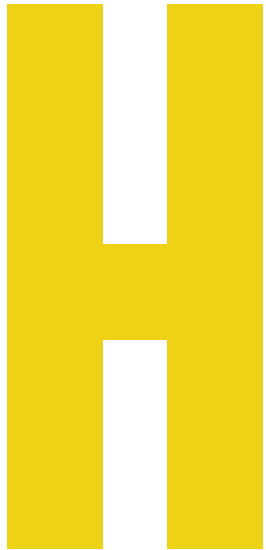
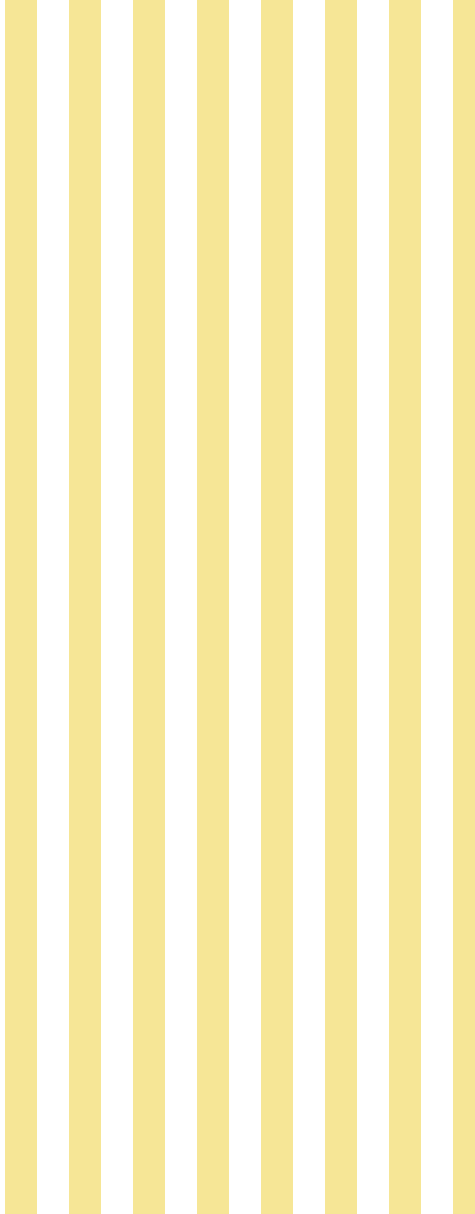


HARDING UNIVERSITY



**HARDING
UNIVERSITY**

**PREPAID
TUITION
PROGRAM**

PREPAID TUITION PROGRAM

Introducing ...

A great way to plan for your child's future at Harding University and manage increasing education costs at the same time!

By taking advantage of Harding's Prepaid Tuition Certificate plan, you can purchase tuition credit for your precollege child at today's rate. The Certificates are redeemable upon your child's registration at Harding. The younger your child is now, the more money you will save.

Prepaid Tuition Certificates must be held for at least one year before they will be honored, and they may be used for tuition only. They do not cover room and board, fees, books, or any other charges. They may be transferred to another beneficiary or completely refunded upon written request of the purchaser(s). The difference between the purchase price and the redemption amount of the Prepaid Tuition Certificate is generally tax free when it is redeemed for tuition hours. The redeemed value cannot exceed adjusted *qualified education expenses* as defined by the IRS.

Transfers to nonrelated beneficiaries are subject to a 10 percent IRS penalty and tax on the earnings in the year of the transfer. Some exceptions apply. See the Internal Revenue

Service Publication 970 for guidance in determining the taxability of redemptions and distributions. This publication can be obtained at www.irs.gov.

Transfers to a relative of the original beneficiary (student for whom the Certificates were purchased) are tax free. The IRS defines relatives of the beneficiary as:

1. spouse;
2. son, daughter, or descendant of son or daughter;
3. stepson or stepdaughter;
4. brothers, sisters, stepbrothers or stepsisters;
5. father, mother or ancestor of either;
6. stepfather or stepmother;
7. son or daughter of a brother or sister;
8. brother or sister of father or mother;
9. son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law;
10. spouse of anyone listed above; and
11. first cousin.

The Certificates are noninterest-bearing instruments. Unused Certificates will become a tax-deductible gift to Harding University if not transferred to a relative or refunded by the original recipient's 25th birthday.

To start saving money today for your child's future at Harding, fill out the attached application for Harding's Prepaid Tuition Certificate plan! If you have further questions, please contact the Harding University Finance Office, Box 10772, Searcy, AR 72149-0772 or call (501) 279-4018.

Prepaid Tuition Certificate Application

Account purchaser

Social Security # of purchaser

Street address or Box #

City, State, ZIP

Name of student (beneficiary)

Date of birth of student

Social Security # of student

Number of hours to be purchased

Current rate per hour**

Amount of check

Signature(s) of purchaser(s)

** Tuition rates are subject to change effective August 1 of each year. Please call the Finance Office at (501) 279-4018 for the current tuition rate per hour.

Upon the recipient's 25th birthday, an unused Prepaid Tuition Certificate (unless transferred or refunded) will become a tax-deductible contribution to Harding University.