



Branch Banking & Trust Co.

Governmental Finance  
P.O. Box 714  
Columbia, SC 29202  
(803) 251-1328  
Fax (803) 251-1329

January 30, 2003

Colonel Curtice E. Holland  
Chief Financial Officer  
Vice President for Finance and Business Affairs  
The Citadel

Dear Colonel Holland:

Branch Banking and Trust Company ("BB&T"), is pleased to offer this proposal for the financing requested by the Citadel.

- |                                      |   |
|--------------------------------------|---|
| (1) Project:                         | Athletic Facilities Revenue Refunding Bonds |
| (2) Amount To Be Financed:           | \$3,500,000                                 |
| (3) Interest Rates, Financing Terms: |   |

We offer a fifteen year financing scenario in which the interest rate will be fixed at 4.19% for the term of the Bond. Payments will consist of annual payments of principal and interest unless otherwise requested by the College.

BB&T will not require a debt service reserve fund for the transaction.

BB&T will not require the College to obtain bond insurance or a rating for this transaction.

Our underwriting fee for this transaction will be equivalent to one half of one percent of the principal amount funded. This may be paid from borrowed proceeds.

The interest rates stated above are valid for a closing not later than thirty days from the date of this proposal.

Closing of the financing is contingent upon completing documentation acceptable to BB&T.

The stated interest rates assume that the College expects to borrow less than \$10,000,000 in calendar year 2003 and that the financing shall qualify as qualified tax-exempt financing under the Internal Revenue Code. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not qualified tax-exempt financing.

(4) **Financing Documents:**

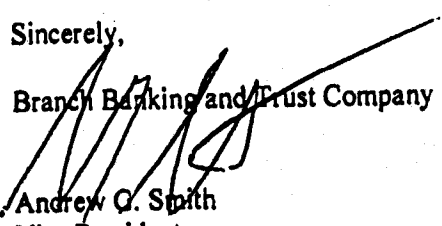
It will be the responsibility of the College to retain and compensate bond counsel to structure the transaction in accordance with state and federal statutes. All documentation must be deemed acceptable by BB&T.

BB&T shall have the right to cancel this offer by notifying the College of its election to do so (whether or not this offer has previously been accepted by the College) if at any time prior to the closing there is a material adverse change in the College's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the College or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (803) 251-1328 with your questions and comments. We look forward to hearing from you.

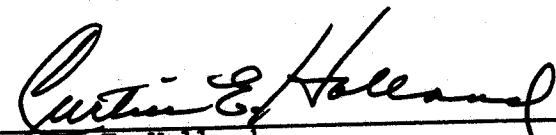
Sincerely,

Branch Banking and Trust Company

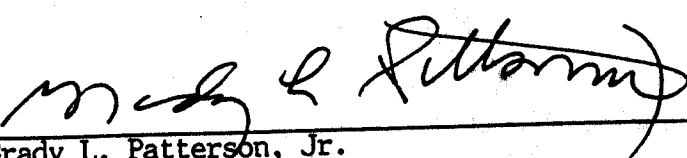
  
Andrew G. Spith  
Vice President

ACCEPTED: January 31, 2003

THE CITADEL, The Military College of South Carolina

by   
Curtice E. Holland  
Vice President of Finance and Business Affairs

THE SOUTH CAROLINA STATE TREASURER

by   
Grady L. Patterson, Jr.  
State Treasurer