million and $632.7 million at August 31, 2024 and 2023, respectively, and were classified as Level 2 in the Fair Value Hierarchy (see *Note 6*). At August 31, 2024 and 2023, the University and LPCH used discount rates of 5.2% and 5.0%, respectively, based on the Charitable Federal Midterm Rate.

For irrevocable split-interest agreements whose assets are held in trusts not administered by the University, Stanford recognizes the estimated fair value of its beneficial interest in the trust assets and the associated gift revenue when reported to Stanford. These split-interest agreements are recorded in the "Assets held by other trustees" category of "Investments" in the *Consolidated Statements of Financial Position* as described in *Note 6*.

During fiscal years 2024 and 2023, the discounted present value of new University gifts subject to split-interest agreements, net of any income beneficiary share, was $53.5 million and $6.4 million, respectively, and was included in net assets with donor restrictions as "Gifts and pledges, net" in the *Consolidated Statements of Activities*. Actuarial gains or losses were included in "Change in value of split-interest agreements, net" in the *Consolidated Statements of Activities*.

DEFERRED INCOME AND OTHER OBLIGATIONS

Deferred income and other obligations consist of advance payments of rental income, student tuition, student room and board, sponsored support, and support of other operating programs, as well as obligations for deferred compensation, repurchases, and asset retirement. Revenue is recognized as it is earned or as the associated conditions are satisfied. In addition, the University records other deferred income and obligations as described below.

Deferred rental income

As part of its investment portfolio, the University holds certain investment properties that it leases to third parties under non-cancellable leases. In some lease transactions with properties in the Stanford Research Park and other properties, including the Stanford Shopping Center, prepaid rent is received, recorded as deferred rental income and amortized over the term of the lease (see also the *Future Minimum Rental Income* section in *Note 6*). As of August 31, 2024 and 2023, deferred rental income was $875.5 million and $898.1 million, respectively.

457(b) deferred compensation plan

The University offers a non-qualified deferred compensation plan under Internal Revenue Code 457(b) to a select group of highly compensated employees. The University does not make any contribution to the plan. The University has recorded both an asset and a liability related to the plan of $498.0 million and $382.8 million as of August 31, 2024 and 2023, respectively; the assets are included in "Assets limited as to use" in the *Consolidated Statements of Financial Position*.

Repurchase obligations

In an effort to provide affordable housing, certain residential units are offered to eligible faculty and staff under long-term restricted ground leases. These units are located on or in close proximity to Stanford's campus. The cost of the units that are constructed or purchased by the University is included in "Plant facilities, net of accumulated depreciation" in the *Consolidated Statements of Financial Position*.

The University has the obligation to repurchase certain residential units when specified triggering events occur. As of August 31, 2024 and 2023, Stanford has recognized a net repurchase obligation of $177.3 million and $158.0 million, respectively, to repurchase its interests in these residential units, net of home mortgage financing assistance provided by the University of $246.3 million and $233.9 million, respectively (see *Note 5*). The change in the repurchase obligation and the original purchase price is recorded as interest accretion and is reflected in "Other operating expenses" in the *Consolidated Statements of Activities*. For the years ended August 31, 2024 and 2023, interest accretion was $18.0 million and $16.3 million, respectively.

Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized at the same amount as the liability. Asset retirement costs are subsequently amortized over the useful lives of the related assets and the obligations are increased based on an appropriate discount rate. As of August 31, 2024 and 2023, the University had asset retirement obligations of $12.0 million and $11.7 million, respectively. SHC had asset retirement obligations of $117.1 million and $114.4 million, respectively.

SELF-INSURANCE

The University self-insures at varying levels for unemployment, disability, workers' compensation, property losses, certain health care plans and general, auto, and professional liability losses. SHC and LPCH self-insure at varying levels for general and cyber liability risks, postretirement medical benefits, health care plans, workers' compensation and, through their captive insurance company, for professional liability losses. In some cases, third-party insurance is purchased to cover liabilities in excess of self-insured retentions. Estimates of retained self-insured losses are reserved and accrued.

INTEREST RATE EXCHANGE AGREEMENTS

The University and SHC have entered into several interest rate exchange agreements to reduce the effect of interest rate fluctuation on their variable rate revenue bonds and notes. Accounting guidance for derivatives and hedges requires entities to recognize all derivative instruments at fair value. The University and SHC do not designate and qualify their derivatives for hedge accounting; accordingly, any changes in the fair value (i.e. gains or losses) flow directly to the *Consolidated Statements of Activities* as a non-operating activity in "Swap interest and change in value of swap agreements." The settlements (net cash payments less receipts) under the interest rate exchange agreements are also recorded in the *Consolidated Statements of Activities* in "Swap interest and change in value of swap agreements."

The University has also entered into interest rate exchange agreements to reduce the effect of interest rate fluctuations of certain investment positions (see *Note 7*).

REVENUE

Student income and financial aid

"Student income, net" reported in the *Consolidated Statements of Activities* consists of tuition, room and board, and other student fees from undergraduate and graduate students which are recognized as revenue ratably during the fiscal year in which the academic services are rendered. The University also provides financial aid in the form of scholarship and fellowship grants that cover a portion of tuition, room and board, and other student fees; this financial assistance is reflected as a reduction of student income. Student payments are due at the beginning of each academic term. Payments received for future academic terms are recorded as deferred income and totaled $30.7 million and $32.7 million for the years ended August 31, 2024 and 2023, respectively. These payments are recognized in the subsequent fiscal year. The following table presents student income, net of financial aid, for the years ended August 31, in thousands of dollars:

	2024	2023
Student income:		
Undergraduate programs	$ 502,286	$ 469,415
Graduate programs	455,772	431,993
Room and board	303,069	284,542
Student financial aid	(458,643)	(425,416)
TOTAL STUDENT INCOME, NET	**$ 802,484**	**$ 760,534**

In addition to student financial aid, the University also provided other graduate support in the form of stipends, teaching and research assistantships, and related allowances for tuition. These amounts are reflected in operating expenses.

Sponsored support

The University conducts substantial research pursuant to contracts and grants from the federal government, state and local governments, corporations, foundations and others. Sponsored support earned from the federal government (including SLAC) is the largest segment of sponsored support. For the years ended August 31, 2024 and 2023, federal sponsored support was $1.8 billion and $1.6 billion, respectively. The Office of Naval Research is the University's cognizant federal agency for determining indirect cost rates charged to federally sponsored agreements. It is supported by the Defense Contract Audit Agency, which has the responsibility for auditing direct and indirect charges under those agreements.

The majority of sponsored support is considered contribution revenue and is recognized when any sponsor-imposed conditions have been met, typically when qualifying expenditures are incurred. Sponsored contribution revenue for the years ended August 31, 2024 and 2023 was $1.4 billion and $1.3 billion, respectively.

Other sponsored arrangements are considered exchange transactions and revenue is recognized in accordance with the terms of each contract or grant which are primarily based on costs incurred, completion of milestones, or other obligations as specified in the contracts. For the years ended August 31, 2024 and 2023, the University recognized $165.1 million and $147.5 million in revenue from exchange contracts, respectively.

SLAC is managed and operated by the University for the DOE under a management and operating contract, which is considered to be an exchange transaction. The University operates SLAC, and the DOE is obligated to pay for allowable operating costs. The University recognizes revenue from the DOE as costs are incurred in the management and operation of SLAC per the terms of the contract. Revenue of $635.9 million and $571.7 million was recognized for the years ended August 31, 2024 and 2023, respectively.

Deferred income of $188.7 million and $222.6 million was recorded at August 31, 2024 and 2023, respectively, for payments received from sponsors that have not been earned. During the years ended August 31, 2024 and 2023, $165.7 million and $153.7 million of revenue was recognized that was included in the prior year deferred income balance, respectively. In addition, as of August 31, 2024 and 2023, the University had been awarded $1.3 billion and $1.4 billion, respectively, in sponsored support for which the conditions to recognize revenue have not been met. These are conditional contributions and are not recorded in the *Consolidated Financial Statements*.

Health Care Services

"Total health care services" is reported in the *Consolidated Statements of Activities* at the estimated net realizable amounts from patients, third-party payers, and others for services rendered (collectively, "Patient care revenue"). Estimated net realizable amounts represent amounts due, net of price concessions. Price concessions are based on management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators. SHC and LPCH derive a majority of patient care revenues from contractual agreements with Medicare, Medi-Cal and other third-party payers. Payments under these agreements and programs are based on a variety of payment models (see *Note 12*). Health care revenue is recognized as services are rendered either at a point in time or, for inpatient acute care services, over time generally from admission to discharge. Generally, patients and third-party payers are billed several days after services are performed or shortly after discharge. Substantially all health care revenue relates to contracts with customers with a duration of less than one year. SHC and LPCH report accounts receivable net of estimated pricing concessions and any allowance for credit losses. The process for estimating the ultimate collectibility of receivables involves historical collection experience, changes in contracts with payors, aging behaviors of receivables, and future market and economic conditions.

The University has entered into various operating agreements with SHC and LPCH for the professional services of School of Medicine faculty members, and for non-physician services such as telecommunications, facilities, and other services. The payments by the Hospitals to the University for professional and other services are eliminated in consolidation.

SHC and LPCH provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. The Hospitals do not record revenue for amounts determined to qualify as charity care (see *Note 12*).

Gifts

Gifts are contributions primarily received from donors such as alumni and other private individuals, trusts, and foundations. Gifts may be designated by donors for specific purposes; accordingly, they are recognized in the period received and in the appropriate net asset category based on the presence or absence of donor restrictions on their use. Contributions designated for the acquisition of plant facilities and long-term investments are initially reported in net assets with donor restrictions.

Gifts are considered conditional if the terms of the agreement include both a requirement for Stanford to meet certain specified obligations, or barriers, such as milestones or performance targets, and a refund of amounts paid (or a release from obligation to make future payments). Conditional gifts are not recorded until the obligations or barriers are met.

Special Program Fees and Other Income

Special program fees and other income consists of several streams of income from exchange contracts including instruction fees for professional education programs, membership affiliation fees, rental income, travel and camp programs, distributions from athletic conferences, and various other types of income. Depending on the program, revenue is recognized at a point in time or over time as obligations are met.

RECENT ACCOUNTING PRONOUNCEMENTS

Periodically, the Financial Accounting Standards Board (FASB) issues updates to the Accounting Standards Codification (ASC) which impact Stanford's financial reporting and related disclosures. The following paragraph summarizes relevant updates.

Current expected credit losses

ASU 2016-13 and 2020-02, FASB Issue Date: June 2016 and February 2020, Effective Date: Fiscal Year 2024

ASU 2016-13 introduces an expected loss approach to estimate the allowance for credit losses over the life of certain types of financial assets. It replaces multiple impairment models and stipulates that allowance for credit losses shall be based on an expected loss model rather than an incurred loss model. The allowances will be determined by evaluating historical, current, and future economic factors. ASU 2020-02 provides useful information for the application and reporting requirements of the current expected credit losses standard. The accounting and disclosure requirements of these updates were adopted in fiscal year 2024 and did not have a material impact on the *Consolidated Financial Statements*.

2. Financial Assets and Liquid Resources

OVERVIEW

Stanford closely monitors its liquidity requirements and structures its financial assets to meet its short and long-term needs and contractual commitments. To meet these needs, Stanford holds investments in various pools or in specific assets with varying degrees of liquidity, as well as having an authorized short-term commercial paper program. Stanford also has access to additional short-term financing facilities such as revolving lines of credit that can be available for unexpected liquidity needs (see *Note 9*).

OPERATIONS

The University, SHC and LPCH each manage their own operating cash through short-term investment pools. The primary investment objective for these funds is to preserve the principal value of the portfolio while meeting the liquidity needs of each of the entities. Cash flows vary seasonably during the year due to a variety of factors including timing of donor contributions, the University's academic calendar and the Hospitals' patient admission cycles. For working capital purposes, cash is managed by matching the timing of inflows and outflows as closely as possible, combined with active use of cash forecasting models to manage investment timing. Operating liquidity is tracked daily and reported weekly to provide management visibility. As noted above, back up borrowing facilities are also available to meet working capital needs.

MERGED POOL

The Merged Pool (MP) is the primary investment pool for endowment and other long-term funds for the University and the Hospitals. Approximately 14% of the MP consists of liquid investments, with the balance representing investments which are generally subject to constraints which either limit Stanford's ability to withdraw such capital or limit the amounts available for withdrawal at given redemption dates. The MP further maintains sufficient liquidity to distribute the monthly endowment payout in support of University operating expenditures, and to meet unfunded commitments associated with certain alternative investments. It is not the intention of the University to utilize its financial assets without donor restrictions - including board designated endowment funds - that are invested for the long-term for unplanned operating commitments; however, amounts could be made available from these sources if necessary, except for those underlying investments with lock-up provisions (see *Note 6*).

Financial assets and liquid resources available within one year of the balance sheet date at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Financial assets:				
Cash and cash equivalents	$ 886,227	$ 446,748	$ 394,016	$ 1,726,991
Assets limited as to use available for current use	53,311	—	—	53,311
Accounts receivable, net	353,683	1,197,687	777,650	2,329,020
Pledges receivable available for operations	363,723	—	28,084	391,807
Investments available for current use	595,208	2,909,160	752,551	4,256,919
Endowment payout in support of operations	1,902,700	—	84,862	1,987,562
Financial assets available to meet cash needs for general expenditure within one year	4,154,852	4,553,595	2,037,163	10,745,610
Liquid resources available for use:				
Taxable commercial paper	276,585	150,000	—	426,585
Tax-exempt commercial paper	242,500	200,000	—	442,500
Revolving credit facilities	466,317	100,000	200,000	766,317
TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR	**$ 5,140,254**	**$ 5,003,595**	**$ 2,237,163**	**$ 12,381,012**
2023				
Financial assets:				
Cash and cash equivalents	$ 745,015	$ 611,592	$ 382,337	$ 1,738,944
Assets limited as to use available for current use	193,732	—	—	193,732
Accounts receivable, net	270,383	1,042,786	695,849	2,009,018
Pledges receivable available for operations	288,527	—	31,942	320,469
Investments available for current use	496,267	2,163,730	698,875	3,358,872
Endowment payout in support of operations	1,809,400	—	83,878	1,893,278
Financial assets available to meet cash needs for general expenditure within one year	3,803,324	3,818,108	1,892,881	9,514,313
Liquid resources available for use:				
Taxable commercial paper	439,544	150,000	—	589,544
Tax-exempt commercial paper	292,700	—	—	292,700
Revolving credit facilities	421,114	100,000	200,000	721,114
TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR	**$ 4,956,682**	**$ 4,068,108**	**$ 2,092,881**	**$ 11,117,671**

3. Accounts Receivable

Accounts receivable, net of allowance for credit losses, at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
U.S. government sponsors	$ 187,150	$ 3,065	$ 2,921	$ 193,136
Non-federal sponsors and programs	66,049	5,308	52,051	123,408
Accrued interest on investments	22,073	—	—	22,073
Student	12,658	—	—	12,658
Patient and third-party payers	—	1,197,687	711,310	1,908,997
Other	95,675	149,762	11,368	256,805
	383,605	1,355,822	777,650	2,517,077
Less allowance for credit losses	(7,122)	—	—	(7,122)
ACCOUNTS RECEIVABLE, NET	**$ 376,483**	**$ 1,355,822**	**$ 777,650**	**$ 2,509,955**
2023				
U.S. government sponsors	$ 137,320	$ 33,750	$ 2,573	$ 173,643
Non-federal sponsors and programs	66,916	3,974	—	70,890
Accrued interest on investments	25,286	—	—	25,286
Student	15,034	—	—	15,034
Patient and third-party payers	—	1,042,786	682,349	1,725,135
Other	60,405	103,797	10,927	175,129
	304,961	1,184,307	695,849	2,185,117
Less allowance for credit losses	(8,526)	—	—	(8,526)
ACCOUNTS RECEIVABLE, NET	**$ 296,435**	**$ 1,184,307**	**$ 695,849**	**$ 2,176,591**

4. Pledges Receivable

Pledges are recorded at discounted rates ranging from 1.0% to 5.4%. At August 31, 2024 and 2023, pledges receivable, net of discounts and allowances, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
One year or less	$ 781,129	$ 19,734	$ 73,300	$ (34,556)	$ 839,607
Between one year and five years	1,567,081	19,573	54,172	(19,653)	1,621,173
More than five years	468,720	1,000	25,011	—	494,731
	2,816,930	40,307	152,483	(54,209)	2,955,511
Less discounts and allowances	(273,308)	(4,551)	(8,215)	—	(286,074)
PLEDGES RECEIVABLE, NET	**$ 2,543,622**	**$ 35,756**	**$ 144,268**	**$ (54,209)**	**$ 2,669,437**
2023					
One year or less	$ 611,158	$ 19,883	$ 61,434	$ (57,964)	$ 634,511
Between one year and five years	1,713,800	29,352	98,459	(10,895)	1,830,716
More than five years	619,837	1,250	25,014	—	646,101
	2,944,795	50,485	184,907	(68,859)	3,111,328
Less discounts and allowances	(313,839)	(5,303)	(11,070)	—	(330,212)
PLEDGES RECEIVABLE, NET	**$ 2,630,956**	**$ 45,182**	**$ 173,837**	**$ (68,859)**	**$ 2,781,116**

The University had total conditional pledges of $14.6 million and $16.3 million at August 31, 2024 and 2023, respectively, which are subject to specified future events. LPCH had conditional pledges of $5.4 million and $100 thousand at August 31, 2024 and 2023. SHC had no conditional pledges at August 31, 2024 and 2023.

Lucile Packard Foundation for Children's Health (LPFCH) is the primary community fundraising agent for LPCH and the pediatric faculty and programs at the University's SOM. Pledges received by LPFCH on behalf of the University are recorded by the University as beneficial interest in LPFCH. At August 31, 2024 and 2023 the University held $54.2 million and $68.9 million, respectively, of beneficial interest in LPFCH, which is included in "Pledges receivable, net", and eliminated in consolidation.

5. Loans Receivable

Loans receivable consist primarily of University student loans receivable and faculty and staff mortgages. University management regularly assesses the adequacy of the allowance for expected credit losses of its loans by performing ongoing evaluations considering the differing economic risks associated with each loan category, the financial condition of specific borrowers, the current and reasonable forecasts of future economic conditions in which the borrowers operate, the level of delinquent loans and the value of any collateral.

STUDENT LOANS RECEIVABLE

Student loans receivable consist of institutional and federally-sponsored loans due from both current and former students. Student loans and allowance for student loan losses at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	2024	2023
Institutional loans	$ 30,732	$ 31,405
Federally-sponsored loans	5,551	7,718
	36,283	39,123
Less allowance for student loan losses	(2,631)	(1,596)
STUDENT LOANS RECEIVABLE, NET	**$ 33,652**	**$ 37,527**

Institutional loans are funded by donor funds restricted for student loan purposes and University funds made available to meet demand for student loan borrowing in specific situations. Federally-sponsored loans are funded by advances to the University primarily under the Federal Perkins Loan Program.

FACULTY AND STAFF MORTGAGES

In a program to attract and retain excellent faculty and senior staff, the University provides home mortgage financing assistance, primarily in the form of subordinated loans. The loans and mortgages are collateralized by deeds of trust on properties concentrated in the region surrounding the University. Notes receivable amounting to $1.2 billion and $1.1 billion at August 31, 2024 and 2023, respectively, from University faculty and staff are included in “Faculty and staff mortgages and other loans receivable, net” in the *Consolidated Statements of Financial Position*. Management has determined that there are not any substantial risks or non payment factors that would warrant an allowance for credit losses.

The August 31, 2024 and 2023 amounts are net of the University’s recorded obligation to repurchase certain residential units sold under long-term restricted ground leases of $246.3 million and $233.9 million, respectively. See the *Repurchase Obligations* section of *Note 1*.

6. Investments

Investments are measured and recorded at fair value. The valuation methodology, investment categories, fair value hierarchy, certain investment activities and related commitments for fiscal years 2024 and 2023 are presented below. Investments held by Stanford at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
Investment assets:					
Cash and short-term investments	$ 1,033,901	$ 104,370	$ 5,823	$ —	$ 1,144,094
Public equities	9,854,591	1,629,163	58,982	—	11,542,736
Derivatives	(5,873)	—	—	—	(5,873)
Fixed income	3,292,482	1,046,482	108,328	—	4,447,292
Real estate	9,295,318	—	6,499	—	9,301,817
Natural resources	1,633,403	—	6,929	—	1,640,332
Private equities	18,124,626	—	36,660	—	18,161,286
Absolute return	7,808,048	—	21,919	—	7,829,967
Assets held by other trustees	178,870	—	19,183	—	198,053
Other	901,535	35,550	—	—	937,085
Total	52,116,901	2,815,565	264,323	—	55,196,789
Hospitals' funds invested in the University's investment pools	(4,162,630)	3,012,367	1,142,094	8,169	—
INVESTMENTS AT FAIR VALUE	**$47,954,271**	**$ 5,827,932**	**$ 1,406,417**	**$ 8,169**	**$ 55,196,789**

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2023					
Investment assets:					
Cash and short-term investments	$ 1,082,013	$ 55,905	$ 4,160	$ —	$ 1,142,078
Public equities	9,843,988	1,206,842	58,091	—	11,108,921
Derivatives	5,936	—	—	—	5,936
Fixed income	3,087,938	777,229	103,764	—	3,968,931
Real estate	9,954,369	—	5,887	—	9,960,256
Natural resources	1,369,379	—	6,931	—	1,376,310
Private equities	16,896,296	—	37,629	—	16,933,925
Absolute return	7,064,050	—	23,406	—	7,087,456
Assets held by other trustees	123,659	—	17,153	—	140,812
Other	1,073,699	27,950	—	—	1,101,649
Total	50,501,327	2,067,926	257,021	—	52,826,274
Hospitals' funds invested in the University's investment pools	(3,645,241)	2,580,599	1,056,898	7,744	—
INVESTMENTS AT FAIR VALUE	**$46,856,086**	**$ 4,648,525**	**$ 1,313,919**	**$ 7,744**	**$ 52,826,274**

VALUATION METHODOLOGY

To the extent available, Stanford's investments are recorded at fair value based on quoted prices in active markets on a trade-date basis. Stanford's investments that are listed on any U.S. or non-U.S. recognized exchanges are valued based on readily available market quotations. When such inputs do not exist, fair value measurements are based on the best available information and usually require a degree of judgment. For alternative investments, which are principally interests in limited partnerships or similar investments in private equity, real estate, natural resources, public equities and absolute return funds, the value is primarily based on the Net Asset Value (NAV) of the underlying investments as a practical expedient. The NAV is reported by external investment managers in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV reported is adjusted for any investment-related transactions such as capital calls or distributions and significant known valuation changes of its related portfolio through August 31, 2024 and 2023, respectively. These investments are generally less liquid than other investments, and the values reported may differ from those that would have been reported had a readily available market existed for these investments.

The University exercises due diligence in assessing the policies, procedures, and controls implemented by its external investment managers and believes its proportionate share of the carrying amount of these alternative investments is a reasonable estimate of fair value. Such due diligence procedures include, but are not limited to, ongoing communication, on-site visits, and review of information from external investment managers as well as review of performance. In conjunction with these procedures, estimated fair value is determined by consideration of a range of factors, such as market conditions, redemption terms and restrictions, and risks inherent in the inputs of the external investment managers' valuations.

For certain alternative investments which are direct investments, Stanford considers various factors to estimate fair value, such as, but not limited to, the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections, as well as discounted cash flow analysis. The selection of an appropriate valuation technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, Stanford may review the investment's underlying portfolio as well as engage external appraisers, depending on the circumstances and the nature of the investment.

The investment portfolio may be exposed to various risks, including, but not limited to, interest rate, market, sovereign, geographic, counterparty, liquidity and credit risk. Stanford management regularly assesses these risks through established policies and procedures. Fair value reporting requires management to make estimates and assumptions about the effects of matters that are inherently uncertain. Actual results could differ from these estimates and such differences could have a material impact on the *Consolidated Financial Statements*.

