NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: Aaa
Standard & Poor's: AA+
(See "RATINGS" herein)

In the opinion of Ice Miller LLP, Bond Counsel, conditioned on continuing compliance with the Tax Covenants (as hereafter defined) under existing laws, judicial decisions, regulations and rulings, the interest on the Series Z-1 Bonds is excludable from gross income for purposes of federal income tax pursuant to Section 103 of the Internal Revenue Code of 1986 as amended, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under present law, interest on the Series Z-2 Bonds is not excludable from gross income of the owners thereof for federal income tax purposes. See "Tax Matters" and "Build America Bonds" herein for more complete discussions. In the opinion of Ice Miller LLP, Bond Counsel, under present laws, judicial decisions, regulations and rulings, interest on the Series Z-1 Bonds and Series Z-2 Bonds is exempt from income taxation in the State of Indiana. See "Tax Matters" herein.

$169,025,000
The Trustees of Purdue University
Purdue University Student Fee Bonds, Series Z-1 and Series Z-2
consisting of

$68,320,000 Tax-Exempt Purdue University Student Fee Bonds, Series Z-1	$100,705,000 Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option)

Dated: Date of Delivery **Due: July 1, as shown below**

The Trustees of Purdue University (the "Corporation"), will issue its Tax-Exempt Purdue University Student Fee Bonds, Series Z-1, dated as of the date of delivery (the "Series Z-1 Bonds"), in the original aggregate principal amount of $68,320,000 and its The Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option) in the original aggregate principal amount of $100,705,000 (the "Series Z-2 Bonds" and, collectively with the Series Z-1 Bonds, the "Series Z Bonds"). The Series Z Bonds are being issued pursuant to resolutions adopted and actions authorized by the Board of Trustees (the "Board") of the Corporation and under an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended from time to time (the "Amended and Restated Indenture"), and as further supplemented by a Twenty-Seventh Supplemental Indenture dated as of November 1, 2010 (the "Twenty-Seventh Supplemental Indenture" and, collectively with the Amended and Restated Indenture, the "Indenture"), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"), for the purpose of financing, refinancing or reimbursing the Corporation the costs of certain projects, refunding certain prior Student Fee Bonds (the "Refunded Bonds") and paying costs of issuance of the Series Z Bonds. See "PLAN OF FINANCE" and "PLAN OF REFUNDING".

Interest on the Series Z Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2011, by check mailed to the registered owners or by wire transfer to owners of $1,000,000 or more in aggregate principal amount who have requested the same of the Trustee. The Series Z Bonds of each series are issuable only as fully registered bonds, and will be issued in denominations of $5,000 or any integral multiple thereof. The Series Z Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series Z Bonds of each series will be made in book-entry only form, and purchasers of a beneficial interest in the Series Z Bonds will not receive physical delivery of the certificates representing their interests in the Series Z Bonds of that series. The principal of and interest on the Series Z Bonds of each series will be paid to DTC or its nominee as the registered owner of the Series Z Bonds of that series. Disbursement of such payments to owners of beneficial interests in the Series Z Bonds of each Series will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES Z BONDS—Book-Entry-Only System."

The Series Z-2 Bonds are subject to optional, mandatory sinking fund and extraordinary optional redemption prior to maturity, as described herein. The Series Z-1 Bonds are subject to optional redemption prior to maturity, as described herein. See "DESCRIPTION OF SERIES Z BONDS—Redemption."

The Series Z Bonds of each series are limited obligations of the Corporation secured exclusively by and payable solely from a pledge of and parity first lien on Student Fees, Qualified Swap Receipts (if any) and certain other Pledged Funds. The Series Z Bonds of each series are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse will be had for the payment of the principal of or interest on the Series Z Bonds of each Series against the State of Indiana, the Corporation, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the pledge of Student Fees, Qualified Swap Receipts (if any), and the pledge of certain funds under the Indenture for payment of the Series Z Bonds of each series. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS".

