

\$21,750,000

**UNIVERSITY OF WASHINGTON ALUMNI ASSOCIATION
LEASE REVENUE BONDS, 1994**

(UNIVERSITY OF WASHINGTON MEDICAL CENTER — ROOSEVELT CENTER II)

Dated May 1, 1994

Due: August 15, as shown below

The Bonds are issued by the University of Washington Alumni Association (the "Issuer"), a nonprofit corporation duly organized and validly existing under the laws of the State of Washington acting on behalf of the University of Washington (the "University") pursuant to the provisions of Internal Revenue Service Revenue Ruling 63-20 and Revenue Procedure 82-26 for the purpose of providing the funds needed to (i) pay a part of the costs of acquiring and constructing a medical clinic and office facility for lease by the Issuer to the University (the "Project"), (ii) establish and fund a debt service reserve fund, (iii) fund capitalized interest on the Bonds, and (iv) pay a portion of the costs of issuing the Bonds.

The Bonds are nonrecourse obligations of the Issuer, payable solely from the Project and from Bond proceeds on hand in the various funds held by Seattle-First National Bank, as Trustee (the "Trustee") pursuant to an Indenture of Trust dated as of May 1, 1994 (the "Indenture"). Funds held under the Indenture include a Debt Service Reserve Fund and a Capitalized Interest Account, to be funded with a portion of the proceeds of the Bonds. The Project is to be leased to the University under an Amended and Restated Lease (the "Lease"). The obligation of the University to pay rent ("Rent") will commence only upon the first day of the first month following substantial completion of a portion of the Project ("Substantial Completion") as described more fully herein.

THE BONDS ARE NON-RECOURSE REVENUE OBLIGATIONS OF THE UNIVERSITY OF WASHINGTON ALUMNI ASSOCIATION, PAYABLE SOLELY FROM AND SECURED BY THE PROJECT AND THE REVENUES DERIVED FROM THE LEASE THEREOF AS PLEDGED AND PROVIDED FOR IN THE INDENTURE. THE ISSUER DOES NOT HAVE TAXING POWER. THE BONDS SHALL NOT CONSTITUTE AN OBLIGATION OF THE UNIVERSITY OR THE STATE OF WASHINGTON, MORAL OR OTHERWISE, FOR WHICH THE STATE OF WASHINGTON IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. MOREOVER, THE BONDS ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF WASHINGTON OR THE UNIVERSITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF WASHINGTON OR WITHIN THE MEANING OF ANY DEBT LIMITATION OR RESTRICTION. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, AND NO RECOURSE MAY BE HAD FOR THE PAYMENT OF THE DEBT SERVICE ON THE BONDS AGAINST ANY ASSETS OF THE ISSUER OTHER THAN THE PROJECT AND THE RENTS DERIVED THEREFROM.

The Bonds are subject to optional, mandatory and extraordinary redemption (including mandatory sinking fund redemption prior to maturity) (See "Redemption of the Bonds" herein).

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the Bonds. Principal and interest are payable directly to DTC by the fiscal agency of the State of Washington, as Registrar and Paying Agent for the Bonds (the "Registrar" and "Paying Agent"). Principal is payable on the dates set forth below. Interest is payable on August 15, 1994 and on each February 15, and August 15, thereafter. Upon receipt of payments of principal and interest, DTC will in turn remit such principal and interest to the DTC Participants (as such term is defined herein) for subsequent disbursement to the purchasers of beneficial interests in the Bonds (see "BOOK-ENTRY ONLY" herein).

Payment of principal of and interest on the Bonds when Due for Payment which is unpaid by reason of Nonpayment (as such terms are defined in the Financial Guaranty Bond) will be guaranteed by a Financial Guaranty Bond to be issued by Capital Guaranty Insurance Company simultaneously with the delivery of the Bonds.



MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

Maturity August 15	Amount	Interest Rate	Price or Yield	Maturity August 15	Amount	Interest Rate	Price or Yield
1995	\$ 185,000	3.60%	100%	2003	\$ 700,000	5.60%	100%
1996	230,000	4.30	100	2004	785,000	5.70	100
1997	280,000	4.60	100	2005	910,000	5.70	5.80
1998	330,000	4.80	100	2006	1,010,000	5.80	5.90
1999	385,000	5.10	100	2007	1,120,000	5.90	6.00
2000	475,000	5.25	100	2008	1,240,000	6.00	6.10
2001	545,000	5.40	100	2009	1,370,000	6.10	6.20
2002	620,000	5.50	100	2010	1,545,000	6.10	6.25

\$3,565,000 6.25% Term Bonds Due August 15, 2012 Priced to Yield 6.35%

\$6,455,000 6.30% Term Bonds Due August 15, 2014 Priced to Yield 6.40%

(Accrued Interest to be added)

In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for purposes of federal income taxation pursuant to the Internal Revenue Code of 1986 (the "Code") subject to certain conditions and assumptions described herein under "TAX EXEMPTION." The Bonds are private activity bonds; however, the Bonds are "qualified 501 (c) (3) bonds". Interest on the Bonds is not a preference item for purposes of the alternative minimum tax. Interest on the Bonds is included in the computation of certain federal taxes on corporations. The Bonds are not qualified investments for financial institutions under Section 265(b) of the Code.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Preston Gates & Ellis, Seattle, Washington, Bond Counsel. Certain other legal matters on behalf of the Issuer will be passed upon by Foster Pepper & Shefelman, Seattle, Washington, Special Counsel to the Issuer and on behalf of the Underwriter by Peck, Shaffer & Williams, Cincinnati, Ohio, Counsel to the Underwriter. Certain legal matters regarding the University will be passed upon by the Attorney General of the State of Washington, Counsel to the University. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about May 18, 1994

Smith Barney Shearson Inc.