INVESTMENT CATEGORIES

Investments are categorized by asset class and valued as described below:

Cash and short-term investments include cash, cash equivalents, mutual funds, and fixed income investments with original maturities of less than one year (see also *Note 1*). Cash equivalents such as money market funds and overnight repurchase agreements are carried at cost. Fixed income investments such as short-term U.S. Treasury bills are carried at amortized cost. Due to the short-term nature and liquidity of these financial instruments, the carrying values of these assets approximates fair value. Cash may include collateral provided to or received from counterparties associated with investment-related derivative contracts (see *Note 7*).

Collateral held for securities loaned is generally received in the form of cash and cash equivalents and is reinvested for income in cash equivalent vehicles. These investments are recorded at fair value.

Public equities are investments valued based on quoted market prices (and exchange rates, if applicable) on the last trading date of the principal market on or before August 31. They include investments that are directly held as well as commingled funds which invest in publicly traded equities. The fair values of public equities held through alternative investments are reported by the respective external investment managers using NAV as described in the *Valuation Methodology* section above.

Derivatives are used by Stanford to manage its exposure to certain risks relating to ongoing business and investment operations. Derivatives may include swaps and forward currency contracts which are reflected at fair value by using quantitative models that utilize multiple market inputs. The market inputs are actively quoted and can be validated through external sources, including market transactions, brokers and third party pricing sources.

Fixed income investments are valued by independent pricing sources, broker dealers or pricing models that factor in, where applicable, recently executed transactions, interest rates, bond or credit default spreads and volatility. They primarily include investments that are actively traded fixed income securities or mutual funds.

Real estate represents directly owned real estate, mutual funds, interests in long-term ground leases and other real estate interests held through limited partnerships. A significant portion of the fair value of real estate directly owned by Stanford and subject to long-term ground leases, including the Stanford Shopping Center and the Stanford Research Park, is based on independent appraisals that use discounted cash flows and market data, if available. The fair value of alternative investments in real estate held through limited partnerships is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above. The fair value of real estate held through commingled and mutual funds are based on quoted market prices.

Natural resources represent commodity and energy related investments held through both public and non-public investments. Public securities are valued based on quoted market prices (and exchange rates, if applicable) on the last trading day of the principal market on or before August 31. The fair value of direct non-public investments is based on a combination of models, including appraisals, discounted cash flows and commodity price factors. The fair value of natural resources held as alternative investments is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

Private equities are investments primarily in venture capital, growth equity, and leveraged buyout strategies. Distributions from these investments are received in the form of either cash or distributed shares, which are typically valued using quoted market prices. The fair value of alternative investments is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

Absolute return investments are typically commingled funds that employ multiple strategies to produce positive returns which may be uncorrelated to financial market activities. The fair value of these types of alternative investments is valued based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

Assets held by other trustees generally represent Stanford's residual (or beneficial) interest in split-interest agreements where the University, SHC or LPCH is not the trustee. The residual interest represents the present value of the future distributions expected to be received over the term of the agreement, which approximates fair value.

Other investments are typically non-public investments such as preferred stocks, convertible notes and mineral rights. The fair value of these types of direct investments is determined as described in the *Valuation Methodology* section above.

FAIR VALUE HIERARCHY

U.S. GAAP defines fair value as the price received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants. Current guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques used under U.S. GAAP must maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Investments whose values are based on quoted market prices in active markets for identical assets or liabilities are classified as Level 1. Level 1 investments include active listed equities and certain short-term fixed income securities. Such investments are valued based upon the closing price quoted on the last trading date on or before the reporting date on the principal market, without adjustment.

Level 2 - Investments that trade in markets that are not actively traded, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources for similar assets or liabilities are classified as Level 2. These investments include certain U.S. government and sovereign obligations, government agency obligations, investment grade corporate bonds and certain limited marketable securities.

Privately negotiated over-the-counter (OTC) derivatives such as forward currency contracts, total return swaps, and interest rate swaps are typically classified as Level 2 (see *Note 7*). In instances where quotations received from counterparties or valuation models are used, the value of an OTC derivative depends upon the contractual terms of the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, or credit curves.

Level 3 - Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information available and may require significant management judgment. These investments primarily consist of Stanford's direct real estate and directly held private investments.

The following tables summarize Stanford's investment assets and liabilities within the fair value hierarchy and asset categories at August 31, 2024 and 2023, in thousands of dollars:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2024				
Investment assets:				
Cash and short-term investments	$ 187,117	$ 949,161	$ —	$ 1,136,278
Public equities	4,393,891	4,909	—	4,398,800
Derivatives	—	(5,873)	—	(5,873)
Fixed income	675,394	3,765,888	—	4,441,282
Real estate	80,353	—	6,786,747	6,867,100
Natural resources	156,560	—	60,859	217,419
Private equities	39,809	—	96,409	136,218
Absolute return	—	—	20,203	20,203
Assets held by other trustees	—	—	198,053	198,053
Other	41,402	10,998	877,254	929,654
INVESTMENTS SUBJECT TO FAIR VALUE LEVELING	**$ 5,574,526**	**$ 4,725,083**	**$ 8,039,525**	**18,339,134**
Investments measured using Net Asset Value[1]				36,857,655
TOTAL CONSOLIDATED INVESTMENT ASSETS				**$ 55,196,789**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2023				
Investment assets:				
Cash and short-term investments	$ 174,863	$ 959,966	$ —	$ 1,134,829
Public equities	3,618,065	5,034	—	3,623,099
Derivatives	—	5,936	—	5,936
Fixed income	562,576	3,399,733	—	3,962,309
Real estate	210,227	—	7,490,481	7,700,708
Natural resources	5,268	—	57,260	62,528
Private equities	66,075	—	1,731	67,806
Absolute return	—	—	23,736	23,736
Assets held by other trustees	—	—	140,812	140,812
Other	14,346	5,438	1,069,494	1,089,278
INVESTMENTS SUBJECT TO FAIR VALUE LEVELING	**$ 4,651,420**	**$ 4,376,107**	**$ 8,783,514**	**17,811,041**
Investments measured using Net Asset Value[1]				35,015,233
TOTAL CONSOLIDATED INVESTMENT ASSETS				**$ 52,826,274**

[1] *Entities may estimate the fair value of certain investments by using NAV as a practical expedient as of the measurement date. Investments measured under this method are not categorized in the fair value hierarchy. The fair value amounts of such investments are presented for reconciliation purposes.*

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITIES AND TRANSFERS

The following tables present the activities for Level 3 investments for the years ended August 31, 2024 and 2023, in thousands of dollars:

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BEGINNING BALANCE AS OF SEPTEMBER 1, 2023	PURCHASES AND ADDITIONS	SALES AND MATURITIES	NET REALIZED AND UNREALIZED GAINS (LOSSES)	TRANSFERS IN*	TRANSFERS OUT*	ENDING BALANCE AS OF AUGUST 31, 2024
Real estate	$ 7,490,481	$ 83,850	$ (10,505)	$ (805,916)	$ 28,837	$ —	$ 6,786,747
Natural resources	57,260	—	(1,839)	5,288	150	—	60,859
Private equities	1,731	94,950	(14)	(258)	—	—	96,409
Absolute return	23,736	—	(1,858)	(1,675)	—	—	20,203
Assets held by other trustees	140,812	46,040	(2,451)	13,652	—	—	198,053
Other	1,069,494	46,839	(9,477)	(229,602)	—	—	877,254
TOTAL	**$8,783,514**	**$ 271,679**	**$ (26,144)**	**$(1,018,511)**	**$ 28,987**	**$ —**	**$ 8,039,525**

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BEGINNING BALANCE AS OF SEPTEMBER 1, 2022	PURCHASES AND ADDITIONS	SALES AND MATURITIES	NET REALIZED AND UNREALIZED GAINS (LOSSES)	TRANSFERS IN*	TRANSFERS OUT*	ENDING BALANCE AS OF AUGUST 31, 2023
Real estate	$ 7,721,395	$ 22,143	$ (16,487)	$ (236,570)	$ —	$ —	$ 7,490,481
Natural resources	67,375	—	(3,390)	(6,725)	—	—	57,260
Private equities	12,852	—	(67)	(11,054)	—	—	1,731
Absolute return	24,616	—	(3,901)	3,021	—	—	23,736
Assets held by other trustees	142,936	518	(10,826)	7,236	948	—	140,812
Other	958,390	50,214	(26,077)	86,967	—	—	1,069,494
TOTAL	**$8,927,564**	**$ 72,875**	**$ (60,748)**	**$ (157,125)**	**$ 948**	**$ —**	**$ 8,783,514**

**Transfers in (out) are primarily due to reclassification of investments between asset classes and changes in the fair value hierarchy.*

Net realized and unrealized gains (losses) in the tables above are included in the *Consolidated Statements of Activities* primarily as increases or decreases in reinvested gains by level of restriction. For the years ended August 31, 2024 and 2023, the change in unrealized losses for Level 3 investments still held at August 31, 2024 and 2023 was $982.9 million and $101.1 million, respectively.

LEVEL 3 INVESTMENT VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table summarizes the significant unobservable inputs and valuation methodologies for Level 3 investments as of August 31, 2024 and 2023, in thousands of dollars.

For each investment category and respective valuation technique, the range of the significant unobservable input is dependent on the nature and characteristics of the investment and may vary at each balance sheet date.

INVESTMENT CATEGORIES	FAIR VALUE[1]	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE MIN	RANGE MAX	WEIGHTED AVERAGE	IMPACT TO VALUATION FROM AN INCREASE IN INPUT[2]
2024							
Real estate	$ 5,896,000	Discounted cash flow	Discount rate	7.0%	20.0%	7.8%	Decrease
			Capitalization rate	5.5%	8.8%	7.0%	Decrease
Assets held by other trustees	198,053	Net present value	Discount rate	5.2%	5.2%	N/A	Decrease
TOTAL AMOUNT WITH SIGNIFICANT UNOBSERVABLE INPUTS	**$6,094,053**						
2023							
Real estate	$ 6,599,473	Discounted cash flow	Discount rate	5.9%	20.0%	7.5%	Decrease
			Capitalization rate	6.0%	8.5%	6.6%	Decrease
Assets held by other trustees	140,812	Net present value	Discount rate	5.0%	5.0%	N/A	Decrease
TOTAL AMOUNT WITH SIGNIFICANT UNOBSERVABLE INPUTS	**$6,740,285**						

[1] Level 3 investments of $1.9 billion and $2.0 billion at August 31, 2024 and 2023, respectively, are valued using third-party valuations, other market comparables or recent transactions as an approximation of fair value.

[2] Unless otherwise noted, this column represents the directional change in the fair value of the Level 3 investments that would have resulted from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these unobservable inputs in isolation would result in significantly higher or lower fair value measurements.

LIABILITIES ASSOCIATED WITH INVESTMENTS

Income beneficiary share of split interest agreements - See the *Split–Interest Agreements* section of *Note 1*.

Net investment income excise tax - Under the Tax Cuts and Jobs Act, the University is subject to a 1.4% excise tax on its net investment income as defined under the Internal Revenue Code which, among other things, includes net investment income of certain related entities such as the Hospitals. The University has recorded current and deferred tax liabilities based on reasonable estimates.

Securities lending - The University has a collateralized borrowing program in which it receives short-term U.S. government obligations or cash and cash equivalents in exchange for transferring securities as collateral to the counterparty and recognizes an obligation to reacquire the securities for cash at the transaction's maturity. It is the University's policy to require receipt of collateral equal to a minimum of 102% of the fair market value of these collateralized borrowings. In the event the counterparty was to default on its obligations, the University has the right to repurchase the securities in the open market using the collateral received.

Under the securities lending agreement, securities loaned are primarily public equities, corporate bonds or U.S. Treasury bills and the agreement continues until the security is delivered back to the University.

Securities sold, not yet purchased are obligations to acquire and deliver to the lenders the publicly traded securities identical to the ones borrowed. A realized gain or loss is recognized for the difference between the proceeds and the cost of such securities at that time.

Accrued management fees are obligations related to management and performance fees due quarterly or annually to external investment managers in accordance with agreed-upon terms.

Pending trades of securities are obligations arising from trades of securities purchased but not settled. These are usually settled three business days after the trade date.

INVESTMENT-RELATED COMMITMENTS

The University is obligated under certain alternative investment agreements to advance additional funding up to specified levels over a period of several years. The following table presents significant terms of such agreements including redemption terms, notice periods, and remaining life for all related alternative investments at August 31, 2024, in thousands of dollars:

ASSET CLASS	FAIR VALUE	UNFUNDED COMMITMENT	REMAINING LIFE (YEARS)	REDEMPTION TERMS
Public equities	$ 7,104,539	$ 108,304	0 to 5	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock up expires, redemptions are available on a rolling basis and require 30 to 90 days prior notification.
Real estate	2,465,372	1,261,851	0 to 9	Not eligible for redemption
Natural resources	1,457,698	715,992	0 to 9	Not eligible for redemption
Private equities	18,079,813	5,731,642	0 to 20	Not eligible for redemption
Absolute return	7,808,049	535,978	0 to 3	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock up expires, redemptions are available on a rolling basis and require 30 to 90 days prior notification.
TOTAL	**$36,915,471**	**$ 8,353,767**		

OFFSETS TO INVESTMENT-RELATED ASSETS AND LIABILITIES

Financial instruments with off-balance sheet risk such as derivatives, securities lending agreements, securities sold, not yet purchased and repurchase agreements are subject to counterparty credit risk. The University seeks to control this risk in various ways, such as entering into transactions with counterparties with high creditworthiness, establishing and monitoring credit limits, and requiring collateral in certain situations.

The University generally maintains master netting agreements and collateral agreements with its counterparties. These agreements provide the University the right to net a counterparty's rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty, in the event of default by the counterparty, such as bankruptcy or a failure to pay or perform. For certain derivatives, a master netting arrangement allows the counterparty to net any of its applicable liabilities or payment obligations to the University against any collateral previously provided or received (see *Note 7*).

The University may enter into repurchase and reverse repurchase agreements to sell or purchase securities to or from the counterparty with an agreement to repurchase or sell the same securities from or to the counterparty at a predetermined price.

The following table presents information about the gross amounts of assets and liabilities, the offset of these instruments and the related collateral amounts as of August 31, 2024 and 2023, in thousands of dollars:

	GROSS AMOUNTS OF ASSETS AND LIABILITIES	OFFSET AMOUNTS	NET AMOUNTS	COLLATERAL RECEIVED (PLEDGED)[2]	NET EXPOSURE
2024					
Assets:					
Derivatives[1]	$ 10,319	$ (16,192)	$ (5,873)	$ (5,873)	$ —
Repurchase agreements[3]	531,219	—	531,219	531,219	—
TOTAL	**541,538**	**(16,192)**	**525,346**	**525,346**	**—**
Liabilities:					
Derivatives[1]	16,192	(16,192)	—	—	—
TOTAL	**$ 16,192**	**$ (16,192)**	**$ —**	**$ —**	**$ —**
2023					
Assets:					
Derivatives[1]	$ 9,003	$ (3,067)	$ 5,936	$ 5,936	$ —
Repurchase agreements[3]	430,947	—	430,947	430,947	—
TOTAL	**439,950**	**(3,067)**	**436,883**	**436,883**	**—**
Liabilities:					
Derivatives[1]	3,067	(3,067)	—	—	—
TOTAL	**$ 3,067**	**$ (3,067)**	**$ —**	**$ —**	**$ —**

[1] *Gross derivative assets less gross derivative liabilities are presented as derivatives in the investment assets table.*

[2] *These collateral amounts received (pledged) are limited to the asset balance and accordingly, do not include any excess collateral received.*

[3] *Repurchase agreements are included in cash and short-term investments in the investment assets table.*

INVESTMENT RETURNS

Total investment returns for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Investment income	$ 567,494	$ 37,543	$ 3,067	$ 608,104
Net realized and unrealized gains	2,346,570	532,327	144,437	3,023,334
TOTAL INVESTMENT RETURNS, NET	**$ 2,914,064**	**$ 569,870**	**$ 147,504**	**$ 3,631,438**
Reconciliation to *Statements of Activities:*				
Total investment income distributed for operations	$ 2,211,063	$ 1,851	$ 13,183	$ 2,226,097
Increase (decrease) in reinvested gains:				
Without donor restrictions	(127,035)	562,033	90,348	525,346
With donor restrictions	704,556	5,986	41,104	751,646
Change in value of split-interest agreements, net	57,670	—	2,869	60,539
Adjustments for actuarial re-evaluations and maturities of split-interest agreements	67,810	—	—	67,810
TOTAL INVESTMENT RETURNS, NET	**$ 2,914,064**	**$ 569,870**	**$ 147,504**	**$ 3,631,438**
2023				
Investment income	$ 500,053	$ 125,657	$ 18,390	$ 644,100
Net realized and unrealized gains	1,078,952	208,298	53,215	1,340,465
TOTAL INVESTMENT RETURNS, NET	**$ 1,579,005**	**$ 333,955**	**$ 71,605**	**$ 1,984,565**
Reconciliation to *Statements of Activities:*				
Total investment income distributed for operations	$ 1,878,501	$ 3,691	$ 12,174	$ 1,894,366
Increase (decrease) in reinvested gains:				
Without donor restrictions	(96,173)	326,565	38,424	268,816
With donor restrictions	(252,663)	3,699	19,445	(229,519)
Change in value of split-interest agreements, net	29,596	—	1,562	31,158
Adjustments for actuarial re-evaluations and maturities of split-interest agreements	19,744	—	—	19,744
TOTAL INVESTMENT RETURNS, NET	**$ 1,579,005**	**$ 333,955**	**$ 71,605**	**$ 1,984,565**

Investment returns are net of investment management expenses, including both external management fees and internal University investment-related salaries, benefits and operating expenses.

FUTURE MINIMUM RENTAL INCOME

As part of its investment portfolio, Stanford holds certain investment properties that it leases to third parties. Future minimum rental income due from the Stanford Shopping Center, the Stanford Research Park and other properties under non-cancellable leases in effect with tenants at August 31, 2024, in thousands of dollars, is as follows:

	FUTURE MINIMUM RENTAL INCOME			
YEAR ENDING AUGUST 31	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025	$ 181,188	$ 3,307	$ 1,049	$ 185,544
2026	172,195	2,415	816	175,426
2027	153,638	1,995	747	156,380
2028	156,174	1,335	393	157,902
2029	152,138	314	322	152,774
Thereafter	2,698,855	8,240	27	2,707,122
TOTAL	**$ 3,514,188**	**$ 17,606**	**$ 3,354**	**$ 3,535,148**

7. Derivatives

Stanford, directly or through external investment managers on Stanford's behalf, utilizes various strategies to reduce investment and credit risks, to serve as a temporary surrogate for investment in stocks and bonds, to manage interest rate exposure on debt, and/or to manage specific exposure to foreign currencies. Futures, options and other derivative instruments are used to adjust elements of investment exposures to various securities, sectors, markets and currencies without actually taking a position in the underlying asset or basket of assets. Interest rate swaps are used to manage interest rate risk. With respect to foreign currencies, Stanford utilizes forward contracts and foreign currency options to manage exchange rate risk.

INVESTMENT-RELATED DERIVATIVES

The following table presents amounts for investment-related derivatives, including the notional amount, the fair values at August 31, 2024 and 2023, and gains and losses for the years ended August 31, 2024 and 2023, in thousands of dollars:

	NOTIONAL AMOUNT[1]	GROSS DERIVATIVE ASSETS[2]	GROSS DERIVATIVE LIABILITIES[2]	REALIZED AND UNREALIZED GAINS (LOSSES)[3]
2024	AS OF AUGUST 31			YEAR ENDED AUGUST 31
Foreign exchange contracts	$ 14,607	$ 325	$ —	$ (578)
Equity contracts	813,347	9,994	16,192	1,675
TOTAL	**$ 827,954**	**$ 10,319**	**$ 16,192**	**$ 1,097**
2023				
Foreign exchange contracts	$ 13,426	$ —	$ 275	$ (27)
Equity contracts	715,867	9,003	2,792	(34,093)
TOTAL	**$ 729,293**	**$ 9,003**	**$ 3,067**	**$ (34,120)**

[1] *The notional amount is representative of the volume and activity of the respective derivative type during the years ended August 31, 2024 and 2023.*

[2] *Gross derivative assets less gross derivative liabilities of $(5.9) million and $5.9 million as of August 31, 2024 and 2023, respectively, are presented as derivatives on the investment table in Note 6.*

[3] *Gains and losses on derivatives are included in the Statements of Activities line "Increase (decrease) in reinvested gains" in "Non-operating activities."*

DEBT-RELATED DERIVATIVES

The University and SHC use interest rate exchange agreements to manage the interest rate exposure of their debt portfolios. Under the terms of the current agreements, the entities pay a fixed interest rate, determined at inception, and receive a variable rate on the underlying notional principal amount. Generally, the exchange agreements require mutual posting of collateral by the University and SHC and the counterparties if the termination values exceed a predetermined threshold dollar amount.

At August 31, 2024, the University had interest rate exchange agreements related to $97.0 million of the outstanding balance of the CEFA Series S bonds in variable rate mode (see *Note 9*). The agreements, which have a weighted average interest rate of 3.68%, expire November 1, 2039. The notional amount and the fair value of the exchange agreements are included in the table below. Collateral posted with various counterparties was $3.4 million and $6.1 million at August 31, 2024 and 2023, respectively, and is included in the *Consolidated Statements of Financial Position*. In addition, the University issued an irrevocable standby letter of credit of $15.0 million to support collateral requirements at August 31, 2024 and 2023 (see *Note 9*).

At August 31, 2024, SHC had interest rate exchange agreements expiring through November 2051 (see *Note 9*). The agreements require SHC to pay fixed interest rates to the counterparties varying from 3.69% to 4.08% in exchange for variable rate payments from the counterparties based on a percentage of the Secured Overnight Financing Rate (SOFR) plus an applicable 1-Month spread. In November 2023, SHC terminated four of its nine outstanding swaps at a termination cost of $18.5 million. The terminated swaps had a notional amount of $234.6 million and were not classified as hedging instruments. The notional amount and the fair value of the remaining exchange agreements are included in the table below. There was no cash collateral posted with counterparties at August 31, 2024 and 2023.