See the inside cover page for maturities, principal amounts, interest rates, prices, yields and CUSIP[1] numbers

The Series Z Bonds of each series are offered when, as and if issued by the Corporation and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by its counsel, Stuart & Branigin LLP, Lafayette, Indiana and for the Underwriters by Barnes & Thornburg LLP, Indianapolis, Indiana. John S. Vincent & Company LLC is serving as financial advisor to the Corporation. It is anticipated that the Series Z Bonds of each series will be available for delivery to DTC in New York, New York, on or about November 23, 2010.

BARCLAYS CAPITAL

City Securities Corporation **Loop Capital Markets**

Dated: November 4, 2010

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIP[1] NUMBERS

Purdue University
Student Fee Bonds, Series Z

$68,320,000 Tax-Exempt Purdue University Student Fee Bonds, Series Z-1

Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2011	$1,915,000	4.000%	0.320%	746189PU7
2012	5,940,000	5.000	0.450	746189PV5
2013	8,975,000	5.000	0.720	746189PW3
2014	9,335,000	5.000	1.050	746189PX1
2015	7,790,000	5.000	1.330	746189PY9
2016	5,710,000	5.000	1.650	746189PZ6
2017	5,970,000	5.000	1.980	746189QA0
2018	6,245,000	5.000	2.250	746189QB8
2019	5,500,000	5.000	2.560	746189QC6
2020	4,280,000	5.000	2.760	746189QD4
2021	2,015,000	5.000	2.990*	746189QE2
2022	2,120,000	5.000	3.100*	746189QF9
2023	2,230,000	5.000	3.250*	746189QG7
2024	295,000	4.000	3.490*	746189QH5

$100,705,000 Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option)

Year (July 1)	Principal Amount	Interest Rate	Price	CUSIP[1]
2013	$ 695,000	1.044%	100.000%	746189QW2
2014	705,000	1.394	100.000	746189QJ1
2015	2,500,000	1.607	100.000	746189QK8
2016	3,680,000	2.240	100.000	746189QL6
2017	3,740,000	2.620	100.000	746189QM4
2018	1,100,000	3.157	100.000	746189QN2
2021	4,075,000	3.587	100.000	746189QP7
2022	4,175,000	3.737	100.000	746189QQ5
2023	4,280,000	3.887	100.000	746189QR3
2024	5,120,000	4.037	100.000	746189QS1
2025	5,560,000	4.187	100.000	746189QT9

$10,595,000 3.487% Term Bonds due July 1, 2020 -- Price 100.000% (CUSIP[1] 746189QX0)
$30,700,000 5.184% Term Bonds due July 1, 2030 -- Price 100.000% (CUSIP[1] 746189QU6)
$23,780,000 5.334% Term Bonds due July 1, 2035 -- Price 100.000% (CUSIP[1] 746189QV4)

*Yield calculated to the first optional call date (July 1, 2020).

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*Replaced William S. Oesterle effective August 14, 2010
**Effective November 1, 2010
***See Appendix A: "Chancellor Search, Purdue University Calumet"

NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE CORPORATION OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CORPORATION OR ANY OF THE FOREGOING. CERTAIN INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM THE CORPORATION AND OTHER SOURCES CONSIDERED TO BE RELIABLE, BUT IS NOT TO BE CONSIDERED TO BE THE REPRESENTATIONS OF THE UNDERWRITERS. THIS OFFICIAL STATEMENT SHOULD BE CONSIDERED IN ITS ENTIRETY AND NO ONE FACTOR CONSIDERED MORE OR LESS IMPORTANT THAN ANY OTHER BY REASON OF ITS POSITION IN THIS OFFICIAL STATEMENT. THE INFORMATION, ESTIMATES AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE; AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE AS TO THE AFFAIRS OF THE CORPORATION AND THE OTHER PARTIES REFERRED TO HEREIN SINCE THE DATE OF THIS OFFICIAL STATEMENT OR SINCE ANY EARLIER DATE AS OF WHICH INFORMATION IS STATED TO BE GIVEN.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS A PART OF THEIR RESPONSIBILITIES 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.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY THE SERIES Z BONDS OF EITHER SERIES IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES Z BONDS OF EITHER SERIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES Z BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED IN ANY STATE AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES Z BONDS OF EITHER SERIES FOR SALE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

Page

SUMMARY STATEMENT

Subject, in all respects, to more complete information contained elsewhere in this Official Statement.