The following table presents amounts for debt-related derivatives including the notional amount, the fair values at August 31, 2024 and 2023, and gains and losses for the years ended August 31, 2024 and 2023, in thousands of dollars:

	AS OF AUGUST 31, 2024		YEAR ENDED AUGUST 31, 2024	AS OF AUGUST 31, 2023		YEAR ENDED AUGUST 31, 2023
	NOTIONAL AMOUNT[1]	GROSS DERIVATIVE LIABILITIES[2]	UNREALIZED LOSSES[3]	NOTIONAL AMOUNT[1]	GROSS DERIVATIVE LIABILITIES[2]	UNREALIZED GAINS[3]
Debt-related interest-rate contracts:						
University	$ 97,000	$ 14,276	$ (1,843)	$ 97,000	$ 12,433	$ 9,117
SHC	337,925	77,506	(2,072)	573,050	86,262	59,644
TOTAL	**$ 434,925**	**$ 91,782**	**$ (3,915)**	**$ 670,050**	**$ 98,695**	**$ 68,761**

[1] *The notional amount is representative of the volume and activity of the respective derivative type during the years ended August 31, 2024 and 2023.*
[2] *Fair value is measured using Level 2 inputs as defined in Note 6. Amounts are included in the Statements of Financial Position in "Accounts payable and accrued expenses" and discussed more fully in Note 9.*
[3] *Gains (losses) on derivatives are included in the Statements of Activities as "Swap interest and change in value of swap agreements" in "Non-operating activities".*

8. Plant Facilities

Plant facilities, net of accumulated depreciation, at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Land and improvements	$ 917,373	$ 202,878	$ 120,605	$ 1,240,856
Buildings and building improvements	11,018,876	4,481,863	1,992,567	17,493,306
Furniture, fixtures and equipment	2,410,954	1,788,457	524,636	4,724,047
Utilities	1,117,039	—	—	1,117,039
Construction in progress	577,367	426,930	203,548	1,207,845
	16,041,609	6,900,128	2,841,356	25,783,093
Less accumulated depreciation	(7,350,841)	(2,900,612)	(1,019,329)	(11,270,782)
PLANT FACILITIES, NET OF ACCUMULATED DEPRECIATION	**$ 8,690,768**	**$ 3,999,516**	**$ 1,822,027**	**$ 14,512,311**
2023				
Land and improvements	$ 901,483	$ 156,441	$ 120,605	$ 1,178,529
Buildings and building improvements	10,601,370	4,242,155	1,974,474	16,817,999
Furniture, fixtures and equipment	2,294,268	1,828,646	512,912	4,635,826
Utilities	1,085,835	—	—	1,085,835
Construction in progress	553,721	419,997	108,845	1,082,563
	15,436,677	6,647,239	2,716,836	24,800,752
Less accumulated depreciation	(6,877,840)	(2,771,562)	(967,309)	(10,616,711)
PLANT FACILITIES, NET OF ACCUMULATED DEPRECIATION	**$ 8,558,837**	**$ 3,875,677**	**$ 1,749,527**	**$ 14,184,041**

9. Notes and Bonds Payable

The University borrows at tax-exempt interest rates through the California Educational Facilities Authority (CEFA), a conduit issuer. The University also issues taxable debt directly in the bond markets. Both taxable and tax-exempt debt are general unsecured obligations of the University, and the University is responsible for the repayment of all its debt. SHC and LPCH borrow at tax-exempt interest rates through the California Health Facilities Financing Authority (CHFFA), a conduit issuer. CHFFA debt is a general obligation of each of the hospitals. Payments of principal and interest on SHC's bonds are collateralized by a gross receivables pledge. LPCH's bonds are collateralized by a pledge of their revenues. SHC also issues taxable debt directly in the bond markets. Each hospital is responsible for the repayment of its respective debt.

Notes and bonds payable for the University, SHC, and LPCH at August 31, 2024 and 2023, in thousands of dollars, are presented in the table below. The University is not an obligor or guarantor with respect to any obligations of SHC or LPCH, nor are SHC or LPCH obligors or guarantors with respect to obligations of the University or each other.

	YEAR OF MATURITY	EFFECTIVE INTEREST RATE * 2024/2023	OUTSTANDING PRINCIPAL 2024	OUTSTANDING PRINCIPAL 2023
UNIVERSITY:				
Tax-exempt:				
CEFA Fixed Rate Revenue Bonds:				
Series S	2040	3.18%	$ 30,210	$ 30,210
Series T	2026-2039	4.28%-4.30%	137,135	137,135
Series U	2033-2046	2.71%-4.25%	1,043,090	1,043,090
Series V	2029-2051	1.83%-3.12%	983,775	983,775
CEFA Variable Rate Revenue Bonds and Notes:				
Series S	2040-2051	3.10%-3.48%/3.10%	141,200	141,200
Commercial Paper	2025	3.10%-3.58%/3.05%	57,500	7,300
Taxable:				
Fixed Rate Notes and Bonds:				
Stanford University Bonds	2024	6.88%	—	150,000
Medium Term Note	2026	7.65%	50,000	50,000
Stanford University Series 2012	2042	4.01%	143,235	143,235
Stanford University Series 2013	2044	3.56%	150,115	150,115
Stanford University Series 2014	2054	4.25%	150,000	150,000
Stanford University Series 2015	2047	3.46%	250,000	250,000
Stanford University Series 2017	2048	3.65%	750,000	750,000
Stanford University Series 2019	2029	3.09%	121,000	121,000
Stanford University Series 2020	2027-2050	1.29%-2.41%	750,000	750,000
Other	2036	3.37%	79,964	85,717
Commercial Paper	2025	5.20%-5.35%/5.40%-5.50%	223,415	60,456
Revolving Credit Facilities	2025-2027	5.74%/5.71%	8,683	3,886
University notes and bonds payable			5,069,322	5,007,119
Unamortized issuance costs, premiums, and discounts, net			438,057	463,376
UNIVERSITY TOTAL			**$ 5,507,379**	**$ 5,470,495**
SHC:				
CHFFA Fixed Rate Revenue Bonds:				
2015 Series A	2052-2054	4.10%	$ 100,000	$ 100,000
2017 Series A	2025-2041	2.91%/2.89%	423,965	437,440
2020 Series A	2050	2.70%	170,120	170,120
2021 Series A	2025	0.42%	157,715	157,715
2023 Series A	2033	3.20%	260,545	—
2018 Series Taxable Bonds	2049	3.80%	500,000	500,000
2020 Series Taxable Bonds	2030	3.31%	300,000	300,000
2021 Series Taxable Bonds	2051	3.03%	365,100	365,100
CHFFA Variable Rate Revenue Bonds:				
2008 Series B	2042-2046	2.78%/2.94%	168,200	168,200
SHC notes and bonds payable			2,445,645	2,198,575
Unamortized issuance costs, premiums, and discounts, net			97,880	71,870
SHC TOTAL			**$ 2,543,525**	**$ 2,270,445**
LPCH:				
CHFFA Fixed Rate Revenue Bonds:				
2014 Series A	2025-2043	3.84%	$ —	$ 100,000
2016 Series A	2016-2033	2.57%/2.54%	50,505	50,505
2016 Series B	2052-2055	3.34%	100,000	100,000
2017 Series A	2019-2057	3.17%/3.14%	184,745	188,175
2022 Series A	2023-2051	2.55%/2.49%	197,620	203,760
2024 Series A	2024-2043	3.55%	91,035	—
2024 Series B	2024-2034	3.50%	89,280	—
CHFFA Variable Rate Revenue Bonds:				
2014 Series B	2034-2043	4.09%	—	100,000
LPCH notes and bonds payable			713,185	742,440
Unamortized issuance costs, premiums, and discounts, net			80,361	67,763
LPCH TOTAL			**$ 793,546**	**$ 810,203**
CONSOLIDATED TOTAL			**$ 8,844,450**	**$ 8,551,143**

**Exclusive of interest rate exchange agreements (see Note 7).*

The University's long-term ratings of AAA/AAA/Aaa were affirmed in August 2024 by S&P Global Ratings (S&P), and in May 2023 by Fitch Ratings (Fitch) and Moody's Investors Service (Moody's), respectively. In fiscal year 2022, Moody's additionally rated the University as part of their updated Environmental, Social and Governance methodology which introduced ESG Issuer Profile (IPS) and Credit Impact Scores (CIS) for rated entities. The new scores are part of Moody's incorporation of material ESG issues into credit ratings. The scoring range is from 1 (positive) to 5 (very highly negative). The University was rated as a 2 on each of the environmental, governance and social dimensions, respectively, of the Issuer Profile score; and 2 on the Credit Impact Score. The score of 2 correlates to a "neutral-to-low" credit impact of ESG considerations. In April and May 2024, SHC's long-term ratings were affirmed by S&P, Moody's, and Fitch at AA-/Aa3/AA, respectively, with S&P and Moody's changing SHC's outlook to positive. In June 2024, LPCH's long-term ratings of A+/A1/AA- were affirmed by S&P, Moody's, and Fitch, respectively.

SHC is party to a separate master trust indenture that includes provisions that limit property liens and requires the maintenance of certain financial ratios. LPCH is party to a separate master trust indenture that includes, among other requirements, limitations on the incurrence of additional indebtedness, liens on property, restrictions on disposition or transfer of assets and compliance with certain financial ratios. Subject to applicable no-call provisions, SHC and LPCH may cause the redemption of the bonds, in whole or in part, prior to the stated maturities.

UNIVERSITY

Debt issuances and repayment activity

In February 2024, taxable Stanford University Bonds in the amount of $150.0 million matured and were refinanced by taxable commercial paper.

In June 2023, CEFA, on behalf of the University, issued its tax-exempt Series V-3 bonds in the amount of $241.5 million plus an original issue premium of $58.5 million, maturing on June 1, 2033. The series has a coupon rate of 5.00% and has a yield of 2.28% and will be used to finance or refinance certain capital projects of the university.

In March 2023, CEFA Series T-5 tax-exempt bonds in the amount of $51.8 million matured and were refunded with a portion of the proceeds of CEFA Series V-3 bonds.

In October 2022, CEFA Series L-6 and L-7 tax-exempt bonds in the amounts of $17.8 million and $18.4 million, respectively, matured and were repaid.

The University has two unsecured revolving credit facilities. One credit facility has a capacity of $300.0 million and maturity date of August 30, 2027 and the other has a capacity of $175.0 million and maturity date of December 30, 2024. Funds drawn on the revolving credit facilities bear interest at the applicable SOFR plus a specified margin. The amount outstanding on these credit facilities was $8.7 million and $3.9 million at August 31, 2024 and 2023, respectively.

Variable rate debt subject to remarketing or tender

The University had $141.2 million of revenue bonds in variable rate mode outstanding at August 31, 2024. CEFA Series S bonds bear interest at a commercial paper municipal rate for various interest periods of 270 days or less. In the event the University receives notice of any optional tender of these bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will have a current obligation to purchase the bonds tendered. The University has identified several sources of funding including cash, money market funds, U.S. Treasury securities and agencies' discount notes to provide for the full and timely purchase price of any bonds tendered in the event of a failed remarketing.

The University's taxable and tax-exempt commercial paper authorized borrowing capacity was $500.0 million and $300.0 million, respectively, at both August 31, 2024 and 2023. Taxable commercial paper of $223.4 million and $60.5 million was outstanding at August 31, 2024 and 2023, respectively. Tax-exempt commercial paper of $57.5 million and $7.3 million was outstanding at August 31, 2024 and 2023, respectively.

SHC

Debt activity

In September 2023, CHFFA, on behalf of SHC, issued fixed rate 2023 Series A Revenue Bonds ("2023 Series A") in the aggregate principal amount of $260.5 million plus an original issue premium of $39.5 million. Proceeds of the 2023 Series A bonds were used to reimburse expenditures related to the re-design, remodel, and renovation of SHC's original hospital facility.

In September 2023, CHFFA, on behalf of SHC, established a $200.0 million tax-exempt commercial paper facility to be used for bridge financing of certain capital expenditures. No amounts were outstanding as of August 31, 2024.

SHC also has a $150.0 million taxable commercial paper facility for general corporate purposes. There were no amounts outstanding as of August 31, 2024 and 2023.

SHC has a revolving line of credit facility, which has a maturity date of November 2027, for general corporate purposes. Drawdowns from the facility bear interest at the SOFR plus an applicable spread. The size of the facility is $150.0 million, of which $50.0 million is earmarked for the issuance of stand-by letters of credit. There were no amounts drawn on this credit facility as of August 31, 2024 and 2023.

Variable rate debt

At August 31, 2024, SHC had $168.2 million of revenue bonds in variable rate mode outstanding. The 2008 Series B bonds are supported by SHC's self-liquidity. In the event SHC receives a tender notice of any of the 2008 Series B bonds, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, SHC has an obligation to purchase any remaining bonds. SHC maintains sufficient liquidity to provide for the full and timely purchase price of any bonds tendered in the event of a failed remarketing.

LPCH

Debt activity

In June 2024, CHFFA issued, on behalf of LPCH, two series refunding revenue bonds in the aggregate par amount of $180.3 million, with a premium of $20.8 million (collectively, “2024 Bonds"). Proceeds of the 2024 Bonds were used for the legal defeasance and redemption of the 2014 Series A and B bonds and payments of costs of issuance. The coupon interest rates for the 2024 Bonds is 5.0% over the life of the bonds. The defeasance of 2014 Bonds resulted in an accounting gain of $4.4 million recognized in "other changes in net assets without donor restrictions" in the *Consolidated Statements of Activities*. The 2024 Series B bonds include a bullet maturity feature resulting in a required refinancing in 2034.

In June 2022, LPCH extended its $200.0 million revolving credit facility until June 2025. Drawdowns from the facility bear interest at the SOFR plus an applicable spread. There were no amounts drawn on the line of credit as of August 31, 2024 and 2023.

LETTERS OF CREDIT

In December 2010, the University entered into a credit agreement and established a letter of credit facility under which the bank agreed to issue standby letters of credit in a principal amount not to exceed $50.0 million. In June 2018, the facility was raised to $75.0 million and in June 2020, the University decreased the facility to $65.0 million. In August 2024, the University consolidated the letter of credit facility and revolving credit facility into a single amended and restated credit agreement, under which up to $65.0 million is available for letters of credit and $300.0 million for revolving credit. Irrevocable standby letters of credit outstanding as of August 31, 2024, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Security for workers compensation insurance	$ 12,820	$ 29,267	$ 11,590	$ 53,677
Collateral for interest rate exchange agreements	15,000	—	—	15,000
Other	3,949	2,210	1,422	7,581
TOTAL	**$ 31,769**	**$ 31,477**	**$ 13,012**	**$ 76,258**
Amounts drawn as of August 31, 2024	$ —	$ —	$ —	$ —
Amounts drawn as of August 31, 2023	$ —	$ —	$ —	$ —

INTEREST

Stanford's interest expense, which includes amortized bond issuance costs and amortized bond premium or discount, is recorded in "Other operating expenses". Interest expense for the years ended August 31, 2024 and 2023, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Interest expense, gross	$ 178,439	$ 80,394	$ 30,830	$ 289,663
Less:				
Interest income earned on unspent bond proceeds	(6,574)	—	—	(6,574)
Interest capitalized as a cost of construction	(4,032)	(3,110)	—	(7,142)
Interest expense which is classified as an investment expense	(3,772)	—	—	(3,772)
INTEREST EXPENSE, NET	**$ 164,061**	**$ 77,284**	**$ 30,830**	**$ 272,175**
2023				
Interest expense, gross	$ 173,299	$ 74,100	$ 31,258	$ 278,657
Less:				
Interest income earned on unspent bond proceeds	(4,467)	—	—	(4,467)
Interest capitalized as a cost of construction	(7,083)	—	—	(7,083)
Interest expense which is classified as an investment expense	(3,954)	—	—	(3,954)
INTEREST EXPENSE, NET	**$ 157,795**	**$ 74,100**	**$ 31,258**	**$ 263,153**

The University and SHC use interest rate exchange agreements to manage the interest rate exposure of their debt portfolios. University net payments on interest rate exchange agreements were $27 thousand and $663 thousand for the years ended August 31, 2024 and 2023, respectively. SHC net payments on interest rate exchange agreements were $776 thousand and $5.1 million for the years ended August 31, 2024 and 2023, respectively.

PRINCIPAL PAYMENTS

At August 31, 2024, scheduled principal payments on notes and bonds, in thousands of dollars, are as follows:

	PRINCIPAL PAYMENTS			
YEAR ENDING AUGUST 31	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025 Commercial paper	$ 280,915	$ —	$ —	$ 280,915
2025 Variable debt subject to remarketing	141,200	168,200	—	309,400
2025 Other	5,960	175,330	9,605	190,895
2026	81,527	18,480	10,085	110,092
2027	315,063	19,320	10,615	344,998
2028	6,596	20,260	11,655	38,511
2029	169,660	21,225	12,245	203,130
Thereafter	4,068,401	2,022,830	658,980	6,750,211
TOTAL	**$ 5,069,322**	**$ 2,445,645**	**$ 713,185**	**$ 8,228,152**

10. Net Assets

Net assets without donor restrictions include Board-designated funds functioning as endowment (see *Note 11)*, net investment in plant facilities and other operating funds.

Net assets with donor restrictions consist primarily of endowment gifts that are limited for long-term investment, and accumulated appreciation that may be appropriated for expenditure by the University (see *Note 11*). Net assets with donor restrictions also include gifts and pledges that are subject to donor-imposed restrictions that expire with the passage of time, payment of pledges, and/or actions of the University, and other funds including Stanford's net equity in split-interest agreements and student loans.

Net assets at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Board designated endowment - Funds functioning as endowment	$ 16,672,429	$ —	$ 152,740	$ —	$ 16,825,169
Net investment in plant facilities and other plant funds	4,763,983	2,242,153	1,028,480	—	8,034,616
Operating funds	5,635,273	5,447,334	1,357,149	(198,530)	12,241,226
Total net assets without donor restrictions	27,071,685	7,689,487	2,538,369	(198,530)	37,101,011
NET ASSETS WITH DONOR RESTRICTIONS					
Subject to expenditure for specified purpose:					
Unspent gifts and gifts with undecided purpose restrictions	897,221	—	—	—	897,221
Plant facilities	434,441	12,607	180,294	—	627,342
Total	1,331,662	12,607	180,294	—	1,524,563
Subject to passage of time:					
Pledges receivable	1,222,637	35,756	96,628	35,999	1,391,020
Other funds	380,607	44,920	82,759	—	508,286
Total	1,603,244	80,676	179,387	35,999	1,899,306
Subject to University's spending policy:					
Accumulated appreciation	11,178,886	29,063	225,464	—	11,433,413
Subject to restrictions in perpetuity:					
Endowment funds	9,603,764	15,868	280,913	—	9,900,545
Pledges receivable	1,320,985	—	5,544	—	1,326,529
Other funds	357,362	—	—	—	357,362
Total	11,282,111	15,868	286,457	—	11,584,436
Total net assets with donor restrictions	25,395,903	138,214	871,602	35,999	26,441,718
TOTAL NET ASSETS	**$52,467,588**	**$7,827,701**	**$3,409,971**	**$ (162,531)**	**$ 63,542,729**

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2023					
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Board designated endowment - Funds functioning as endowment	$ 16,841,959	$ —	$ 145,276	$ —	$ 16,987,235
Net investment in plant facilities and other plant funds	4,745,919	2,392,495	939,324	—	8,077,738
Operating funds	5,605,980	4,306,411	1,341,959	(236,176)	11,018,174
Total net assets without donor restrictions	27,193,858	6,698,906	2,426,559	(236,176)	36,083,147
NET ASSETS WITH DONOR RESTRICTIONS					
Subject to expenditure for specified purpose:					
Gifts with undecided purpose restrictions	891,791	—	—	—	891,791
Plant facilities	393,541	8,356	156,411	—	558,308
Total	1,285,332	8,356	156,411	—	1,450,099
Subject to passage of time:					
Pledges receivable	1,314,014	45,182	112,932	(14,113)	1,458,015
Other funds	364,416	42,662	100,487	—	507,565
Total	1,678,430	87,844	213,419	(14,113)	1,965,580
Subject to University's spending policy:					
Accumulated appreciation	10,541,248	26,185	209,857	—	10,777,290
Subject to restrictions in perpetuity:					
Endowment funds	8,928,113	15,544	268,330	—	9,211,987
Pledges receivable	1,316,942	—	6,460	—	1,323,402
Other funds	294,381	—	—	—	294,381
Total	10,539,436	15,544	274,790	—	10,829,770
Total net assets with donor restrictions	24,044,446	137,929	854,477	(14,113)	25,022,739
TOTAL NET ASSETS	**$51,238,304**	**$6,836,835**	**$3,281,036**	**$ (250,289)**	**$ 61,105,886**

11. Endowments

The University classifies a substantial portion of its financial resources as endowment, which is invested to generate income to support operating and strategic initiatives. The endowment, which includes endowed lands, is comprised of donor-restricted endowment funds and funds functioning as endowment (FFE). Depending on the nature of the donor's stipulation, these resources are recorded as net assets with donor restrictions or net assets without donor restrictions. Term endowments are similar to other endowment funds except that, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Accordingly, term endowments are classified as net assets with donor restrictions until expiration of the term or completion of the donor restriction. FFE are University resources designated by the Board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent at the Board's discretion. Accordingly, FFE are recorded as net assets without donor restrictions.

Stanford classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment with donor restrictions and (b) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining accumulation to the endowment funds that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument, is classified as net assets with donor restrictions until those amounts are authorized for expenditure.

Endowment funds by net asset classification at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	2024	2023
University endowment		
Endowment funds without donor restrictions:		
Funds functioning as endowment	$ 16,672,429	$ 16,841,959
Endowment funds with donor restrictions:		
Original donor-restricted gift amount and gains maintained in perpetuity	9,603,764	8,928,113
Term endowment and related gains	273,665	276,442
Additional accumulated gains available for expenditure, subject to spending policy	11,081,201	10,448,379
Total endowment funds with donor restrictions	20,958,630	19,652,934
University endowment	37,631,059	36,494,893
LPCH endowment		
Endowment funds without donor restrictions:		
Funds functioning as endowment	152,740	145,276
Endowment funds with donor restrictions	509,638	482,181
LPCH endowment	662,378	627,457
SHC endowment funds with donor restrictions	44,931	41,729
TOTAL ENDOWMENT FUNDS	**$ 38,338,368**	**$ 37,164,079**

Most of Stanford's endowment is invested in the MP. The return objective for the MP is to generate optimal long-term total return while maintaining an appropriate level of risk. Investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Portfolio asset allocation targets as well as expected risk, return and correlation among the asset classes are reevaluated regularly by Stanford Management Company.

UNIVERSITY

Changes in the University's endowment, excluding pledges, for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
2024			
Endowment, beginning of year	$ 16,841,959	$ 19,652,934	$ 36,494,893
Total investment returns, net	237,112	1,783,077	2,020,189
Amounts distributed for operations	(715,744)	(1,106,568)	(1,822,312)
Gifts, transfers and other changes in endowment:			
Current year gifts and pledge payments	911	562,906	563,817
Transfers of prior year gifts	3	42,374	42,377
Added to FFE reserves	264,509	—	264,509
Other funds added to the endowment, net	43,679	23,907	67,586
Total gifts, transfers and other changes in endowment	309,102	629,187	938,289
Total net increase (decrease) in endowment	(169,530)	1,305,696	1,136,166
ENDOWMENT, END OF YEAR	**$ 16,672,429**	**$ 20,958,630**	**$ 37,631,059**
2023			
Endowment, beginning of year	$ 16,915,950	$ 19,422,844	$ 36,338,794
Total investment returns, net	378,870	786,411	1,165,281
Amounts distributed for operations	(689,138)	(1,047,208)	(1,736,346)
Gifts, transfers and other changes in endowment:			
Current year gifts and pledge payments	822	429,025	429,847
Transfers of prior year gifts	3,488	51,998	55,486
Added to FFE reserves	199,254	—	199,254
Other funds added to the endowment, net	32,713	9,864	42,577
Total gifts, transfers and other changes in endowment	236,277	490,887	727,164
Total net increase (decrease) in endowment	(73,991)	230,090	156,099
ENDOWMENT, END OF YEAR	**$ 16,841,959**	**$ 19,652,934**	**$ 36,494,893**

Approximately 12% of the University's endowment is invested in real estate on Stanford's lands, including the Stanford Research Park. This portion of the endowment includes the present value of ground leases, and rental properties that have been developed on Stanford lands. The net operating income from these properties is distributed each year for University operations.

Through the combination of investment strategy and payout policy, the University strives to provide a reasonably consistent payout from endowment to support operations, while preserving the purchasing power of the endowment adjusted for inflation.

The Board approves the amounts to be paid out annually from endowment funds invested in the MP. Consistent with the Uniform Prudent Management of Institutional Funds Act, when determining the appropriate payout the Board considers the purposes of the University and the endowment, the duration and preservation of the endowment, general economic conditions, the possible effect of inflation or deflation, the expected return from income and the appreciation of investments, other resources of the University, and the University's investment policy.

The Board approved spending rate for fiscal year 2024 was 5.25%. The payout amount is determined by applying a smoothing rule designed to mitigate the impact of short-term market volatility on the flow of funds to support operations. The Board has the authority to override the smoothing rule and set the payout rate directly. The sources of payout are earned income on endowment assets (interest, dividends, rents and royalties), and realized capital gains, as needed and as available.

SHC

SHC's endowment is intended to generate investment income to support its current operating and strategic initiatives. SHC invests all of its endowment in the University's MP. The endowments are subject to the same investment and spending strategies that the University employs. "Amounts distributed for operations" in the table below represents SHC's current year endowment payout spent for designated purposes. All of SHC's endowment is donor restricted. Changes in SHC's endowment, excluding pledges, for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	2024	2023
Endowment, beginning of year	$ 41,729	$ 41,281
Total investment returns, net	3,491	1,511
Amounts distributed for operations	(613)	(1,063)
Gifts and pledge payments	324	—
Total net increase in endowment	3,202	448
ENDOWMENT, END OF YEAR	**$ 44,931**	**$ 41,729**

LPCH

LPCH's endowment is intended to generate investment income to support its current operating and strategic initiatives. The endowment includes funds held by LPCH and Lucile Packard Foundation for Children's Health (LPFCH). LPCH is the sole member of LPFCH, a public charity, whose mission is to elevate the priority of children's health and increase the quality and accessibility of children's health care through leadership and direct investment. LPCH invests the majority of its endowment in the University's MP, and LPFCH invests its endowment in other long-term investments.

LPCH's endowment is subject to the same investment and spending strategies that the University employs for its donor-restricted and board designated funds functioning as an endowment that provide for annual amounts (payout) to be distributed to appropriate restricted funds supporting operating and strategic activities of LPCH.

LPFCH's endowment is approved as board designated funds functioning as endowment by LPFCH's Board of Directors. LPFCH has a policy of appropriating for distribution each year an amount determined annually based on budget needs. The annual distribution is expected to average no more than 5% of the endowment fund's fair value. For individual years, it is expected to fall within a target range of 4.75% to 5.25% of the endowment fund's average fair value over the prior 12 quarters. Unspent program budget may be spent in future years subject to certain limits. LPFCH's Board of Directors may also appropriate an amount outside this target range. Accordingly, depending on anticipated activity and timing of the grant opportunities, actual spending may fall outside of the range. In establishing this policy, the LPFCH considered the long term expected return on its endowment. Over the long term, the LPFCH expects the current spending policy to allow its endowment to grow at a rate of expected inflation. This is consistent with the LPFCH's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return.

Changes in LPCH's endowment, excluding pledges, for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
2024			
Endowment, beginning of year	$ 145,276	$ 482,181	$ 627,457
Total investment returns, net	13,290	41,588	54,878
Amounts distributed for operations	(5,826)	(13,183)	(19,009)
Gifts and pledge payments	—	9,498	9,498
Other	—	(10,446)	(10,446)
Total net increase in endowment	7,464	27,457	34,921
ENDOWMENT, END OF YEAR	**$ 152,740**	**$ 509,638**	**$ 662,378**
2023			
Endowment, beginning of year	$ 144,650	$ 477,209	$ 621,859
Total investment returns, net	4,837	17,592	22,429
Amounts distributed for operations	(4,211)	(12,174)	(16,385)
Gifts and pledge payments	—	9,582	9,582
Other	—	(10,028)	(10,028)
Total net increase in endowment	626	4,972	5,598
ENDOWMENT, END OF YEAR	**$ 145,276**	**$ 482,181**	**$ 627,457**

12. Health Care Services Revenue

SHC and LPCH derive a majority of health care services revenue from contractual agreements with Medicare, Medi-Cal and other third-party payers that provide for payments at amounts different from established rates. Payments under these agreements and programs are based on a variety of payment models, including estimated retroactive audit adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Contracts, laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. As a result, it is reasonably possible that recorded estimates may change by a material amount in the near term. A summary of payment arrangements with major third-party payers follows.

Medicare
Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Medicare reimburses hospitals for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications.

Inpatient non-acute services, certain outpatient services and medical education costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology subject to final settlement after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The estimated amounts due to or from the program are reviewed and adjusted annually based on the status of such audits and any subsequent appeals. Differences between final settlements and amounts accrued in previous years are reported as adjustments to net health care services revenue in the year examination is substantially completed. Medicare cost reports have been audited by the Medicare administrative contractor through August 31, 2017 for SHC and August 31, 2019 for LPCH.

Professional services are reimbursed based on a fee schedule.

Medi-Cal
The State reimburses hospitals for inpatient services rendered to Medi-Cal program beneficiaries using an All Patient Refined-Diagnosis Related Group (APR-DRG) methodology. Hospital outpatient and professional services are reimbursed based upon prospectively determined fee schedules.

The California Children's Services (CCS) Program is a partnership between state and counties that provides medical case management for children in California diagnosed with serious chronic diseases. Currently, approximately 70% of CCS-eligible children are also Medi-Cal eligible. The Medi-Cal program reimburses their care.

Managed Care Organizations
SHC and LPCH have entered into agreements with numerous third-party payers to provide patient care to beneficiaries under a variety of payment arrangements. These include arrangements with:

- Commercial insurance companies which reimburse at negotiated charges.
- Managed care contracts such as those with Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs), which reimburse at contracted or per diem rates, which are usually less than full charges.
- Counties in the State of California, which reimburse for certain indigent patients covered under county contracts.

Uninsured

For uninsured patients that do not qualify for charity care, revenue is recognized on the basis of standard rates for services less an uninsured discount applied to the patient's account and an implicit pricing concession that approximates the average discount for managed care payers.

Premium Revenue

SHC has capitated agreements with various HMOs to provide medical services to enrollees. Under these agreements, monthly payments are received based on the number of health plan enrollees. Premium revenue is recognized in the month in which the member is eligible for Medicare services as "Health care services" in the *Consolidated Statements of Activities*. Costs are accrued when services are rendered under these contracts, including cost estimates of incurred but not reported ("IBNR") claims. The IBNR accrual (which is included in "Accounts payable and accrued expenses") includes an estimate of the costs of services for which SHC is responsible, including referrals to outside healthcare providers.

The following table presents health care services revenue, net of price concessions, for the years ended August 31, in thousands of dollars:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
Patient care revenue, net:					
Medicare	$ —	$ 1,519,060	$ 6,142	$ —	$ 1,525,202
Medi-Cal	—	255,202	651,888	—	907,090
Managed care	—	6,481,461	1,881,501	—	8,362,962
Self pay and other	—	376,163	202,643	—	578,806
Physician services and support (see *Note 1*)	1,844,608	49,436	—	(1,894,044)	—
Total patient care revenue, net	1,844,608	8,681,322	2,742,174	(1,894,044)	11,374,060
Premium revenue	—	56,709	—	—	56,709
Other services and support	55,200	—	—	(10,392)	44,808
HEALTH CARE SERVICES REVENUE, NET	**$1,899,808**	**$8,738,031**	**$2,742,174**	**$ (1,904,436)**	**$ 11,475,577**
2023					
Patient care revenue, net:					
Medicare	$ —	$ 1,279,346	$ 2,770	$ —	$ 1,282,116
Medi-Cal	—	175,157	542,835	—	717,992
Managed care	—	5,723,278	1,742,559	—	7,465,837
Self pay and other	—	299,241	230,261	—	529,502
Physician services and support (see *Note 1*)	1,577,976	44,013	—	(1,621,989)	—
Total patient care revenue, net	1,577,976	7,521,035	2,518,425	(1,621,989)	9,995,447
Premium revenue	—	65,386	—	—	65,386
Other services and support	47,419	—	—	(7,682)	39,737
HEALTH CARE SERVICES REVENUE, NET	**$1,625,395**	**$7,586,421**	**$2,518,425**	**$ (1,629,671)**	**$ 10,100,570**

For the years ended August 31, 2024 and 2023, SHC recognized net health care services revenue adjustments of $144.6 million and $16.5 million, respectively, as a result of prior years' favorable developments related to reimbursement and appeals. LPCH had no significant adjustments to revenue for the years ended August 31, 2024 and 2023.

Charity Care and Community Benefits

SHC and LPCH provide charity care, free of charge, to vulnerable populations. SHC's estimated cost of providing charity care was $29.1 million and $16.3 million, and LPCH's estimated cost of providing charity care was $2.7 million and $1.6 million for the years ended August 31, 2024 and 2023, respectively. This cost is estimated by calculating a ratio of total costs to gross patient service charges at established rates, and then multiplying that ratio by gross uncompensated patient service charges at established rates associated with providing care to charity patients.

SHC and LPCH also provide services to other patients under the Medicare, Medi-Cal and other publicly sponsored programs, which reimburse at amounts less than the cost of the services provided to the recipients. Estimated costs in excess of reimbursements for the Medicare, Medi-Cal and other publicly sponsored programs for the years ended August 31, 2024 and 2023 were $2.0 billion and $1.8 billion for SHC, respectively. For LPCH, estimated cost in excess of reimbursements for Medi-Cal and other publicly sponsored programs for the years ended August 31, 2024 and 2023 were $365.7 million and $339.0 million, respectively.

Provider Fee

The State of California enacted legislation in 2013 which established a Hospital Quality Assurance Fee (QAF) Program and a Hospital Fee Program. These programs impose a provider fee on certain California general acute care hospitals that, combined with federal matching funds, is used to provide supplemental payments to certain hospitals and support the State's effort to maintain health care coverage for children. California's participation in these programs was made permanent by a ballot initiative passed in November 2016. Specific portions of the program covering the period from January 1, 2023 to December 31, 2024 have not yet been approved by the Centers for Medicare and Medicaid Services (CMS). Accordingly, any potential activity under unapproved programs related to January 1, 2023 through August 31, 2024 have not been recognized as revenue or expense in the *Consolidated Statements of Activities*.

Provider fee revenue is recorded in "Health care services" while provider fee expense is recorded in "Other operating expenses" in the *Consolidated Statements of Activities*. Provider fee revenue, net of expense, under the approved portions of the programs for the years ended August 31, in thousands of dollars, is as follows:

	SHC	LPCH	CONSOLIDATED
2024			
Revenue	$ 206,672	$ 205,008	$ 411,680
Expense	(117,910)	(68,491)	(186,401)
TOTAL	**$ 88,762**	**$ 136,517**	**$ 225,279**
2023			
Revenue	$ 118,859	$ 136,655	$ 255,514
Expense	(65,827)	(37,598)	(103,425)
TOTAL	**$ 53,032**	**$ 99,057**	**$ 152,089**

Deferred revenue and prepaid expense associated with unapproved programs will be recognized as revenue and expense upon CMS approval. Deferred revenue and prepaid expense as of August 31, 2024 and 2023, in thousands of dollars, is as follows:

	SHC	LPCH	CONSOLIDATED
2024			
Deferred revenue	$ 12,175	$ 22,806	$ 34,981
Prepaid expense	$ 8,730	$ 5,357	$ 14,087
2023			
Deferred revenue	$ 42,713	$ 38,397	$ 81,110
Prepaid expense	$ 38,074	$ 19,927	$ 58,001

13. Gifts and Pledges

Gifts and pledges reported for financial statement purposes are recorded on the accrual basis. The Office of Development (OOD), which is the primary fundraising agent for the University and SHC, reports total gifts (including pledge payments) based on contributions received in cash or property during the fiscal year. Lucile Packard Foundation for Children's Health (LPFCH) is the primary community fundraising agent for LPCH and the pediatric faculty and programs at the University's SOM. The following summarizes gifts and pledges reported for the years ended August 31, 2024 and 2023, per the *Consolidated Statements of Activities*, in thousands of dollars:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
Current year gifts in support of operations	$ 259,879	$ 177	$ 5,312	$ —	$ 265,368
Donor advised funds, net	(64,292)	—	—	—	(64,292)
Current year gifts not included in operations	911	—	—	—	911
Gifts and pledges, net - with donor restrictions	958,312	7,145	73,509	14,650	1,053,616
TOTAL	**$ 1,154,810**	**$ 7,322**	**$ 78,821**	**$ 14,650**	**$ 1,255,603**
2023					
Current year gifts in support of operations	$ 269,096	$ 506	$ 6,028	$ —	$ 275,630
Donor advised funds, net	(41,846)	—	—	—	(41,846)
Current year gifts not included in operations	822	—	—	—	822
Gifts and pledges, net - with donor restrictions	1,521,106	20,884	90,423	4,135	1,636,548
TOTAL	**$ 1,749,178**	**$ 21,390**	**$ 96,451**	**$ 4,135**	**$ 1,871,154**

14. Functional Expenses

Expenses are presented by functional classification in alignment with Stanford's mission of teaching, research and health care.

Major functional categories consist of the following:

- **Instruction and departmental research** includes teaching and internally funded research expenses.
- **Organized research - direct costs** include sponsored support costs.
- **Health care services** include patient care provided by SHC, LPCH, SOM faculty, and other health care related activities.
- **Auxiliary activities** include housing and dining services, intercollegiate athletics, Stanford Alumni Association, and other activities.
- **SLAC construction** includes the costs associated with major projects and facilities at the SLAC National Accelerator Laboratory.

Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Depreciation and facility operations and maintenance expenses are allocated to the functional categories directly or based on the square footage occupancy. Salaries and benefits expenses are allocated to functional categories directly based on time and effort incurred.

Expenses by functional and natural classification for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	SALARIES AND BENEFITS	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL OPERATING EXPENSES
2024				
UNIVERSITY				
Instruction and departmental research	$ 1,999,106	$ 151,917	$ 800,343	$ 2,951,366
Organized research - direct costs	1,019,035	83,162	620,853	1,723,050
Health care services	1,230,475	3,915	27,813	1,262,203
Auxiliary activities	238,190	155,984	376,154	770,328
Administration and general	473,710	52,961	250,674	777,345
Student services	246,610	7,276	183,803	437,689
Libraries	78,039	73,725	69,022	220,786
Development	119,362	4,142	20,729	144,233
SLAC construction	55,746	—	74,346	130,092
TOTAL EXPENSES	**5,460,273**	**533,082**	**2,423,737**	**8,417,092**
SHC				
Health care services	3,616,758	272,513	3,935,250	7,824,521
Administration and general	297,137	19,517	249,863	566,517
Development	1,479	—	16,148	17,627
TOTAL EXPENSES	**3,915,374**	**292,030**	**4,201,261**	**8,408,665**
LPCH				
Health care services	1,245,448	77,745	1,202,916	2,526,109
Administration and general	106,488	3,625	121,892	232,005
Development	30,095	1,431	17,279	48,805
TOTAL EXPENSES	**1,382,031**	**82,801**	**1,342,087**	**2,806,919**
ELIMINATIONS				
Health care services	—	—	(1,870,179)	(1,870,179)
Administration and general	—	—	(36,071)	(36,071)
Development	—	—	(17,436)	(17,436)
TOTAL ELIMINATIONS	**—**	**—**	**(1,923,686)**	**(1,923,686)**
CONSOLIDATED				
Instruction and departmental research	1,999,106	151,917	800,343	2,951,366
Organized research - direct costs	1,019,035	83,162	620,853	1,723,050
Health care services	6,092,681	354,173	3,295,800	9,742,654
Auxiliary activities	238,190	155,984	376,154	770,328
Administration and general	877,335	76,103	586,358	1,539,796
Student services	246,610	7,276	183,803	437,689
Libraries	78,039	73,725	69,022	220,786
Development	150,936	5,573	36,720	193,229
SLAC construction	55,746	—	74,346	130,092
TOTAL EXPENSES	**$10,757,678**	**$ 907,913**	**$ 6,043,399**	**$17,708,990**

	SALARIES AND BENEFITS	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL EXPENSES
2023				
UNIVERSITY				
Instruction and departmental research	$ 1,799,280	$ 142,171	$ 754,085	$ 2,695,536
Organized research - direct costs	937,254	78,377	567,347	1,582,978
Health care services	1,091,086	4,683	25,917	1,121,686
Auxiliary activities	219,265	137,968	365,722	722,955
Administration and general	386,500	55,269	229,610	671,379
Student services	219,170	7,218	175,802	402,190
Libraries	70,965	71,878	62,279	205,122
Development	110,538	4,527	22,598	137,663
SLAC construction	53,037	—	67,338	120,375
TOTAL EXPENSES	**4,887,095**	**502,091**	**2,270,698**	**7,659,884**
SHC				
Health care services	3,307,740	244,834	3,359,035	6,911,609
Administration and general	266,724	17,878	243,796	528,398
Development	1,335	—	15,498	16,833
TOTAL EXPENSES	**3,575,799**	**262,712**	**3,618,329**	**7,456,840**
LPCH				
Health care services	1,153,311	81,567	1,057,491	2,292,369
Administration and general	123,002	6,328	127,122	256,452
Development	21,875	1,123	11,540	34,538
TOTAL EXPENSES	**1,298,188**	**89,018**	**1,196,153**	**2,583,359**
ELIMINATIONS				
Health care services	—	—	(1,587,565)	(1,587,565)
Administration and general	—	—	(42,529)	(42,529)
Development	—	—	(16,627)	(16,627)
TOTAL ELIMINATIONS	**—**	**—**	**(1,646,721)**	**(1,646,721)**
CONSOLIDATED				
Instruction and departmental research	1,799,280	142,171	754,085	2,695,536
Organized research - direct costs	937,254	78,377	567,347	1,582,978
Health care services	5,552,137	331,084	2,854,878	8,738,099
Auxiliary activities	219,265	137,968	365,722	722,955
Administration and general	776,226	79,475	557,999	1,413,700
Student services	219,170	7,218	175,802	402,190
Libraries	70,965	71,878	62,279	205,122
Development	133,748	5,650	33,009	172,407
SLAC construction	53,037	—	67,338	120,375
TOTAL EXPENSES	**$ 9,761,082**	**$ 853,821**	**$ 5,438,459**	**$ 16,053,362**

15. University Retirement Plans

The University provides retirement benefits through both defined contribution and defined benefit retirement plans for substantially all of its employees.

DEFINED CONTRIBUTION PLAN

The University offers a defined contribution plan to eligible faculty and staff through the *Stanford Contributory Retirement Plan* (SCRP). Employer contributions are based on a percentage of participant annual compensation, participant contributions and years of service. University and participant contributions are primarily invested in annuities and mutual funds. University contributions under the SCRP, which are vested immediately to participants, were $259.5 million and $234.2 million for the years ended August 31, 2024 and 2023, respectively.

DEFINED BENEFIT PLANS

The University provides retirement and postretirement medical and other benefits through the *Staff Retirement Annuity Plan*, the *Faculty Retirement Incentive Program*, and the *Postretirement Benefit Plan* (the "Plans"). The obligations for the Plans, net of plan assets, are recorded in the *Consolidated Statements of Financial Position* as "Accrued pension and postretirement benefit obligations." These plans are described in more detail below.

Staff Retirement Annuity Plan

Retirement benefits for certain employees are provided through the *Staff Retirement Annuity Plan* (SRAP), a noncontributory plan. While the SRAP is closed to new participants, certain employees continue to accrue benefits. Contributions to the plan are made in accordance with the Employee Retirement Income Security Act (ERISA) based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

Faculty Retirement Incentive Program

The University provides a retirement incentive bonus for eligible faculty through the University *Faculty Retirement Incentive Program* (FRIP). The University's faculty may become eligible for the FRIP program if they commit to retire within a designated window of time. At August 31, 2024 and 2023, there were no program assets. The University funds benefit payouts as they are incurred.

Postretirement Benefit Plan

The University provides medical, dental, and vision benefits for retired employees through its *Postretirement Benefit Plan* (PRBP). The University's employees and their covered dependents may become eligible for the PRBP upon the employee's retirement and meeting specific years of service and age criteria. Retiree health plans are paid for, in part, by retiree contributions, which are adjusted annually. The University's subsidy varies depending on whether the retiree is covered under the legacy design or the defined dollar benefit design. The University provides Medicare and non-Medicare medical plans to eligible retirees and their dependents.

The change in the Plans' assets, the related change in benefit obligations and the amounts recognized in the financial statements, in thousands of dollars, are as follows:

	SRAP	FRIP	PRBP	TOTAL
2024				
Fair value of plan assets, beginning of year	$ 203,196	$ —	$ 261,260	$ 464,456
Change in plan assets:				
Actual return on plan assets	26,097	—	46,368	72,465
Employer contributions	—	11,155	10,805	21,960
Plan participants' contributions	—	—	21,064	21,064
Benefits and plan expenses paid	(19,210)	(11,155)	(46,578) *	(76,943)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	**210,083**	**—**	**292,919**	**503,002**
Benefit obligation, beginning of year	216,017	164,013	545,157	925,187
Change in projected benefit obligation:				
Service cost	742	8,737	17,613	27,092
Interest cost	10,731	8,349	28,636	47,716
Plan participants' contributions	—	—	21,064	21,064
Actuarial loss	3,797	2,986	55,317	62,100
Benefits and plan expenses paid	(19,210)	(11,155)	(46,578) *	(76,943)
BENEFIT OBLIGATION, END OF YEAR	**212,077**	**172,930**	**621,209**	**1,006,216**
NET LIABILITY RECOGNIZED IN THE *STATEMENTS OF FINANCIAL POSITION*	**$ (1,994)**	**$ (172,930)**	**$ (328,290)**	**$ (503,214)**

** Net of Medicare subsidy of $1.6 million*

	SRAP	FRIP	PRBP	TOTAL
2023				
Fair value of plan assets, beginning of year	$ 216,200	$ —	$ 256,151	$ 472,351
Change in plan assets:				
Actual return on plan assets	5,989	—	18,394	24,383
Employer contributions	—	10,889	5,348	16,237
Plan participants' contributions	—	—	21,797	21,797
Benefits and plan expenses paid	(18,993)	(10,889)	(40,430) *	(70,312)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	**203,196**	**—**	**261,260**	**464,456**
Benefit obligation, beginning of year	239,194	160,554	515,423	915,171
Change in projected benefit obligation:				
Service cost	823	8,883	16,653	26,359
Interest cost	10,421	7,212	23,486	41,119
Plan participants' contributions	—	—	21,797	21,797
Actuarial loss (gain)	(15,428)	(1,747)	8,228	(8,947)
Benefits and plan expenses paid	(18,993)	(10,889)	(40,430) *	(70,312)
BENEFIT OBLIGATION, END OF YEAR	**216,017**	**164,013**	**545,157**	**925,187**
NET LIABILITY RECOGNIZED IN THE *STATEMENTS OF FINANCIAL POSITION*	**$ (12,821)**	**$ (164,013)**	**$ (283,897)**	**$ (460,731)**

** Net of Medicare subsidy of $2.4 million*

The accumulated benefit obligation for the SRAP was $211.7 million and $215.6 million at August 31, 2024 and 2023, respectively.

Net periodic benefit expense and non-operating activities related to the Plans for the years ended August 31, 2024 and 2023, in thousands of dollars, includes the following components:

	SRAP	FRIP	PRBP	TOTAL
2024				
Service cost	$ 742	$ 8,737	$ 17,613	$ 27,092
PERIODIC BENEFIT EXPENSE	**742**	**8,737**	**17,613**	**27,092**
Non-operating:				
Interest cost	10,731	8,349	28,636	47,716
Expected return on plan assets	(11,339)	—	(16,982)	(28,321)
Amortization of:				
Prior service cost	850	—	373	1,223
Actuarial loss (gain)	433	(919)	(1,450)	(1,936)
Non-operating periodic benefit cost	675	7,430	10,577	18,682
NET PERIODIC BENEFIT COST[1]	**1,417**	**16,167**	**28,190**	**45,774**
Non-operating periodic benefit cost	675	7,430	10,577	18,682
Net actuarial loss (gain)	(10,961)	2,986	25,931	17,956
Amortization of:				
Prior service cost	(850)	—	(373)	(1,223)
Actuarial gain (loss)	(433)	919	1,450	1,936
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	**$ (11,569)**	**$ 11,335**	**$ 37,585**	**$ 37,351**
2023				
Service cost	$ 823	$ 8,883	$ 16,653	$ 26,359
PERIODIC BENEFIT EXPENSE	**823**	**8,883**	**16,653**	**26,359**
Non-operating:				
Interest cost	10,421	7,212	23,486	41,119
Expected return on plan assets	(10,018)	—	(16,650)	(26,668)
Amortization of:				
Prior service cost	850	—	373	1,223
Actuarial loss (gain)	880	(612)	(2,372)	(2,104)
Non-operating periodic benefit cost	2,133	6,600	4,837	13,570
NET PERIODIC BENEFIT COST[1]	**2,956**	**15,483**	**21,490**	**39,929**
Non-operating periodic benefit cost	2,133	6,600	4,837	13,570
Net actuarial loss (gain)	(11,399)	(1,747)	6,484	(6,662)
Amortization of:				
Prior service cost	(850)	—	(373)	(1,223)
Actuarial gain (loss)	(880)	612	2,372	2,104
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	**$ (10,996)**	**$ 5,465**	**$ 13,320**	**$ 7,789**

[1]The components of net periodic benefit cost other than service cost are included in "Pension and other postemployment benefit related changes other than service cost" in the Statement of Activities.

Cumulative amounts recognized in non-operating activities, but not yet recognized in net periodic benefit cost in the *Consolidated Statements of Activities*, are presented in the following table for the years ended August 31, 2024 and 2023, in thousands of dollars:

	SRAP	FRIP	PRBP	TOTAL
2024				
Prior service cost	$ 1,280	$ —	$ 1,382	$ 2,662
Net actuarial loss (gain)	19,319	(25,365)	(49,697)	(55,743)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	**$ 20,599**	**$ (25,365)**	**$ (48,315)**	**$ (53,081)**
2023				
Prior service cost	$ 2,130	$ —	$ 1,755	$ 3,885
Net actuarial loss (gain)	30,713	(29,270)	(77,078)	(75,635)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	**$ 32,843**	**$ (29,270)**	**$ (75,323)**	**$ (71,750)**

ACTUARIAL ASSUMPTIONS

The weighted average assumptions used to determine the benefit obligations and net periodic benefit cost for the Plans are shown below:

	SRAP		FRIP		PRBP	
	2024	2023	2024	2023	2024	2023
BENEFIT OBLIGATIONS						
Discount rate	4.94%	5.31%	5.03%	5.35%	5.16%	5.37%
Covered payroll growth rate	3.00%	3.00%	4.78%	4.80%	N/A	N/A
NET PERIODIC BENEFIT COST						
Discount rate	5.31%	4.66%	5.35%	4.71%	5.37%	4.65%
Expected returns on plan assets	6.00%	5.00%	N/A	N/A	6.50%	6.50%
Covered payroll growth rate	3.00%	3.00%	4.80%	4.80%	N/A	N/A

The expected long-term rate of return on asset assumptions for the SRAP and PRBP plans is 5.50% and 6.50%, respectively. The assumption is used in determining the expected returns on plan assets, a component of net periodic benefit expense (income), representing the expected return for the upcoming fiscal year on plan assets. This assumption is developed based on future expectations for returns in each asset class, as well as the target asset allocation of the portfolios. The use of expected long-term returns on plan assets may result in income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns, and therefore result in a pattern of income and cost recognition that more closely matches the pattern of the services provided by the employees. Differences between actual and expected returns are recognized as a component of non-operating activities and amortized as a component of net periodic benefit expense (income) over the service or life expectancy of the plan participants, depending on the plan, provided such amounts exceed the accounting standards threshold.

To determine the accumulated PRBP obligation at August 31, 2024, a 8.70% and 6.30% annual rate of increase in the cost of covered health care for Medical Pre-65 and Medical Post-65, respectively, was assumed for calendar year 2024 with these rates declining gradually to 4.00% by 2049 and remaining at this rate thereafter.

EXPECTED CONTRIBUTIONS

The University expects to contribute $14.8 million to the FRIP, $26.2 million to the PRBP, and does not expect to contribute to the SRAP during the fiscal year ending August 31, 2025.

EXPECTED BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid for the years ending August 31, in thousands of dollars:

			PRBP	
YEAR ENDING AUGUST 31	SRAP	FRIP	EXCLUDING MEDICARE SUBSIDY	EXPECTED MEDICARE PART D SUBSIDY
2025	$ 27,229	$ 14,806	$ 27,070	$ 891
2026	19,209	14,392	26,403	—
2027	18,129	13,149	28,135	—
2028	17,886	11,485	30,026	—
2029	16,934	11,521	31,849	—
2030 - 2034	71,261	69,845	187,575	—

INVESTMENT STRATEGY

The University's Retirement Program Investment Committee, acting in a fiduciary capacity, has established formal investment policies for the assets associated with the University's funded plans (SRAP and PRBP). The investment strategy of the plans is to preserve and enhance the value of the plans' assets within acceptable levels of risk. Investments in the plans are diversified among asset classes, striving to achieve an optimal balance between risk and return, and income and capital appreciation. Because the liabilities of each of the plans are long-term, the investment horizon is primarily long-term, with adequate liquidity to meet short-term benefit payment obligations.

CONCENTRATION OF RISK

The University manages a variety of risks, including market, credit, and liquidity risks, across its plan assets. Concentration of risk is defined as an undiversified exposure to one of the above-mentioned risks that increases the exposure of the loss of plan assets unnecessarily. Risk is minimized by predominately investing in broadly diversified index funds for public equities and fixed income. As of August 31, 2024, the University did not have concentrations of risk in any single entity, counterparty, sector, industry or country.

PLAN ASSETS AND ALLOCATIONS

Current U.S. GAAP defines a hierarchy of valuation inputs for the determination of the fair value of plan assets as described in *Note 6*. As of August 31, 2024 and 2023, all of the assets of the PRBP and substantially all of the assets of the SRAP were categorized as Level 1 investments. The fair value of plan assets by asset category, in thousands of dollars, at August 31, 2024 and 2023 and actual allocations and weighted-average target allocations at August 31, 2024 are as follows:

	2024	2023	2024 ACTUAL ALLOCATION	2024 TARGET ALLOCATION
SRAP:				
Cash and cash equivalents	$ 15,909	$ 2,147	8%	7%
Public equities	61,666	88,553	29%	30%
Fixed income	132,508	112,496	63%	63%
TOTAL	**210,083**	**203,196**	**100%**	**100%**
PRBP:				
Public equities	221,609	195,088	76%	75%
Fixed income	71,310	66,172	24%	25%
TOTAL	**292,919**	**261,260**	**100%**	**100%**
TOTAL PLAN ASSETS AT FAIR VALUE	**$ 503,002**	**$ 464,456**		

16. SHC and LPCH Retirement Plans

SHC and LPCH provide retirement benefits through defined benefit and defined contribution retirement plans covering substantially all of its regular employees.

DEFINED CONTRIBUTION PLAN

The Hospitals offer a defined contribution plan to eligible employees. Employer contributions to the defined contribution retirement plan are based on a percentage of participant annual compensation, participant contributions and years of service. SHC contributions under the plan, which are vested immediately to participants, were $225.8 million and $192.9 million, and LPCH contributed $82.9 million and $74.3 million for the years ended August 31, 2024 and 2023, respectively.

DEFINED BENEFIT PLANS

The Hospitals provide retirement and postretirement medical benefits through the SHC *Staff Pension Plan*, and the SHC *Postretirement Medical Benefit Plan*, collectively (the "Plans"). The obligations for the Plans, net of plan assets, are recorded in the *Consolidated Statements of Financial Position* as "Accrued pension and postretirement benefit obligations." These plans are described in more detail below.

Staff Pension Plan

Certain employees of SHC and LPCH are covered by the SHC *Staff Pension Plan* (the "Pension Plan"), a noncontributory, defined benefit pension plan. Benefits are based on years of service and the employee's compensation. Contributions to the plan are made in accordance with ERISA based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. SHC and LPCH have an arrangement whereby SHC assumes the pension liability of the LPCH employees and previously leased employees. However, LPCH is required to reimburse SHC for the annual expense incurred for these employees and previously leased employees.

In April 2021, the SHC Board of Directors approved a resolution to terminate the Pension Plan. As of January 31, 2024, the Pension Plan was fully settled, and all benefit obligations released. Plan participants elected to receive either a lump-sum distribution or to transfer benefits to a third-party annuity provider. As a result of the settlement, SHC was relieved of any further obligations under the Pension Plan. During fiscal year 2024, pension settlement charges totaling $51.7 million were recognized. In addition to contributions of $3.9 million in the year ended August 31, 2024, there were contributions of $2.3 million to settle the Pension Plan.

Postretirement Medical Benefit Plan

SHC and LPCH provide health care benefits for certain retired employees through the SHC *Postretirement Medical Benefit Plan* (PRMB). The Hospitals' employees and their covered dependents may become eligible for the PRMB upon the employee's retirement as early as age 55, with years of service as defined by specific criteria. Retiree health plans are paid, in part, by retiree contributions, which are adjusted annually. The Hospitals' subsidies vary depending on whether the retiree is covered under the legacy design or the defined dollar benefit design. Medicare supplement options are provided for retirees over age 65. LPCH reimburses SHC for costs related to this plan on a periodic basis.

The change in the Plans' assets, the related change in benefit obligations and the amounts recognized in the financial statements, in thousands of dollars, are as follows:

	STAFF PENSION PLAN	PRMB
2024		
Fair value of plan assets, beginning of year	$ 151,390	$ —
Change in plan assets:		
Actual return on plan assets	6,264	—
Employer contributions	6,055	7,798
Plan participants' contributions	—	1,068
Benefits and plan expenses paid	(7,365)	(8,866) *
Plan settlements	(156,344)	—
FAIR VALUE OF PLAN ASSETS, END OF YEAR	**—**	**—**
Benefit obligation, beginning of year	157,554	115,588
Change in projected benefit obligation:		
Service cost	1,350	5,282
Interest cost	3,448	5,949
Plan participants' contributions	—	1,068
Actuarial loss	1,357	6,071
Benefits and plan expenses paid	(7,365)	(8,866) *
Plan settlements	(156,344)	—
BENEFIT OBLIGATION, END OF YEAR	**—**	**125,092**
NET LIABILITY RECOGNIZED IN THE *STATEMENTS OF FINANCIAL POSITION*	**$ —**	**$ (125,092)**

** Net of Medicare subsidy of $64 thousand*

	STAFF PENSION PLAN	PRMB
2023		
Fair value of plan assets, beginning of year	$ 164,594	$ —
Change in plan assets:		
Actual return on plan assets	(1,112)	—
Employer contributions	—	5,642
Plan participants' contributions	—	1,156
Benefits and plan expenses paid	(12,092)	(6,798) *
FAIR VALUE OF PLAN ASSETS, END OF YEAR	**151,390**	**—**
Benefit obligation, beginning of year	167,017	117,266
Change in projected benefit obligation:		
Service cost	894	5,478
Interest cost	7,533	5,322
Plan participants' contributions	—	1,156
Actuarial gain	(5,829)	(7,230)
Benefits and plan expenses paid	(12,092)	(6,798) *
Plan amendments	887	394
Plan curtailments	(856)	—
BENEFIT OBLIGATION, END OF YEAR	**157,554**	**115,588**
NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION	**$ (6,164)**	**$ (115,588)**

** Net of Medicare subsidy of $79 thousand*

The net liability for the PRMB includes amounts for both SHC and LPCH employees and is recognized on the Hospitals' respective *Statements of Financial Position*. The table below presents the plan obligations for each entity as of August 31, 2024 and 2023, in thousands of dollars:

	2024	2023
SHC	$ 92,579	$ 85,337
LPCH	32,513	30,251
TOTAL	**$ 125,092**	**$ 115,588**

The accumulated benefit obligation for the Pension Plan was $0 and $157.6 million at August 31, 2024 and 2023, respectively.

Net periodic benefit cost and non-operating activities related to the Plans for the years ended August 31, 2024 and 2023, in thousands of dollars, includes the following components:

	STAFF PENSION PLAN	PRMB
2024		
Service cost	$ 1,350	$ 5,282
PERIODIC BENEFIT EXPENSE	**1,350**	**5,282**
Non-operating:		
Interest cost	3,448	5,949
Expected return on plan assets	(2,602)	—
Amortization of:		
Prior service cost	66	3,361
Actuarial loss (gain)	132	(1,534)
Curtailment loss	821	—
Settlement loss	51,688	—
Non-operating net periodic benefit cost	53,553	7,776
NET PERIODIC BENEFIT COST[1]	**54,903**	**13,058**
Non-operating net periodic benefit cost	53,553	7,776
Net actuarial loss (gain)	(2,305)	6,071
New prior service cost	—	—
Amortization of:		
Prior service cost	(887)	(3,361)
Actuarial gain (loss)	(51,820)	1,534
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	**$ (1,459)**	**$ 12,020**
2023		
Service cost	$ 894	$ 5,478
PERIODIC BENEFIT EXPENSE	**894**	**5,478**
Non-operating:		
Interest cost	7,533	5,322
Expected return on plan assets	(7,370)	—
Amortization of:		
Prior service cost	—	3,553
Actuarial loss (gain)	349	(1,193)
Non-operating net periodic benefit cost	512	7,682
NET PERIODIC BENEFIT COST[1]	**1,406**	**13,160**
Non-operating net periodic benefit cost	512	7,682
Net actuarial loss (gain)	1,797	(7,230)
New prior service cost	887	394
Amortization of:		
Prior service cost	—	(3,553)
Actuarial gain (loss)	(349)	1,193
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	**$ 2,847**	**$ (1,514)**

[1]The components of net periodic benefit cost other than service cost are included in "Pension and other postemployment benefit related changes other than service cost" in the Statements of Activities.

The net periodic benefit cost and amounts recognized in non-operating activities for the PRMB include amounts for both SHC and LPCH employees and is recognized on the Hospitals' respective *Statements of Activities*. The table below presents the amount for each entity as of August 31, 2024 and 2023, in thousands of dollars:

	SHC	LPCH	TOTAL
2024			
Net periodic benefit cost	$ 9,435	$ 3,623	$ 13,058
Amounts recognized in non-operating activities	2,112	2,132	4,244
TOTAL AMOUNT RECOGNIZED IN NET PERIODIC BENEFIT COST AND NON-OPERATING ACTIVITIES	**$ 11,547**	**$ 5,755**	**$ 17,302**
2023			
Net periodic benefit cost	$ 9,450	$ 3,710	$ 13,160
Amounts recognized in non-operating activities	(6,374)	(2,822)	(9,196)
TOTAL AMOUNT RECOGNIZED IN NET PERIODIC BENEFIT COST AND NON-OPERATING ACTIVITIES	**$ 3,076**	**$ 888**	**$ 3,964**

Cumulative amounts recognized in non-operating activities, but not yet recognized in net periodic benefit cost in the *Consolidated Statements of Activities*, are presented in the following table for the years ended August 31, 2024 and 2023, in thousands of dollars:

	STAFF PENSION PLAN	PRMB
2024		
Prior service cost	$ —	$ 30,626
Net actuarial gain	—	(18,949)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	**$ —**	**$ 11,677**
2023		
Prior service cost	$ 887	$ 33,987
Net actuarial loss (gain)	54,125	(26,554)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	**$ 55,012**	**$ 7,433**

ACTUARIAL ASSUMPTIONS

The weighted average assumptions used to determine the benefit obligations and net periodic benefit cost for the Plans are shown below:

	STAFF PENSION PLAN		PRMB	
	2024	2023	2024	2023
BENEFIT OBLIGATIONS				
Discount rate	N/A	5.33%	5.05%	5.34%
Covered payroll growth rate	N/A	3.00%	N/A	N/A
NET PERIODIC BENEFIT COST				
Discount rate	N/A	4.68%	5.34%	4.69%
Expected return on plan assets	N/A	4.00%	N/A	N/A
Covered payroll growth rate	N/A	3.00%	N/A	N/A

To determine the accumulated PRMB obligation at August 31, 2024, a 6.92% for Medical Pre-65 and 8.40% for Medical Post-65 annual rates of increase in the per capita cost of covered health care were assumed for calendar year 2024, declining gradually to 4.00% for both Pre-65 and Post 65, by 2048, and remaining at this rate thereafter.

EXPECTED CONTRIBUTIONS

SHC expects to contribute $5.7 million to the PRMB during the fiscal year ending August 31, 2025.

EXPECTED BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid for the fiscal years ending August 31, in thousands of dollars:

	PRMB	
YEAR ENDING AUGUST 31	EXCLUDING MEDICARE SUBSIDY	EXPECTED MEDICARE PART D SUBSIDY
2025	$ 7,415	$ 150
2026	7,584	57
2027	7,954	50
2028	8,341	43
2029	8,833	37
2030 - 2034	53,224	112

INVESTMENT STRATEGY

Prior to settlement in 2024, the investment objective of the Pension Plan was to meet its pension obligations as promised by the plan. The Pension Plan's assets were invested in cash and fixed income to minimize investment risk during plan termination. The Pension Plan's asset allocation was revised to reflect the termination status of the plan as of January 31, 2024.

PLAN ASSETS AND ALLOCATIONS

Current U.S. GAAP defines a hierarchy of valuation inputs for the determination of the fair value of plan assets as described in *Note 6*. The Plans' assets measured at fair value at August 31, 2024 and 2023, are all categorized as Level 1 investments, in thousands of dollars, as follows:

	2024	2023
STAFF PENSION PLAN:		
Fixed income	—	151,390
PLAN ASSETS AT FAIR VALUE	**$ —**	**$ 151,390**

17. Leases

LESSEE

Stanford leases research and development facilities, office spaces, buses, and equipment under operating and finance leases expiring through November 2057. Under the accounting standard for leases, a lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On the *Consolidated Statements of Financial Position*, "Right-of-use assets" represent Stanford's right to use an underlying asset for the lease term and "Lease liabilities" represent Stanford's obligation to make lease payments arising from the lease based on the present value of lease payments over the lease term. Lease liabilities do not include lease payments that were not fixed at commencement or lease modification. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Stanford will exercise that option. The exercise of lease renewal options is at Stanford's sole discretion. Stanford uses an incremental borrowing rate for discounting leases, as applicable. Lease costs are included in "Other operating expenses" on the *Consolidated Statements of Activities*.

Supplemental information related to leases, in thousands of dollars, except lease term and discount rate, is as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
Operating lease	$ 409,137	$ 381,413	$ 192,383	$ (99,801)	$ 883,132
Finance lease	213,363	—	—	—	213,363
TOTAL LEASE RIGHT-OF-USE ASSETS	**$ 622,500**	**$ 381,413**	**$ 192,383**	**$ (99,801)**	**$ 1,096,495**
Operating lease	$ 446,745	$ 396,355	$ 207,087	$ (99,801)	$ 950,386
Finance lease	232,905	—	—	—	232,905
TOTAL LEASE LIABILITY	**$ 679,650**	**$ 396,355**	**$ 207,087**	**$ (99,801)**	**$ 1,183,291**

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2023					
Operating lease	$ 429,183	$ 318,150	$ 206,915	$ (116,838)	$ 837,410
Finance lease	227,014	—	—	—	227,014
TOTAL LEASE RIGHT-OF-USE ASSETS	**$ 656,197**	**$ 318,150**	**$ 206,915**	**$ (116,838)**	**$ 1,064,424**
Operating lease	$ 459,339	$ 330,012	$ 220,386	$ (116,838)	$ 892,899
Finance lease	241,034	—	—	—	241,034
TOTAL LEASE LIABILITY	**$ 700,373**	**$ 330,012**	**$ 220,386**	**$ (116,838)**	**$ 1,133,933**

	UNIVERSITY		SHC		LPCH	
	2024	2023	2024	2023	2024	2023
WEIGHTED-AVERAGE REMAINING LEASE TERM IN YEARS:						
Operating lease	22.56	23.23	6.05	6.17	6.11	7.04
Finance lease	25.85	26.19	N/A	N/A	N/A	N/A
WEIGHTED-AVERAGE DISCOUNT RATE:						
Operating lease	3.32%	3.10%	4.49%	3.68%	2.94%	2.69%
Finance lease	2.75%	2.71%	N/A	N/A	N/A	N/A

The components of lease expenses, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Operating lease cost	$ 47,915	$ 89,997	$ 38,872	$ 176,784
Finance lease cost:				
Amortization of leased assets	14,654	—	—	14,654
Interest on lease liabilities	6,097	—	—	6,097
Variable lease cost	7,130	11,877	8,876	27,883
Short-term lease cost	11,434	7,151	334	18,919
Sublease income	(7,137)	(4,114)	(2,565)	(13,816)
TOTAL LEASE COST	**$ 80,093**	**$ 104,911**	**$ 45,517**	**$ 230,521**
2023				
Operating lease cost	$ 44,248	$ 82,782	$ 38,084	$ 165,114
Finance lease cost:				
Amortization of leased assets	14,771	12	—	14,783
Interest on lease liabilities	6,238	—	—	6,238
Variable lease cost	5,399	11,338	6,360	23,097
Short-term lease cost	27,599	11,696	809	40,104
Sublease income	(7,023)	(3,949)	(4,532)	(15,504)
TOTAL LEASE COST	**$ 91,232**	**$ 101,879**	**$ 40,721**	**$ 233,832**

Supplemental cash flow information related to leases, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2024				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 40,432	$ 86,900	$ 38,613	$ 165,945
Operating cash flows from finance leases	6,097	—	—	6,097
Financing cash flows from finance leases	9,131	—	—	9,131
Obtaining right-of-use assets in exchange for lease liabilities:				
Operating leases	$ 10,807	$ 138,450	$ 19,513	$ 168,770
Finance leases	1,002	—	—	1,002
2023				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 35,806	$ 84,650	$ 37,256	$ 157,712
Operating cash flows from finance leases	6,238	—	—	6,238
Financing cash flows from finance leases	8,968	12	—	8,980
Obtaining right-of-use assets in exchange for lease liabilities:				
Operating leases	$ 316	$ 143,898	$ 33,370	$ 177,584
Finance leases	745	—	—	745

Maturities of lease liabilities for periods subsequent to August 31, 2024, in thousands of dollars, are as follows:

	MATURITY OF LEASE LIABILITIES				
YEAR ENDING AUGUST 31	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025	$ 63,670	$ 90,028	$ 41,684	$ (18,989)	$ 176,393
2026	55,031	83,805	39,065	(18,222)	159,679
2027	54,742	75,323	33,776	(15,900)	147,941
2028	51,063	65,493	33,253	(16,175)	133,634
2029	48,811	49,174	30,536	(15,938)	112,583
Thereafter	712,718	88,748	47,812	(29,986)	819,292
TOTAL LEASE PAYMENTS	**986,035**	**452,571**	**226,126**	**(115,210)**	**1,549,522**
LESS IMPUTED INTEREST	**(306,385)**	**(56,216)**	**(19,039)**	**15,409**	**(366,231)**
TOTAL	**$ 679,650**	**$ 396,355**	**$ 207,087**	**$ (99,801)**	**$ 1,183,291**

LESSOR

Stanford holds investment properties that it leases to external parties under non-cancellable operating leases. Stanford receives minimum rental income over the life of the lease; however, certain of the leases include variable rental payments that are based on a percentage of the tenant sales in excess of contractual amount. Certain leases include options for lessee to extend or terminate the lease. The University employs a comprehensive risk management strategy for the residual value of the leased assets. This strategy includes ground lease agreements that require the return of assets in first-class condition, regular inspections of the properties, market assessments, and the analysis of historical data to predict asset values at the end of the lease term. The University also monitors economic trends and industry forecasts to adjust our leasing terms and pricing models accordingly.

Rental income is recognized over time in accordance with the contractual term of the related lease agreements. Total rental income under these leases for the years ended August 31, 2024 and 2023 was $287.6 million and $275.2 million for the University, $7.6 million and $3.9 million for SHC, and $1.2 million and $1.5 million for LPCH, respectively. See *Note 6* for future minimum rental income under non-cancellable leases.

18. Related Party Transactions

Members of the University, SHC, and LPCH boards and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with Stanford. Transactions with related parties occur in the ordinary course of Stanford's activities which do not have a material effect on Stanford's financial position. Stanford related parties may include affiliates, trusts, and investment holdings. In addition, related parties may also include board members and senior management, their family members, and any entities with which they are associated that may do business with Stanford.

The University, SHC and LPCH have separate written conflict of interest policies that require, among other items, that no member of their respective board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each board member is required to certify compliance with his or her respective entity's conflict of interest policy on an annual basis and indicate whether his or her respective entity does business with any entity in which the board member has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the respective entity, and in accordance with applicable conflict of interest laws and policies. No such associations are considered to be significant.

The University, SHC, and LPCH each requires its senior management to disclose annually any significant financial interests in, or employment or consulting relationships with, entities doing business with it. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the relevant entity. No such associations are considered to be significant.

19. Commitments and Contingencies

Management is of the opinion that none of the following commitments and contingencies will have a material adverse effect on Stanford's consolidated financial position.

LABOR AGREEMENTS

Approximately 6% of the University's, 39% of SHC's and 48% of LPCH's employees are covered under union contract arrangements and are, therefore, subject to labor stoppages when contracts expire. The University's agreement with the Service Employees International Union (SEIU) will expire in 2028 and the agreement with the Stanford Deputy Sheriffs' Association will expire in 2026. SHC's and LPCH's agreements with SEIU will expire in 2026 and the agreements with the Committee for Recognition of Nursing Achievement (CRONA) will expire in 2025. SHC's agreements with the California Nurses Association (CNA) and with the United Security Associates Union (USAU) will expire in 2027. SHC's agreement with the Committee of Interns and Residents (CIR-SEIU) will expire in 2026.

LITIGATION

The University, SHC and LPCH are defendants in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, resulting from these legal actions will not have a material adverse effect on the consolidated financial position.

CONTRACTUAL COMMITMENTS

At August 31, 2024, the University had contractual obligations of approximately $260.1 million in connection with major construction projects. Remaining expenditures on construction in progress are estimated to be $1.3 billion, which will be financed with certain unexpended plant funds, gifts and debt. Commitments on construction contracts, including the construction and remodeling of Hospital facilities, were approximately $454.6 million for SHC and $78.9 million for LPCH at August 31, 2024. SHC had contractual obligations of approximately $858.2 million to support SHC's operations, such as maintenance, food services, software subscription related services, valet services and other purchased services at August 31, 2024.

Over the course of the next several years, SHC will complete renovations to enable the relocation of inpatient units that remain in the 1959-era portion of the hospital, and fulfill the seismic safety mandate to have all inpatient beds located in compliant structures. As of August 31, 2024, $547.0 million was recorded to property and equipment of which $129.0 million was recorded to construction in progress and $418.0 million was capitalized to property and equipment. Estimated cost of the renewal project is approximately $1.6 billion.

The University executed two 25-year agreements with two solar electricity developers and operators in 2015 and 2018 to purchase the output from their solar photovoltaic facilities and battery storage. The first facility was placed in service in December 2016 and the second facility began operation in April 2022. The University's total unpaid commitment under the agreements over the life of the agreements, undiscounted, is $284.6 million.

In addition, as described in *Note 6*, the University is obligated under certain alternative investment agreements to advance additional funding up to specified levels over a period of years.

20. Subsequent Events

Stanford has evaluated subsequent events for the period from August 31, 2024 through December 10, 2024, the date the *Consolidated Financial Statements* were issued.

21. Consolidating Entity Statements

The pages which follow present consolidating statements of financial position as of August 31, 2024 and 2023 and consolidating statements of activities and cash flows for the years then ended, in thousands of dollars. The information has been prepared in a manner consistent with GAAP and was derived from and relates directly to the underlying accounting and other records used to prepare the *Consolidated Financial Statements*. The consolidating information is presented only for purposes of additional analysis and not as a presentation of the financial position and results of the individual entities.

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

At August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
ASSETS					
Cash and cash equivalents	$ 886,227	$ 446,748	$ 402,185	$ (8,169)	$ 1,726,991
Accounts receivable, net	376,483	1,355,822	777,650	—	2,509,955
Related party receivables	352,792	260,365	92,885	(706,042)	—
Prepaid expenses and other assets	111,615	490,864	138,693	(111,378)	629,794
Pledges receivable, net	2,543,622	35,756	144,268	(54,209)	2,669,437
Student loans receivable, net	33,652	—	—	—	33,652
Faculty and staff mortgages and other loans receivable, net	1,209,048	—	—	—	1,209,048
Assets limited as to use	551,352	—	8,292	—	559,644
Investments at fair value	47,954,271	5,827,932	1,406,417	8,169	55,196,789
Right-of-use assets	622,500	381,413	192,383	(99,801)	1,096,495
Plant facilities, net of accumulated depreciation	8,690,768	3,999,516	1,822,027	—	14,512,311
Works of art and special collections	—	—	—	—	—
TOTAL ASSETS	**$ 63,332,330**	**$ 12,798,416**	**$ 4,984,800**	**$ (971,430)**	**$ 80,144,116**
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	$ 1,113,185	$ 1,465,433	$ 414,670	$ —	$ 2,993,288
Liabilities associated with investments	889,360	—	—	—	889,360
Lease liabilities	679,650	396,355	207,087	(99,801)	1,183,291
Deferred income and other obligations	1,847,946	172,979	41,767	—	2,062,692
Related party liabilities	324,008	299,844	85,246	(709,098)	—
Accrued pension and postretirement benefit obligations	503,214	92,579	32,513	—	628,306
Notes and bonds payable	5,507,379	2,543,525	793,546	—	8,844,450
TOTAL LIABILITIES	**10,864,742**	**4,970,715**	**1,574,829**	**(808,899)**	**16,601,387**
NET ASSETS:					
Without donor restrictions	27,071,685	7,689,487	2,538,369	(198,530)	37,101,011
With donor restrictions	25,395,903	138,214	871,602	35,999	26,441,718
TOTAL NET ASSETS	**52,467,588**	**7,827,701**	**3,409,971**	**(162,531)**	**63,542,729**
TOTAL LIABILITIES AND NET ASSETS	**$ 63,332,330**	**$ 12,798,416**	**$ 4,984,800**	**$ (971,430)**	**$ 80,144,116**

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

At August 31, 2023 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
ASSETS					
Cash and cash equivalents	$ 745,015	$ 611,592	$ 390,081	$ (7,744)	$ 1,738,944
Accounts receivable, net	296,435	1,184,307	695,849	—	2,176,591
Related party receivables	263,761	204,041	79,138	(546,940)	—
Prepaid expenses and other assets	104,634	519,684	126,433	(184,593)	566,158
Pledges receivable, net	2,630,956	45,182	173,837	(68,859)	2,781,116
Student loans receivable, net	37,527	—	—	—	37,527
Faculty and staff mortgages and other loans receivable, net	1,084,897	9,453	4,501	—	1,098,851
Assets limited as to use	576,510	—	75,470	—	651,980
Investments at fair value	46,856,086	4,648,525	1,313,919	7,744	52,826,274
Right of use assets	656,197	318,150	206,915	(116,838)	1,064,424
Plant facilities, net of accumulated depreciation	8,558,837	3,875,677	1,749,527	—	14,184,041
Works of art and special collections	—	—	—	—	—
TOTAL ASSETS	**$ 61,810,855**	**$ 11,416,611**	**$ 4,815,670**	**$ (917,230)**	**$ 77,125,906**
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	$ 1,028,884	$ 1,452,881	$ 373,730	$ —	$ 2,855,495
Liabilities associated with investments	878,955	—	—	—	$ 878,955
Lease liabilities	700,373	330,012	220,386	(116,838)	1,133,933
Deferred income and other obligations	1,766,039	196,159	55,813	—	2,018,011
Related party liabilities	267,074	238,778	44,251	(550,103)	—
Accrued pension and postretirement benefit obligations	460,731	91,501	30,251	—	582,483
Notes and bonds payable	5,470,495	2,270,445	810,203	—	8,551,143
TOTAL LIABILITIES	**10,572,551**	**4,579,776**	**1,534,634**	**(666,941)**	**16,020,020**
NET ASSETS:					
Without donor restrictions	27,193,858	6,698,906	2,426,559	(236,176)	36,083,147
With donor restrictions	24,044,446	137,929	854,477	(14,113)	25,022,739
TOTAL NET ASSETS	**51,238,304**	**6,836,835**	**3,281,036**	**(250,289)**	**61,105,886**
TOTAL LIABILITIES AND NET ASSETS	**$ 61,810,855**	**$ 11,416,611**	**$ 4,815,670**	**$ (917,230)**	**$ 77,125,906**

CONSOLIDATING STATEMENTS OF ACTIVITIES

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS					
OPERATING REVENUES:					
TOTAL STUDENT INCOME, NET	**$ 802,484**	**$ —**	**$ —**	**$ —**	**$ 802,484**
Sponsored support:					
Direct costs - University	1,201,597	303	—	—	1,201,900
Direct costs - SLAC National Accelerator Laboratory	635,865	—	—	—	635,865
Indirect costs	369,828	—	—	—	369,828
TOTAL SPONSORED SUPPORT	**2,207,290**	**303**	**—**	**—**	**2,207,593**
Health care services:					
Net patient service revenue	—	8,681,322	2,742,174	(49,436)	11,374,060
Premium revenue	—	56,709	—	—	56,709
Physicians' services and support - SHC and LPCH, net	1,844,608	—	—	(1,844,608)	—
Physicians' services and support - other facilities, net	55,200	—	—	(10,392)	44,808
TOTAL HEALTH CARE SERVICES	**1,899,808**	**8,738,031**	**2,742,174**	**(1,904,436)**	**11,475,577**
TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS	**259,879**	**177**	**5,312**	**—**	**265,368**
Net assets released from restrictions:					
Payments received on pledges	266,965	220	—	—	267,185
Prior year gifts released from donor restrictions	137,694	4,515	7,094	—	149,303
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**404,659**	**4,735**	**7,094**	**—**	**416,488**
Investment income distributed for operations:					
Endowment	1,822,312	613	13,183	—	1,836,108
Expendable funds pools and other investment income	388,751	1,238	—	—	389,989
TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS	**2,211,063**	**1,851**	**13,183**	**—**	**2,226,097**
TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME	**622,088**	**207,327**	**110,368**	**(19,250)**	**920,533**
TOTAL OPERATING REVENUES	**8,407,271**	**8,952,424**	**2,878,131**	**(1,923,686)**	**18,314,140**
OPERATING EXPENSES:					
Salaries and benefits	5,460,273	3,915,374	1,382,031	—	10,757,678
Depreciation	533,082	292,030	82,801	—	907,913
Other operating expenses	2,423,737	4,201,261	1,342,087	(1,923,686)	6,043,399
TOTAL OPERATING EXPENSES	**8,417,092**	**8,408,665**	**2,806,919**	**(1,923,686)**	**17,708,990**
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	**$ (9,821)**	**$ 543,759**	**$ 71,212**	**$ —**	**$ 605,150**

CONSOLIDATING STATEMENTS OF ACTIVITIES, Continued

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)					
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	**$ (9,821)**	**$ 543,759**	**$ 71,212**	**$ —**	**$ 605,150**
NON-OPERATING ACTIVITIES:					
Increase (decrease) in reinvested gains	(127,035)	562,033	90,348	—	525,346
Donor advised funds, net	(64,292)	—	—	—	(64,292)
Current year gifts not included in operations	911	—	—	—	911
Equity and fund transfers, net	191,096	(104,534)	(114,809)	28,247	—
Capital and other gifts released from restrictions	66,065	6,384	1,324	—	73,773
Pension and other postemployment benefit related changes other than service cost	(37,351)	(5,396)	(4,342)	—	(47,089)
Transfer from (to) net assets with donor restrictions, net	(69,381)	—	63,709	(63,709)	(69,381)
Swap interest and change in value of swap agreements	(1,870)	(2,898)	—	—	(4,768)
Other	(70,495)	(8,767)	4,368	73,108	(1,786)
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**(122,173)**	**990,581**	**111,810**	**37,646**	**1,017,864**
NET ASSETS WITH DONOR RESTRICTIONS					
Gifts and pledges, net	958,312	7,145	73,509	14,650	1,053,616
Increase in reinvested gains	704,556	5,986	41,104	—	751,646
Change in value of split-interest agreements, net	57,670	—	2,869	—	60,539
Net assets released to operations	(404,659)	(6,763)	(25,589)	—	(437,011)
Capital and other gifts released to net assets without donor restrictions	(66,065)	(6,384)	(1,324)	—	(73,773)
Gift transfers, net	37,681	301	(9,735)	(28,247)	—
Transfer from (to) net assets without donor restrictions, net	69,381	—	(63,709)	63,709	69,381
Other	(5,419)	—	—	—	(5,419)
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	**1,351,457**	**285**	**17,125**	**50,112**	**1,418,979**
NET CHANGE IN TOTAL NET ASSETS	**1,229,284**	**990,866**	**128,935**	**87,758**	**2,436,843**
Total net assets, beginning of year	51,238,304	6,836,835	3,281,036	(250,289)	61,105,886
TOTAL NET ASSETS, END OF YEAR	**$ 52,467,588**	**$7,827,701**	**$3,409,971**	**$ (162,531)**	**$ 63,542,729**

CONSOLIDATING STATEMENTS OF ACTIVITIES

For the year ended August 31, 2023 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS					
OPERATING REVENUES:					
TOTAL STUDENT INCOME, NET	**$ 760,534**	**$ —**	**$ —**	**$ —**	**$ 760,534**
Sponsored support:					
Direct costs - University	1,059,200	32,029	2,835	—	1,094,064
Direct costs - SLAC National Accelerator Laboratory	571,654	—	—	—	571,654
Indirect costs	347,576	—	—	—	347,576
TOTAL SPONSORED SUPPORT	**1,978,430**	**32,029**	**2,835**	**—**	**2,013,294**
Health care services:					
Net patient service revenue	—	7,521,035	2,518,425	(44,013)	9,995,447
Premium revenue	—	65,386	—	—	65,386
Physicians' services and support - SHC and LPCH, net	1,577,976	—	—	(1,577,976)	—
Physicians' services and support - other facilities, net	47,419	—	—	(7,682)	39,737
TOTAL HEALTH CARE SERVICES	**1,625,395**	**7,586,421**	**2,518,425**	**(1,629,671)**	**10,100,570**
TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS	**269,096**	**506**	**6,028**	**—**	**275,630**
Net assets released from restrictions:					
Payments received on pledges	226,255	462	—	—	226,717
Prior year gifts released from donor restrictions	137,256	6,554	4,594	—	148,404
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**363,511**	**7,016**	**4,594**	**—**	**375,121**
Investment income distributed for operations:					
Endowment	1,736,346	1,063	12,174	—	1,749,583
Expendable funds pools and other investment income	142,156	2,628	—	—	144,784
TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS	**1,878,502**	**3,691**	**12,174**	**—**	**1,894,367**
TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME	**578,913**	**242,043**	**119,905**	**(17,050)**	**923,811**
TOTAL OPERATING REVENUES	**7,454,381**	**7,871,706**	**2,663,961**	**(1,646,721)**	**16,343,327**
OPERATING EXPENSES:					
Salaries and benefits	4,887,095	3,575,799	1,298,188	—	9,761,082
Depreciation	502,091	262,712	89,018	—	853,821
Other operating expenses	2,270,698	3,618,329	1,196,153	(1,646,721)	5,438,459
TOTAL OPERATING EXPENSES	**7,659,884**	**7,456,840**	**2,583,359**	**(1,646,721)**	**16,053,362**
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	**$ (205,503)**	**$ 414,866**	**$ 80,602**	**$ —**	**$ 289,965**

CONSOLIDATING STATEMENTS OF ACTIVITIES, Continued

For the year ended August 31, 2023 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)					
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	**$ (205,503)**	**$ 414,866**	**$ 80,602**	**$ —**	**$ 289,965**
NON-OPERATING ACTIVITIES:					
Increase (decrease) in reinvested gains	(96,173)	326,565	38,424	—	268,816
Donor advised funds, net	(41,846)	—	—	—	(41,846)
Current year gifts not included in operations	822	—	—	—	822
Equity and fund transfers, net	165,453	(87,862)	(105,332)	27,741	—
Capital and other gifts released from restrictions	12,249	20,281	16,269	—	48,799
Pension and other postemployment benefit related changes other than service cost	(7,789)	(1,930)	623	—	(9,096)
Transfer from (to) net assets with donor restrictions, net	(57,781)	—	55,747	(55,747)	(57,781)
Swap interest and change in value of swap agreements	8,454	55,155	—	—	63,609
Other	37,527	(929)	496	(36,529)	565
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**(184,587)**	**726,146**	**86,829**	**(64,535)**	**563,853**
NET ASSETS WITH DONOR RESTRICTIONS					
Gifts and pledges, net	1,521,106	20,884	90,423	4,135	1,636,548
Increase (decrease) in reinvested gains	(252,663)	3,699	19,445	—	(229,519)
Change in value of split-interest agreements, net	29,596	—	1,562	—	31,158
Net assets released to operations	(363,511)	(11,213)	(22,796)	—	(397,520)
Capital and other gifts released to net assets without donor restrictions	(12,249)	(20,281)	(16,269)	—	(48,799)
Gift transfers, net	39,079	(258)	(11,080)	(27,741)	—
Transfer from (to) net assets without donor restrictions, net	57,781	—	(55,747)	55,747	57,781
Other	(3,085)	—	—	—	(3,085)
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	**1,016,054**	**(7,169)**	**5,538**	**32,141**	**1,046,564**
NET CHANGE IN TOTAL NET ASSETS	**831,467**	**718,977**	**92,367**	**(32,394)**	**1,610,417**
Total net assets, beginning of year	50,406,837	6,117,858	3,188,669	(217,895)	59,495,469
TOTAL NET ASSETS, END OF YEAR	**$ 51,238,304**	**$6,836,835**	**$3,281,036**	**$ (250,289)**	**$ 61,105,886**

CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
CASH FLOW FROM OPERATING ACTIVITIES					
Change in net assets	$ 1,229,284	$ 990,866	$ 128,935	$ 87,758	$ 2,436,843
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	533,082	294,687	82,801	—	910,570
Amortization of bond premiums, discounts and other	25,772	(11,199)	(2,485)	—	12,088
Accretion of discounts on bond investments	(89,050)	—	—	—	(89,050)
Net gains on investments	(2,300,614)	(413,605)	(58,537)	—	(2,772,756)
Change in fair value of interest rate swaps	1,842	2,072	—	—	3,914
Change in split-interest agreements	71,620	—	(4,888)	—	66,732
Gifts restricted for long-term investments	(559,383)	(10,612)	(31,167)	—	(601,162)
Equity and fund transfers, net	(228,777)	104,230	60,838	63,709	—
Gifts of securities, properties, and interest in trusts	(45,850)	—	—	—	(45,850)
Other	12,650	7,760	(3,629)	—	16,781
Premiums received from bond issuance	—	39,460	—	—	39,460
Changes in operating assets and liabilities:					
Accounts receivable	(78,644)	(171,515)	(81,801)	—	(331,960)
Related party receivable	(64,913)	31,863	33,050	—	—
Pledges receivable, net	31,971	9,426	(10,124)	(14,650)	16,623
Prepaid expenses and other assets	(8,996)	(30,282)	(12,035)	—	(51,313)
Accounts payable and accrued expenses	97,351	61,751	37,861	—	196,963
Accrued pension and postretirement benefit obligations	42,483	1,078	2,262	—	45,823
Lease liabilities	(28,939)	3,080	1,233	—	(24,626)
Deferred income and other obligations	64,377	(25,837)	(14,046)	—	24,494
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	**(1,294,734)**	**883,223**	**128,268**	**136,817**	**(146,426)**
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to plant facilities, net	(674,190)	(499,213)	(150,051)	—	(1,323,454)
Faculty, student and other loans: new loans made	(185,990)	(49,226)	(17,410)	66,996	(185,630)
Faculty, student and other loans: principal collected	84,645	8,858	6,275	(15,502)	84,276
Purchases of investments	(17,491,794)	(1,257,431)	(31,182)	(73,533)	(18,853,940)
Sales and maturities of investments	18,563,131	573,351	24,104	—	19,160,586
Change associated with short term investments	63,854	—	—	—	63,854
Swap settlement payments, net	—	(776)	—	—	(776)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	**359,656**	**(1,224,437)**	**(168,264)**	**(22,039)**	**(1,055,084)**
CASH FLOW FROM FINANCING ACTIVITIES					
Gifts and reinvested income for long-term purposes	622,705	11,663	56,526	—	690,894
Equity and fund transfers from Hospitals	204,659	(80,112)	(60,838)	(63,709)	—
Proceeds from related party housing loans	66,996	—	—	(66,996)	—
Repayments to related party housing loans	(15,502)	—	—	15,502	—
Proceeds from borrowing	1,081,979	260,545	201,086	—	1,543,610
Repayment of notes and bonds payable	(997,272)	(13,475)	(209,570)	—	(1,220,317)
Contributions received for split-interest agreements	19,657	—	—	—	19,657
Payments made under split-interest agreements	(54,982)	—	(715)	—	(55,697)
Commercial paper and variable rate debt proceeds (repayments), net	(22,505)	—	—	—	(22,505)
Other	(8,371)	(2,251)	(1,257)	—	(11,879)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	**897,364**	**176,370**	**(14,768)**	**(115,203)**	**943,763**
DECREASE IN CASH AND CASH EQUIVALENTS	**(37,714)**	**(164,844)**	**(54,764)**	**(425)**	**(257,747)**
Cash and cash equivalents, beginning of year	1,068,564	611,592	474,803	(7,744)	2,147,215
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,030,850**	**$ 446,748**	**$ 420,039**	**$ (8,169)**	**$ 1,889,468**
SUPPLEMENTAL DATA:					
Cash and cash equivalents as shown in the *Statements of Financial Position*	$ 886,227	$ 446,748	$ 402,185	$ (8,169)	$ 1,726,991
Restricted cash included in assets limited as to use	53,311	—	8,292	—	61,603
Restricted cash included in other assets	6,111	—	9,562	—	15,673
Cash and restricted cash included in investments	85,201	—	—	—	85,201
TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS	**$ 1,030,850**	**$ 446,748**	**$ 420,039**	**$ (8,169)**	**$ 1,889,468**
Interest paid, net of capitalized interest	$ 199,054	$ 90,398	$ 33,740	$ —	$ 323,192
Change in payables for plant facilities	$ (5,198)	$ (59,849)	$ 5,183	$ —	$ (59,864)
Right-of-use assets obtained in exchange for lease liabilities	$ 11,809	$ 138,450	$ 19,513	$ —	$ 169,772

CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended August 31, 2023 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
CASH FLOW FROM OPERATING ACTIVITIES					
Change in net assets	$ 831,467	$ 718,977	$ 92,367	$ (32,394)	$ 1,610,417
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	502,091	262,712	89,018	—	853,821
Amortization of bond premiums, discounts and other	25,937	(4,663)	(2,957)	—	18,317
Accretion of discounts on bond investments	(630)	—	—	—	(630)
Net gains on investments	(1,133,251)	(267,513)	(19,438)	—	(1,420,202)
Change in fair value of interest rate swaps	(9,117)	(59,644)	—	—	(68,761)
Change in split-interest agreements	17,914	—	(1,915)	—	15,999
Gifts restricted for long-term investments	(980,249)	(11,491)	(15,884)	—	(1,007,624)
Equity and fund transfers, net	(204,532)	88,120	60,665	55,747	—
Gifts of securities, properties, and interest in trusts	(5,423)	—	—	—	(5,423)
Other	79,064	—	(6,897)	—	72,167
Premiums received from bond issuance	58,451	—	—	—	58,451
Changes in operating assets and liabilities:					
Accounts receivable	(4,011)	(72,394)	(96,262)	—	(172,667)
Related party receivable	(43,169)	41,447	1,722	—	—
Pledges receivable, net	(138,463)	(3,305)	25,549	(4,135)	(120,354)
Prepaid expenses and other assets	(10,307)	(62,393)	(3,702)	—	(76,402)
Accounts payable and accrued expenses	16,272	47,707	21,556	—	85,535
Accrued pension and postretirement benefit obligations	17,911	2,802	(726)	—	19,987
Lease liabilities	(23,840)	68,691	1,560	—	46,411
Deferred income and other obligations	69,524	(22,456)	(36,015)	—	11,053
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	**(934,361)**	**726,597**	**108,641**	**19,218**	**(79,905)**
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to plant facilities, net	(1,120,237)	(411,295)	(90,151)	—	(1,621,683)
Faculty, student and other loans: new loans made	(157,419)	(46,968)	(11,177)	58,195	(157,369)
Faculty, student and other loans: principal collected	63,333	7,172	3,782	(10,946)	63,341
Purchases of investments	(15,139,671)	(277,162)	(11,099)	36,210	(15,391,722)
Sales and maturities of investments	15,962,058	210,276	14,022	—	16,186,356
Change associated with short term investments	(130,304)	—	—	—	(130,304)
Swap settlement payments, net	—	(5,095)	—	—	(5,095)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	**(522,240)**	**(523,072)**	**(94,623)**	**83,459**	**(1,056,476)**
CASH FLOW FROM FINANCING ACTIVITIES					
Gifts and reinvested income for long-term purposes	482,651	11,440	69,549	—	563,640
Equity and fund transfers from Hospitals	239,456	(123,044)	(60,665)	(55,747)	—
Proceeds from related party housing loans	58,195	—	—	(58,195)	—
Repayments to related party housing loans	(10,946)	—	—	10,946	—
Proceeds from borrowing	768,114	—	—	—	768,114
Repayment of notes and bonds payable	(566,252)	(17,078)	(9,110)	—	(592,440)
Contributions received for split-interest agreements	9,791	—	—	—	9,791
Payments made under split-interest agreements	(56,651)	—	(803)	—	(57,454)
Commercial paper and variable rate debt proceeds (repayments), net	(12,299)	—	—	—	(12,299)
Securities lending collateral sold, net	(2,151)	—	—	—	(2,151)
Other	(13,446)	(54)	—	—	(13,500)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	**896,462**	**(128,736)**	**(1,029)**	**(102,996)**	**663,701**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(560,139)**	**74,789**	**12,989**	**(319)**	**(472,680)**
Cash and cash equivalents, beginning of year	1,628,703	536,803	461,814	(7,425)	2,619,895
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,068,564**	**$ 611,592**	**$ 474,803**	**$ (7,744)**	**$ 2,147,215**
SUPPLEMENTAL DATA:					
Cash and cash equivalents as shown in the *Statements of Financial Position*	$ 745,015	$ 611,592	$ 390,081	$ (7,744)	$ 1,738,944
Restricted cash and cash equivalents included in assets limited as to use	193,732	—	75,470	—	269,202
Restricted cash included in other assets	7,473	—	9,252	—	16,725
Cash and restricted cash included in investments	122,344	—	—	—	122,344
TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS	**$ 1,068,564**	**$ 611,592**	**$ 474,803**	**$ (7,744)**	**$ 2,147,215**
Interest paid, net of capitalized interest	$ 185,001	$ 81,573	$ 33,669	$ —	$ 300,243
Change in payables for plant facilities	$ 36,265	$ 13,343	$ (380)	$ —	$ 49,228
Right-of-use assets obtained in exchange for lease liabilities	$ 1,061	$ 143,898	$ 33,370	$ —	$ 178,329

Stanford University

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture that are not described elsewhere in this Offering Memorandum. The Bonds will be issued pursuant to the Indenture. References to the Indenture or a fund or account refer to the related document, fund or account with respect to the Bonds, as described in the Offering Memorandum. Unless otherwise specified to the contrary in this Appendix B, all definitions and provisions summarized refer to such language as in the Indenture. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.

Definitions

Unless the context otherwise requires, the following terms shall have the meanings specified below.

"*Additional Bonds*" means bonds issued under the Indenture subsequent to the initial issuance of the Series 2025 Bonds that are consolidated with such bonds.

"*Authorized Denomination*" means $1,000 and integral multiples thereof.

"*Authorized Representative*" means the Institution's Vice President for Business Affairs and Chief Financial Officer, its Senior Associate Vice President for Finance, its Treasurer, or any other individual designated as an Authorized Representative of the Institution by a Certificate of the Institution signed by the Institution's Vice President for Business Affairs and Chief Financial Officer, its Senior Associate Vice President for Finance or its Treasurer, and sent to the Trustee.

"*Beneficial Owner*" means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries) established to the reasonable satisfaction of the Trustee or the Institution.

"*Bond Fund*" means the fund by that name established pursuant to the Indenture.

"*Bonds*" means the Stanford University Taxable Bonds Series 2025 A together with any Additional Bonds, authorized by, and at any time Outstanding pursuant to, the Indenture.

"*Book-Entry Form*" or "*Book-Entry System*" means a form or system, as applicable, under which physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee, as Bondholder, with the physical bond certificates held by and "immobilized" in the custody of the Securities Depository, which form or system is maintained by and the responsibility of others than the Institution or the Trustee and is the record that identifies and records the transfer of the interests of the owners of book-entry interests in those Bonds.

"*Business Day*" means any day other than (A) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city or cities in which the Designated Office of the Trustee is located are authorized by law or executive order to close or (B) a day on which the New York Stock Exchange is closed.

"'*Certificate'*, '*Statement'* or '*Request' of the Institution*" mean, respectively, a written certificate, statement or request signed in the name of the Institution by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument shall include the statements provided for in the Indenture.

"*Code*" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto and any regulations promulgated thereunder. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be a reference to the successor to such Code section.

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Bonds to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Bonds.

"*Comparable Treasury Price*" means, with respect to any redemption date, the average of the Primary Treasury Dealer Quotations for such redemption date or, if the Designated Investment Banker obtains only one Primary Treasury Dealer Quotation, such Primary Treasury Dealer Quotation.

"*Default*" means any event that is or after notice or lapse of time or both would become an Event of Default.

"*Designated Investment Banker*" means a Primary Treasury Dealer appointed by the Institution.

"*Designated Office*" means the Designated Office of the Trustee as specified in the Indenture.

"*Event of Default*" means any of the events specified as such in the Indenture.

"Fitch" means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, and any successor to its securities rating agency business, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Institution upon notice to the Trustee.

"*Holder*" or "*Bondholder*", whenever used in the Indenture with respect to a Bond, means the Person in whose name such Bond is registered.

"*Indenture*" means the Indenture of Trust, by and between the Institution and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"*Indenture Fund*" means the fund by that name established pursuant to the Indenture.

"*Institution*" means the Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the Constitution and laws of the State of California, or such body's successor or successors.

"*Interest Account*" means the account by that name in the Bond Fund established pursuant to the Indenture.

"*Interest Payment Date"* means March 1 and September 1 of each year, commencing on September 1, 2025 until the maturity of the Bonds.

"*Investment Securities*" means any of the following: (1) direct nonprepayable, noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or direct nonprepayable, noncallable obligations, the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause such as CATS, TIGRs, and Stripped Treasury Coupons rated or assessed in the two highest Rating Categories by S&P and Moody's and held by a custodian for safekeeping on behalf of holders of such securities and (2) money market mutual funds registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), the shares in which are registered under the Securities Act of 1933, as amended (the "Securities Act"), and that have a rating in the highest investment category granted thereby from S&P and Moody's, including such funds for which the Trustee or its affiliates provide investment advisory or other management services, including those for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, (3) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from Moody's and S&P, of A-1 and P1, respectively, (4) repurchase and reverse repurchase agreements collateralized with securities described in clause (1) of this definition, including those of the Trustee or any of its affiliates, and (5) bank deposit products, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Institution, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, which are fully FDIC-insured.

"*Issue Date*" means the date of original delivery of the Bonds.

"Make-Whole Redemption Price" means the greater of (1) 100% of the principal amount of the Series 2025 Bonds to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Series 2025 Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the redemption date), discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Treasury Rate plus 10 basis points (0.1%) plus accrued and unpaid interest on such Series 2025 Bonds to, but excluding, the redemption date.

"*Moody's*" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and any successor to its securities rating agency business, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Institution upon notice to the Trustee.

"*Opinion of Counsel*" means a written opinion (which may be subject to customary assumptions and exclusions) of counsel, selected by the Institution and reasonably acceptable to the Trustee. Such counsel may be an employee of, or outside counsel to, the Institution.

"*Outstanding*" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Institution shall have been discharged in accordance with the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; and (4) Bonds paid pursuant to the provisions of the Indenture relating to mutilated, lost, destroyed or stolen Bonds.

"*Par Call Date*" means December 1, 2034.

"*Payment Date*" means an Interest Payment Date or a Principal Payment Date.

"*Person*" means an individual, corporation, firm, association, partnership, trust, limited liability company or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"*Primary Treasury Dealer*" means one or more entities appointed by the Institution, which, in each case, is a primary U.S. Government securities dealer in The City of New York, New York, and its or their respective successors.

"*Primary Treasury Dealer Quotations*" means, with respect to each Primary Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Primary Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"*Principal Account*" means the account by that name in the Bond Fund established pursuant to the Indenture.

"*Principal Payment Date*" means, with respect to a Bond, the date on which principal evidenced by such Bond becomes due and payable, whether at maturity, upon redemption, by declaration of acceleration or otherwise.

"*Rating Agency*" means, as and to the extent applicable, any nationally recognized securities rating service, including Fitch, Moody's or S&P, then maintaining a rating on the Bonds at the request, or upon application, of the Institution.

"*Rating Category*" means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"*Record Date*" means, with respect to each Interest Payment Date, the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding each Interest Payment Date.

"*Redemption Fund*" means the fund by that name established pursuant to the Indenture.

"*Redemption Price*" means 100% of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest on the Bonds to be redeemed to, but excluding, the redemption date.

"*Responsible Officer*" means when used with respect to the Trustee, the president, any managing director, any vice president, any senior associate, any associate or any other officer of the Trustee within the Designated Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Designated Office because of such person's knowledge of and familiarity with the particular subject and, in each case, having direct responsibility for the administration of the Indenture.

"*S&P*" means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, and any successor to its securities rating agency business, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Institution upon notice to the Trustee.

"*Securities Depository*" means The Depository Trust Company and its successors and assigns, or any other securities depository selected as set forth in the Indenture, which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds.

"*Series 2025 Bonds*" means the Stanford University Taxable Bonds, Series 2025 A, authorized by and at any time Outstanding pursuant to, the terms of the Indenture.

"*Special Record Date*" means the date established by the Trustee pursuant to the Indenture as the record date for the payment of defaulted interest on the Bonds.

"*Supplemental Indenture*" means any indenture hereafter duly authorized and entered into between the Institution and the Trustee, authorizing the issuance of Additional Bonds or supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to (i) the semiannual equivalent yield to maturity or (ii) if no such semiannual equivalent yield to maturity is available, the interpolated yield to maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Trustee*" means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States, or its successor or successors, as Trustee hereunder as provided in the Indenture.

"*Underwriters*" means Morgan Stanley & Co. LLC, BofA Securities, Inc., and J.P. Morgan Securities LLC.

"*Uniform Commercial Code*" means the Uniform Commercial Code as in effect in the State of California, as amended, from time to time.

Establishment and Pledge of Indenture Fund

Subject only to the provisions of the Indenture permitting or requiring the application thereof for the purposes and on the terms and conditions set forth therein, the Indenture Fund and all amounts held therein are pledged, assigned and transferred by the Institution to the Trustee for the benefit of the Bondholders to secure the full payment of the principal, Redemption Price or Make-Whole Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Indenture. The Institution grants to the Trustee a security interest in and acknowledges and agrees that the Indenture Fund and all amounts on deposit therein shall constitute collateral security to secure the full payment of the principal, Redemption Price or Make-Whole Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Indenture. For purposes of creating, perfecting and maintaining the security interest of the Trustee on behalf of the Bondholders in and to the Indenture Fund and all amounts on deposit therein, the parties will agree that:

(1) the Indenture shall constitute a "security agreement" for purposes of the Uniform Commercial Code;

(2) the Trustee shall maintain on its books and records the interest, as set forth in the Indenture, of the Bondholders in the Indenture Fund and/or the amounts on deposit therein; and

(3) the Indenture Fund and the amounts on deposit therein and any proceeds thereof shall be held by the Trustee acting in its capacity as an agent of the Bondholders, and the holding of such items by the Trustee (including the transfer of any items among the funds and accounts in the Indenture Fund) is deemed possession of such items on behalf of the Bondholders.

Nothing in the Indenture or in the Bonds, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or otherwise in the assets of the Institution other than in any interest of the Institution in the Indenture Fund and/or the amounts on deposit therein. No recourse for the payment of the principal, Redemption Price or Make-Whole Redemption Price of or interest on any Bond, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Institution in the Indenture or in any Supplemental Indenture or in any Bond, or because of the creation of any indebtedness represented thereby, shall be had against any past, present or future employee, agent or officer of the Institution or of any successor entity, either directly or through any successor entity, whether by any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly understood that all such liability is expressly waived and released as a condition of, and as a consideration for, the execution of the Indenture and the issue of the Bonds. No officer or agent of the Institution, nor any individual executing the Bonds, shall in any event be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Funds and Accounts

The Indenture creates an Indenture Fund (and a Bond Fund and a Redemption Fund thereunder). The Indenture also creates an Interest Account and Principal Account under the Bond Fund. All of the funds and accounts are to be held by the Trustee.

Application of Proceeds of Bonds. The proceeds from the sale of the Bonds (net of underwriters' discount and original issue discount, if any) shall be transferred by the Underwriters at the direction of the Institution.

Indenture Fund. The Trustee establishes, for the sole benefit of the Holders of the Bonds, a fund referred to in the Indenture as the "Indenture Fund" containing the Bond Fund and the Redemption Fund and each of the accounts contained therein. The Indenture Fund and each of the funds and accounts in the Indenture Fund shall be identified on the books of the Trustee with reference hereto and shall be maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and the Trustee shall have the exclusive and sole right of withdrawal therefrom in accordance with the terms of the Indenture. All amounts deposited with the Trustee pursuant to the Indenture shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Bond Fund. Upon the receipt thereof, the Trustee shall deposit all payments received from the Institution (other than amounts which are to be deposited in the Redemption Fund or income or profit from investments which are to be applied pursuant to the Indenture) in a special fund designated the

"Bond Fund" which the Trustee shall establish and maintain and hold in trust and which shall be disbursed and applied only as authorized in the Indenture.

At the times specified below, the Trustee shall allocate within the Bond Fund in the following order of priority the following amounts to the following accounts or funds, each of which the Trustee shall establish and maintain and hold in trust and each of which shall be disbursed and applied only as hereinafter authorized: (1) on each Interest Payment Date, the Trustee shall deposit in the "Interest Account" the aggregate amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest; and (2) on each Principal Payment Date, the Trustee shall deposit in the "Principal Account" the aggregate amount of principal becoming due and payable on such Principal Payment Date, until the balance in said account is equal to said aggregate amount of such principal.

Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay at maturity the Bonds.

Redemption Fund. Upon the receipt thereof, the Trustee shall deposit the following amounts in a special fund designated the "Redemption Fund" which the Trustee shall establish and maintain and hold in trust: (1) all moneys deposited by the Institution with the Trustee directed to be deposited in the Redemption Fund; and (2) all interest, profits and other income received from the investment of moneys in the Redemption Fund.

All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in the Indenture, at the date of redemption for which notice has been given; provided that, at any time prior to the selection of Bonds for such redemption, the Trustee shall, upon direction of the Institution, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued and unpaid interest, which is payable from the Interest Account) as the Institution may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price or Make-Whole Redemption Price then applicable to such Bonds (or, if such Bonds are not then subject to redemption, the par value of such Bonds); and provided further that in lieu of redemption at such date of redemption, or in combination therewith, amounts in such account may be transferred to the Principal Account as set forth in a Request of the Institution.

Payments by the Institution; Allocation of Funds. On or before 11:00 AM (Pacific Time) on each Payment Date, until the principal of and interest on the Bonds shall have been fully paid or provision for such payment shall have been made as provided in the Indenture, the Institution shall pay to the Trustee a sum equal to the amount payable on such Payment Date as principal of and interest on the Bonds, less the amounts, if any, in the Bond Fund and available therefor. Each payment made pursuant to this paragraph, together with other available amounts, if any, in the Bond Fund, shall at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon acceleration) becoming due and payable on the Bonds on such Payment Date. If on any Payment Date the available amounts held by the Trustee in the Bond Fund are insufficient to make any required payments of principal of (whether at maturity or upon acceleration) and interest on the Bonds as such payments become due, the Institution shall promptly pay such deficiency to the Trustee.

The obligations of the Institution to make the payments required by the immediately preceding paragraph and to perform and observe the other agreements on its part contained in the Indenture shall be a general obligation of the Institution, absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Trustee, and during the term of the Indenture, the Institution shall pay all payments required to be made by the immediately preceding paragraph (which payments shall be net of any other obligations of the Institution) as prescribed therein and all other payments required under the Indenture, free of any deductions and without abatement, diminution or set-off. Until such time as the principal of and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by the Indenture, the Institution (i) will not suspend or discontinue any payments provided for in the immediately preceding paragraph; (ii) will perform and observe all of its other covenants contained in the Indenture; and (iii) except as otherwise provided in the Indenture, will not terminate the Indenture for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to all or a portion of the projects financed with the proceeds of the Bonds, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either of these, or any failure of the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, except to the extent permitted by the Indenture.

Validity of Bonds

The recital contained in the Bonds that the same are issued pursuant to the Indenture shall be conclusive evidence of their validity and of compliance with the provisions of the Indenture in their issuance.

Additional Bonds

The Institution may, from time to time, without the consent of the Bondholders, issue additional bonds under the Indenture in addition to the Bonds (the "Additional Bonds").

Redemption of Bonds

Terms of Redemption. On or after the Par Call Date, the Series 2025 Bonds are subject to optional redemption prior to maturity, in whole or in part, at the written direction of the Institution to the Trustee. Such redemption shall be in accordance with the terms of the Series 2025 Bonds as directed by the Institution, at the Redemption Price, as described in the Series 2025 Bonds. Prior to the Par Call Date, the Series 2025 Bonds are also subject to optional redemption prior to maturity, in whole or in part, at the written direction of the Institution to the Trustee. Such redemption shall be in accordance with the terms of the Series 2025 Bonds as directed by the Institution, at the Make-Whole Redemption Price, as described in the Series 2025 Bonds. The Institution shall retain an independent accounting firm, an investment banking firm or an independent financial advisor to determine the Make-Whole Redemption Price of the Series 2025 Bonds to be redeemed and perform all actions and make all calculations required to determine such Make-Whole Redemption Price. The Trustee and the Institution may conclusively rely on such accounting firm's, investment banking firm's or financial advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the Trustee nor the Institution shall have any liability for such reliance. The determination of the Make-Whole Redemption Price by such accounting firm, investment banking firm or financial advisor shall be conclusive and binding on the Trustee, the Institution and the Holders of the Series 2025 Bonds.

Selection of Bonds for Redemption. If less than all of the Bonds are called for optional redemption, the Institution will select the maturity or maturities from which the Bonds are to be redeemed. If the Bonds are registered in book-entry only form and so long as the Securities Depository or its nominee is the sole registered owner of the Bonds, if less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with the customary procedures and operational arrangements of the Securities Depository then in effect, but, if such operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds shall be selected for redemption, in accordance with the customary procedures of the Securities Depository, by lot.

The Institution intends that redemption allocations made by the Securities Depository be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Institution nor the Underwriters can provide any assurance that the Securities Depository, the Securities Depository's direct and indirect participants or any other intermediary will allocate the redemption of the Bonds on such basis.

In connection with any repayment of principal, the Trustee will direct the Securities Depository to make a pro rata pass-through distribution of principal to the holders of the Bonds in amounts to be determined in accordance with Securities Depository procedures in effect from time to time.

For purposes of calculation of the pro rata pass-through distribution of principal, "pro rata," means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Bonds where (a) the numerator is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator is equal to the total original par amount of the respective Bonds.

If the Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Bonds will continue to be paid to the registered owners of such Bonds on a pro-rata basis, based on the portion of the original face amount of any such Bonds to be redeemed.

Notice of Redemption. Notice of redemption shall be sent by the Institution to the Trustee by first class mail or using electronic means not less than five (5) days nor more than sixty (60) days prior to the date that notice of redemption is due to be given by the Trustee in accordance with the following sentence. Notice of redemption shall be sent by the Trustee by first class mail or using electronic means, not less than seven (7) days nor more than sixty (60) days prior to the redemption date, to the respective Holders of any Bonds designated for redemption at their address appearing on the registration books of the Trustee. If the Bonds are no longer held by the Securities Depository or its successor or substitute, the Trustee shall also give notice of redemption by overnight mail or electronic means to such securities depositories and/or securities information services as shall be designated in a Certificate of the Institution. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the redemption date, the Redemption Price or Make-Whole Redemption Price, as applicable, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturity, the CUSIP number (if any), the conditions, if any, to the redemption, as provided by the Institution, and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, as provided by the Institution. Each such notice shall also state that, on such date, there will become due and payable on each such Bond the Redemption Price or Make-Whole Redemption Price (as applicable) thereof, or such specified portion of the principal amount thereof, in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

Notice of redemption of the Bonds shall be given to the applicable Holders by the Trustee, at the expense of the Institution, for and on behalf of the Institution.

Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the securities information services, intermediaries or depositories designated by the Institution, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to send notice of redemption pursuant to the Indenture to any one or more of the respective Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holders to whom such notice was mailed.

The Institution may instruct the Trustee to provide conditional notice of redemption, which may be conditioned upon the receipt of moneys or any other event. Additionally, any notice given pursuant to the Indenture may be rescinded by written notice given to the Trustee by the Institution no later than five (5) Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same Persons, as notice of such redemption was given pursuant to the Indenture.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Institution shall execute (but need not prepare) and the Trustee shall prepare or cause to be prepared, authenticate and deliver to the Holder thereof, at the expense of the Institution, a new Bond or Bonds of Authorized Denominations, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered in part.

Effect of Redemption. Moneys for payment of the Redemption Price or Make-Whole Redemption Price of the Bonds (or portion thereof called for redemption in accordance with the Indenture) shall be held by the Trustee, and, if any conditions specified in the notice of redemption have been satisfied, paid by the Trustee, on the date fixed for redemption designated in such notice. The Bonds (or portion thereof) so called for redemption shall become due and payable at the Redemption Price or Make-Whole Redemption Price specified (or pursuant to the method of calculating the Make-Whole Redemption Price specified in) such notice, interest on the Bonds so called for redemption shall cease to accrue and such Bonds (or portion thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of such Bonds shall have no rights in respect thereof except to receive the payment of such Redemption Price or Make-Whole Redemption Price from funds held by the Trustee for such payment

All Bonds redeemed pursuant to the provisions of the Indenture shall be cancelled by the Trustee upon surrender thereof and delivered to, or upon the order of, the Institution.

Mandatory Purchase in Lieu of Redemption. Each Holder or Beneficial Owner, by purchase and acceptance of any Bond, irrevocably grants to the Institution the option to purchase such Bond, in whole or in part, at any time such Bond is subject to optional redemption as provided in the Indenture, at a purchase price equal to the then applicable redemption price of such Bond. In order to exercise such option, the Institution shall direct the Trustee to provide notice of mandatory purchase, such notice to be provided, as and to the extent applicable, in accordance with the provisions set forth in the Indenture. On the date fixed for purchase of any Bond pursuant to this paragraph, the Institution shall pay the purchase price of such Bond to the Trustee in immediately available funds and the Trustee shall pay the same to the Holders of Bonds being purchased against delivery thereof. Following such purchase, the Trustee shall register such Bonds in accordance with the written instructions of the Institution. No purchase of any Bond pursuant to this paragraph shall operate to extinguish the indebtedness evidenced by such Bond. No Holder or Beneficial Owner may elect to retain a Bond subject to mandatory purchase pursuant to this paragraph. The Institution may exercise its option to purchase Bonds, in whole or in part, in accordance with this paragraph. The Institution may rescind any notice of mandatory purchase delivered pursuant to this paragraph at any time on or prior to date of mandatory purchase specified in the notice of mandatory purchase delivered pursuant to this paragraph.

Use of Securities Depository

Notwithstanding any provision of the Indenture to the contrary:

The Bonds shall be initially issued as fully registered Bonds, registered in the name of "Cede & Co.," as nominee of the Securities Depository, in the principal amount of the Bonds. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except: (1) to any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to clause (2) of this paragraph ("substitute depository"); provided that any successor of the Securities Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it; (2) to any substitute depository designated by the Institution and not objected to by the Trustee, upon (i) the resignation of the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository or (ii) a determination by the Institution that the Securities Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or (3) to any Person as provided below, upon (i) the resignation of the Securities Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository can be obtained or (ii) a determination by the Institution that it is in the best interests of the Institution to remove the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository.

In the case of any transfer pursuant to clause (1) or clause (2) of the immediately preceding paragraph, upon receipt of the Outstanding Bonds by the Trustee, together with a Certificate of the Institution to the Trustee, new Bonds shall be executed and delivered in the principal amount of the Bonds, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Institution. In the case of any transfer pursuant to clause (3) of the immediately preceding paragraph, upon receipt of the Outstanding Bonds by the Trustee together with a Certificate of the Institution to the Trustee, new Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the Institution, subject to the limitations of the Indenture, provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such Certificate of the Institution.

In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount Outstanding, the Securities Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

The Institution and the Trustee shall treat the Person in whose name any Bond is registered as the Bondholder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Institution or the Trustee. So long as the Outstanding Bonds are registered in the name of the Cede & Co. or its registered assign, the Institution and the Trustee shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns, in effecting payment of the principal, Redemption Price or Make-Whole Redemption Price of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due, all in accordance with the letter of representations of the Institution to the Securities Depository or as otherwise agreed by the Trustee and the Securities Depository.

In connection with any proposed transfer outside the Book-Entry Only system, the Institution or the Securities Depository shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Particular Covenants

Punctual Payment. The Institution shall punctually pay the principal, Redemption Price or Make-Whole Redemption Price and interest to become due in respect of all the Bonds, in compliance with the terms of the Bonds and the Indenture. When and as paid in full, all Bonds shall be delivered to the Trustee and shall thereafter be cancelled by the Trustee and delivered to, or upon the order of, the Institution.

Power to Issue Bonds. The Institution is duly authorized to issue the Bonds and to enter into the Indenture and perform the transactions hereunder in the manner and to the extent provided in the Indenture. The Bonds are and will be the legal, valid and binding obligations of the Institution in accordance with their terms, and the Institution and the Trustee shall at all times, to the extent permitted by law, defend, preserve such obligations and all the rights of the Bondholders under the Indenture against all claims and demands of all Persons, subject to the limitations set forth in the Indenture relating to the Trustee.

Accounting Records and Financial Statements. With respect to each fund or account established and maintained by the Trustee pursuant to the Indenture, the Trustee shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with corporate trust accounting standards, in which complete and accurate entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of payments received from the Institution and the proceeds of the Bonds. Such books of record and account shall be available for inspection by the Institution and any Bondholder, or his or her agent or representative duly authorized in writing, with prior notice, during the Trustee's normal business hours and under reasonable circumstances.

The Trustee shall furnish to the Institution, within twenty (20) days after the end of each month, a complete financial statement (which need not be audited and may be its regular account statements) covering receipts, disbursements, allocation and application of any moneys (including proceeds of Bonds) in any of the funds and accounts established pursuant to the Indenture for such month; provided that the Trustee shall not be obligated to deliver an accounting for any fund or account that has a balance of $0.00 and has not had any activity since the last reporting.

Events of Default and Remedies of Bondholders

Events of Default. The following events shall be "Events of Default": (a) default in the due and punctual payment of the principal, Redemption Price or Make-Whole Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise; (b) default in the due and punctual payment of any interest on any Bond when and as such interest shall become due and payable; (c) default by the Institution in the performance or observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds (other than any covenant, agreement or condition a default in the performance or observance of which is specifically dealt with elsewhere in the Indenture), if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied and stating that such notice is a "Notice of Default" under the Indenture, shall have been given to the Institution by the Trustee, or to the Institution and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time

Outstanding; (d) the commencement by the Institution of a voluntary case under the federal bankruptcy laws, or if the Institution shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property; (e) the appointment of a trustee, receiver, custodian or similar official or agent for the Institution or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days; or (f) an order or decree for relief in an involuntary case under the federal bankruptcy laws shall be entered against the Institution, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty (60) days.

Acceleration of Maturity. If an Event of Default shall occur, then, and in each case during the continuance of such Event of Default, the Trustee may, upon notice in writing to the Institution, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration by the Trustee the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all the principal, Redemption Price or Make-Whole Redemption Price of, and overdue interest on, the Bonds, and the reasonable charges and expenses of the Trustee, and any and all other Defaults actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been cured to the reasonable satisfaction of the Trustee or provision reasonably deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall, on behalf of the Holders of all of the Bonds, by written notice to the Institution, rescind and annul such declaration and its consequences and waive such Default; but no such rescission and annulment shall extend to or shall affect any subsequent Default, or shall impair or exhaust any right or power consequent thereon.

Application of Moneys Collected by the Trustee. If an Event of Default shall occur and be continuing, all moneys then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to the provisions of the Indenture requiring moneys to be held for payment of particular Bonds) shall be applied by the Trustee as follows and in the following order:

(A) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture; and

(B) To the payment of the principal, Redemption Price or Make-Whole Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal, Redemption Price or Make-Whole Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal, Redemption Price or Make-Whole Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee, or in such Holders under the Bonds, the Indenture or any applicable law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the amounts pledged under the Indenture, pending such proceedings. If more than one such request is received by the Trustee from the Holders, the Trustee shall follow the written request executed by the Holders of the greatest percentage (which percentage shall be, in any case, not less than a majority in aggregate principal amount) of the Bonds then Outstanding. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Bondholders' Direction of Proceedings. The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnifying the Trustee to its satisfaction therefor, to direct the time, method and place of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction (the Trustee having no obligation to determine if such direction is unjustly prejudicial).

Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law with respect to such Bond, unless (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (3) such Holder or Holders shall have offered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and such offer of indemnity shall have been made to, the Trustee.

Such notification, request, offer of indemnity and refusal or omission are declared by the Indenture, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture or applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the Institution. Notwithstanding any other provision of the Indenture, or in the Bonds, nothing shall affect or impair the obligation of the Institution, which is absolute and unconditional, to pay the principal, Redemption Price or Make-Whole Redemption Price of and interest on the Bonds to the respective Holders of the Bonds at their date of maturity, or upon call for redemption, as provided in the Indenture, or, subject to the provisions of the Indenture regarding limitation on Bondholders' right to sue, affect or impair the right of such Holders to enforce such payment pursuant to the terms of the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Institution, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Institution, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any Default shall impair any such right or power or shall be construed to be a waiver of any such Default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Waiver of Past Defaults. The Trustee may, and upon written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds shall, on behalf of the Holders of all the Bonds waive any past Default under the Indenture and its consequences, except a Default: (A) In the payment of the principal, Redemption Price or Make-Whole Redemption Price of or interest on any Bond, or (B) in respect of a covenant or other provision of the Indenture which, pursuant to the Indenture, cannot be modified or amended without the consent of the Holder of each Outstanding Bond 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 the Indenture, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Undertaking for Costs. Subject to the provisions of the Indenture regarding the Trustee's rights to compensation and indemnification, the parties to the Indenture agree, and each Holder of any Bond by such Person's 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 the 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 the 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 paragraph shall not apply to any suit instituted by the Trustee or to any suit instituted by any Bondholder or group of Bondholders holding in the aggregate more than a majority in aggregate principal amount of the Outstanding Bonds.

Notice of Default. Upon a Responsible Officer's actual knowledge of the existence of any Default under the Indenture, the Trustee shall notify the Institution in writing as soon as practicable, but in any event within five (5) Business Days.

Upon a Responsible Officer's actual knowledge of the existence of any Default under the Indenture, the Trustee shall transmit by mail to all Bondholders, as their names and addresses appear in the bond register, notice of such Default under the Indenture within ninety (90) days, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal, Redemption Price or Make-Whole Redemption Price of or interest on any Bond, 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 or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Bondholders; *provided*, *further*, that in the case of any Default as specified in (c) under "Events of Default" above, no such notice to Bondholders shall be given until at least thirty (30) days after date of the applicable Notice of Default.

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 Institution or any other obligor upon the Bonds or the property of the Institution or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds 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 Institution for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise: (1) To file and prove a claim for the whole amount of principal (or Redemption Price or Make-Whole Redemption Price, as applicable) and interest owing and unpaid in respect of the Bonds 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 and its agents, including the reasonable and documented fees and expenses of outside counsel and allocated costs of internal legal counsel) and of the Bondholders allowed in such judicial proceeding; and (2) 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 or sequestrator (or other similar official) in any such judicial proceeding is, by the Indenture, authorized by each Bondholder 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 Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents, including reasonable and documented fees and expenses of outside counsel and allocated costs of internal legal counsel, and any other amounts due the Trustee under the Indenture.

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

The Trustee

Duties, Immunities and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture, and, except to the extent required by law, no implied covenants or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Institution may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

The Trustee may at any time resign by giving written notice of such resignation to the Institution and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books of the Trustee. Upon receiving such notice of resignation, the Institution shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the outgoing Trustee, at the expense of the Institution, or any Bondholder (on behalf of itself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Institution and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Institution shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this paragraph, the Institution shall mail or cause to be mailed (at the expense of the Institution) a notice of the succession of such Trustee to the trusts under the Indenture to the Bondholders at the addresses shown on the registration books of the Trustee. If the Institution fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Institution.

Any successor Trustee shall be a national banking association, trust company or bank having trust powers in the State of California or under the laws of the United States, having a combined capital and surplus of (or if such national banking association, trust company or bank is a member of a bank holding system, its bank holding company shall have a combined capital and surplus of) at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or State of California authority. If such national banking association, bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject upon prior written notice to the inspection of the Institution and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Modification or Amendment of the Indenture

Amendments Permitted. The Indenture and the rights and obligations of the Institution and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or one or more Supplemental Indentures, which the Institution and the Trustee may enter into when the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have been provided to the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any redemption price or premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Indenture Fund or the amounts pledged under the Indenture prior to or on parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on the Indenture Fund and such amounts (except as expressly provided in the Indenture), without the consent of the Holders of all Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Institution and the Trustee of any Supplemental Indenture pursuant to this paragraph, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to the Bondholders at the addresses shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Indenture and the rights and obligations of the Institution, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or one or more Supplemental Indentures, which the Institution and the Trustee may enter into without the necessity of obtaining the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the Institution contained in the Indenture, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved in the Indenture to or conferred upon the Institution, provided that such covenant, agreement, pledge, assignment or surrender shall not materially adversely affect the interests of the Holders of the Bonds; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Institution or the Trustee may deem necessary or desirable, and which shall not materially adversely affect the interests of the Holders of the Bonds; (3) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds; (4) to provide for the procedures required to permit any Bondholder, at its option, to utilize an uncertificated system of registration of its Bond or to facilitate the registration of the Bonds in the name of a nominee of the Securities Depository in accordance with the provisions of the Indenture; (5) to authorize different denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature; (6) to make any changes required by a Rating Agency in order to obtain or maintain a rating for the Bonds; (7) to modify, amend or supplement any other provision of the Indenture in a manner that shall not materially adversely affect the interests of the Holders of the Bonds; or (8) to provide for the issuance of Additional Bonds.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by either of the two preceding paragraphs which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise. Prior to the Trustee entering into any such Supplemental Indenture, the Institution shall deliver to the Trustee an Opinion of Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture. Prior to the Trustee entering into any such Supplemental Indenture, the Institution shall deliver to the Trustee an Opinion of Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Institution, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Amendment of Particular Bonds. The provisions of the Indenture regarding modification or amendment of the Indenture shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by such Bondholder, provided that due notation thereof is made on such Bonds.

Defeasance

Discharge Bonds and Indenture. The Bonds may be paid or discharged by the Institution or the Trustee on behalf of the Institution in any of the following ways: (A) by paying or causing to be paid the principal, Redemption Price or Make-Whole Redemption Price of and interest on all Bonds Outstanding, as and when the same become due and payable; (B) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount (as provided in the Indenture) to pay when due or redeem all Bonds then Outstanding; or (C) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If the Institution shall also pay or cause to be paid all other sums payable under the Indenture by the Institution, then and in that case at the election of the Institution (evidenced by a Certificate of the Institution filed with the Trustee signifying the intention of the Institution to discharge all such indebtedness and the Indenture and upon receipt by the Trustee of an Opinion of Counsel to the effect that the obligations under the Indenture and the Bonds have been discharged), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of the Indenture Fund and all amounts held therein made under the Indenture and all covenants, agreements and other obligations of the Institution under the Indenture (except as otherwise provided in the Indenture) shall cease, terminate, become void and be completely satisfied and discharged and the Bonds shall be deemed paid. In such event, upon the request of the Institution, the Trustee shall promptly cause an accounting for such period or periods as may be requested by the Institution to be prepared and sent to the Institution and shall execute and deliver to the Institution all such instruments as may be necessary to evidence such satisfaction and discharge, and the Trustee shall pay over, transfer, assign or deliver to the Institution all moneys or securities or other property held by it pursuant to the Indenture that are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision reasonably satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Institution in respect of such Bond shall cease, terminate and be completely discharged, and the Bonds shall be deemed paid, except only that thereafter the Holder thereof shall be entitled to payment of the principal, Redemption Price or Make-Whole Redemption Price of and interest on such Bond by the Institution, and the Institution shall remain liable for such payments, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture regarding payment of Bonds after discharge of the Indenture, substitute defeasance securities, and purchase of Bonds by the Institution..

The Institution may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Institution may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal, Redemption Price or Make-Whole Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years (or, if shorter, one day before such moneys would escheat to the State of California under then applicable

California law) after such principal, Redemption Price or Make-Whole Redemption Price or interest, as the case may be, has become due and payable (whether at maturity or upon call for redemption), shall be repaid to the Institution free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Institution and the Trustee indemnifying the Institution and the Trustee with respect to claims of Holders of Bonds which have not yet been paid, and all liability of the Trustee and the Institution with respect to such moneys shall thereupon cease; *provided*, *however*, that before the repayment of such moneys to the Institution as aforesaid, the Trustee may (at the cost of the Institution) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books of the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented, and with respect to the provisions relating to the repayment to the Institution of the moneys held for the payment thereof.

Substitute Defeasance Securities. At the written Request of the Institution, and upon compliance with the conditions set forth below, the Trustee shall redeem, sell, transfer or otherwise dispose of any Investment Securities held by the Trustee and purchase substitute Investment Securities, as identified by the Institution, in principal amounts and bearing interest at rates such that the principal of and interest on such substitute Investment Securities to be purchased, together with the principal of and interest on any securities then held by the Trustee that are not to be redeemed, sold, transferred or otherwise disposed of, shall be sufficient to pay the principal, Redemption Price or Make-Whole Redemption Price and interest as the same become due. The Trustee shall purchase such substitute Investment Securities with the proceeds derived from the redemption, sale, transfer, or other disposition on the date of such transaction. The transactions may be consummated only if the Trustee shall have received (i) a report prepared by a firm of independent, certified public accountants selected by the Institution who are recognized on a nationwide basis for skill and expertise in the preparation of such verifications confirming that the amounts of moneys and investments remaining after such payment will mature and will earn interest in such amounts and at such times so that sufficient moneys will be available to pay when due all outstanding installments of interest on and principal, Redemption Price and Make-Whole Redemption Price of the Bonds; and (ii) an Opinion of Counsel selected by the Institution to the effect that such substitution of Investment Securities is permitted under the Indenture. If, following any such substitution of Investment Securities, the funds held by the Trustee contain moneys that will not be required for the payment of installments of interest on and principal, Redemption Price or Make-Whole Redemption Price of the Bonds, the Institution may direct that such excess moneys be promptly paid over to the Institution.

Purchase of Bonds by Institution. The Institution may purchase the Bonds on the open market and tender them to the Trustee for cancellation at any time. If, following any such tender of Bonds by the Institution, the funds held by the Trustee contain moneys that will not be required for the payment of installments of interest on and principal, Redemption Price or Make-Whole Redemption Price of the Bonds, the Institution may direct that such excess moneys be promptly paid over to the Institution; provided, however, that (i) the Trustee and the Institution shall, at the expense of the Institution, confirm by a mathematical verification prepared by a firm of independent, certified public accountants selected by the Institution who are recognized on a nationwide basis for skill and expertise in the preparation of such verifications that the amounts of moneys and investments remaining after such payment will mature and will earn interest in such amounts and at such times so that sufficient moneys will be available to pay when due all outstanding installments of interest on and principal, Redemption Price and Make-Whole Redemption Price of the Bonds; and (ii) the Trustee shall have received an Opinion of Counsel selected by the Institution to the effect that such purchase, tender and cancellation is permitted under the Indenture.

Limitation of Rights to Parties and Bondholders

Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Institution, the Trustee and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Institution, the Trustee and the Holders of the Bonds.

Evidence of Rights of Bondholders

The ownership of Bonds shall be proved by the registration books for the Bonds held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Institution in accordance therewith or reliance thereon.

Waiver of Personal Liability

No member, officer, agent or employee of the Institution shall be individually or personally liable for the payment of the principal, Redemption Price or Make-Whole Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or the performance of any duty under the Indenture; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

Governing Law; Venue

The Indenture shall be construed in accordance with and governed by the Constitution and the laws of the State of California applicable to contracts made and performed in the State of California. The Indenture shall be enforceable in the State of California; *provided*, *however*, that any action arising under the Indenture shall (unless waived by the Institution) be filed and maintained in the State of California.

CUSIP Numbers

Neither the Trustee nor the Institution shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Holders and that neither the Trustee nor the Institution shall be liable for any inaccuracies in such numbers.

APPENDIX C

PROPOSED FORM OF OPINION OF COUNSEL TO THE UNIVERSITY

[Closing Date]

Morgan Stanley & Co. LLC
as Representative of the Underwriters
New York, New York

The Bank of New York Mellon Trust Company, N.A., as Trustee
Los Angeles, California

Ladies and Gentlemen:

We have been requested to furnish you with an opinion in connection with the issuance by The Board of Trustees of the Leland Stanford Junior University (the "University") of $327,000,000 aggregate principal amount of Stanford University Taxable Bonds Series 2025 A (the "Bonds").

We have examined executed copies of the Indenture of Trust dated as of March 1, 2025 (the "Indenture") between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), specimen bonds as executed on behalf of the University and authenticated by the Trustee, and a certified copy of proceedings of the University authorizing the execution of the Indenture, certain other documents and the issuance of the Bonds.

In addition, we have reviewed such other documents and have made such investigation of fact and such examination of law as we have deemed appropriate in order to enable us to render the opinions set forth herein.

For purposes of this opinion, we have relied on an opinion addressed to each of you by the General Counsel of the University as to the due authorization, execution and delivery of the Indenture and as to the issuance, sale and delivery of the Bonds, and we have assumed that the Trustee has all requisite power and authority and has taken all necessary corporate action, consistent with all applicable laws and regulations, to execute and deliver the Indenture and to effect the transactions contemplated thereby.

We express no opinion as to the laws of any jurisdiction other than those of the State of California and the federal laws of the United States of America.

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

1. The Indenture constitutes the valid and binding obligation of the University, enforceable against the University in accordance with its terms.

2. The Bonds have been duly authorized and executed and, assuming the due authentication of the Bonds by the Trustee in the manner provided for in the Indenture, when delivered against payment of the agreed upon consideration, the Bonds will constitute valid and binding obligations of the University, enforceable against the University in accordance with their terms.

We express no opinion with respect to (i) any federal or state securities or "blue sky" laws or regulations (including, without limitation, the antifraud provisions thereof), (ii) any antitrust, environmental, employee benefit or pension, real property or tax laws, (iii) any privacy, national security, antiterrorism, money laundering, racketeering, criminal and civil forfeiture, foreign corrupt practices, foreign asset or trading control laws (including, without limitation, the Foreign Corrupt Practices Act, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the USA PATRIOT Act and the Foreign Investment Risk Review Modernization Act), or any related enabling legislation, executive order, rule or regulation, (iv) land use, permitting, environmental or zoning matters or (v) any municipal or other local law, rule or regulation.

Our opinions are subject to the following additional assumptions, qualifications and limitations:

(a) Our opinions are subject to (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting the rights and remedies of creditors generally and (ii) general principles of equity.

(b) We express no opinion with respect to the applicability of Section 548 of the United States Bankruptcy Code or Section 3439 *et seq*., of the California Civil Code relating to fraudulent conveyances and transfers and other similar laws affecting the rights and remedies of creditors and secured parties generally.

(c) The following may be limited on statutory or public policy grounds: indemnification, contribution and exculpation provisions relating to securities laws or a person's own gross negligence, willful misconduct or other wrongdoing, broadly worded waivers, waivers of defenses, waivers of rights to damages, waivers of unknown or future claims, waivers or extensions of statutes of limitations and waivers of statutory, regulatory or constitutional rights.

(d) We express no opinion with respect to (i) rights to receive prepayment premiums, late fees or liquidated damages, in each case to the extent determined to be unreasonable or to constitute a penalty or unmatured interest, or (ii) rights of setoff.

(e) We express no opinion with respect to any provision that contains a waiver of any objection based on inappropriate venue or *forum non conveniens* in any United States federal court or implies that any United States federal court has subject matter jurisdiction.

(f) We express no opinion with respect to choice of law, submission to jurisdiction, consent to service of process / appointment of an agent for service of process, or the characterization of the transaction for tax, accounting, bankruptcy or other purposes.

Certain provisions contained in the Indenture or the Bonds may be further limited or rendered unenforceable by applicable law, but in our opinion the inclusion of such provisions in the Indenture or the Bonds does not render the Indenture or the Bonds, as applicable, invalid as a whole or substantially interfere with the practical realization of the principal benefits intended to be provided thereby.

Very truly yours,

APPENDIX D

DTC BOOK-ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The information set forth in this Appendix D is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream Banking (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems") currently in effect. The information set forth in this Appendix D concerning the Clearing Systems has been obtained from sources that the University believes to be reliable, but none of the University, the Trustee or the Underwriters take any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The University will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

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

DTC Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for the Bonds in their aggregate principal amount and will be deposited with DTC.

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

The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. Subject to the provisions described in the forepart under the heading "THE BONDS – Selection of Bonds for Redemption," if less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the University or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, such Bond certificates are required to be printed and delivered. The University may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

Each person for whom a Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NONE OF THE UNIVERSITY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

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

The University, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the University determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) a continuation of the requirement that all of the outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners.

NONE OF THE UNIVERSITY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE INDENTURE; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, REDEMPTION PRICE OR MAKE-WHOLE REDEMPTION PRICE, OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE BONDS; OR (VI) ANY OTHER MATTER.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream Banking and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee. Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a Direct Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between DTC participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The University will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and Clearstream Banking.

Initial Settlement

Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). Direct Participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. Direct Participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the University on the date of delivery of the Bonds.

Secondary Market Trading

Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in DTC, Euroclear and Clearstream Banking. Title to such book-entry interests will pass by registration of the transfer within the records of DTC, Euroclear or Clearstream Banking, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Transfer of book-entry interests in the Bonds between DTC, Euroclear or Clearstream Banking may be effected in accordance with procedures established for this purpose by DTC, Euroclear and Clearstream Banking.

General

None of DTC, Euroclear or Clearstream Banking is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the University, the Trustee or the Underwriters will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

The information in this Appendix D concerning DTC, Euroclear and Clearstream Banking has been obtained from sources that the Underwriters believe to be reliable, but the Underwriters take no responsibility for the accuracy thereof or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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