PURDUE UNIVERSITY, founded in 1869, is the land-grant university of the State of Indiana. The Trustees of Purdue University (the "Corporation") is a statutory body corporate created in 1869 by the Indiana General Assembly, with powers (among others) ". . . to organize said university . . . and to do all acts necessary and expedient to put and keep said university in operation . . ." The Corporation's governing body is a ten-member Board of Trustees, also created by Indiana statute.

The main campus of Purdue University is located in West Lafayette, about 60 miles northwest of Indianapolis; regional campuses are maintained in the Cities of Hammond and Westville, and two regional campuses are operated jointly with Indiana University in Fort Wayne and Indianapolis. The West Lafayette campus is organized academically into ten colleges, undergraduate and masters degrees are awarded in all schools with the doctorate degree awarded in all schools. Purdue University's 2010 Fall semester headcount enrollment for all campuses exceeded 69,000, excluding the Indianapolis campus. An additional 5,065 Purdue students attend the Indiana University-Purdue University campus in Indianapolis.

PURPOSES OF ISSUE. The Corporation's Student Fee Bonds, Series Z issued in two series designated "Tax-Exempt Purdue University Student Fee Bonds, Series Z-1" (the "Series Z-1 Bonds") and "Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds - Direct Pay Option)" (the "Series Z-2 Bonds" and together with the Series Z-1 Bonds, collectively, the "Series Z Bonds"), are being issued (i) to finance, refinance or reimburse the Corporation for the costs of certain capital projects on various campuses of Purdue University as hereinafter described (the "Projects"), (ii) to refund certain temporary short-term TECP as hereinafter defined) which was issued to finance a portion of the costs of the Projects, (iii), to refund certain prior Student Fee Bonds as hereinafter described (the "Refunded Bonds") and (iv) to pay certain costs of issuing the Series Z Bonds. The proceeds of the Series Z-2 Bonds will be used only (i) to finance capital expenditures on the Projects, (ii) to reimburse otherwise eligible capital expenditures on the Projects that were paid after the effective date of the Recovery Act (as hereinafter defined), (iii) to refund temporary short-term TECP used to finance costs of the Projects and which was issued after the effective date of the Recovery Act, and (iv) to pay certain costs of issuance.

SECURITY. The Series Z Bonds, together with the Purdue University Student Fee Bonds, Series H, Series K, Series L, Series N, Series O, Series P, Series R, Series U, Series W, Series X and Series Y remaining after the issuance of the Series Z Bonds, are limited obligations of the Corporation payable from and secured solely by a pledge of and first lien on Student Fees as provided in the Indenture, payments to the Corporation from a Qualified Swap Provider pursuant to a Qualified Swap Agreement (if any), and moneys on deposit in certain funds established under the Indenture. At the time of issuance of the Series Z Bonds, the Corporation has no intention to enter into any Qualified Swap Agreement. The Series Z Bonds of each Series are not a general obligation debt or liability of the Corporation or the State of Indiana, and no recourse shall be had for the payment of the principal of or interest on the Series Z Bonds against the State of Indiana, the Corporation, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Student Fees, Qualified Swap Receipts (if any), and the funds pledged under the Indenture for payment of the Series Z Bonds.

STUDENT FEES. The term Student Fees means all academic fees (including tuition) however denominated, assessed by the Corporation against all students attending Purdue University, except fees which may be subsequently released from the lien of the Indenture, as provided therein. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS — Student Fees."

BOOK-ENTRY-ONLY SYSTEM. The Series Z Bonds of each series will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and all payments of principal will be made to Cede & Co. which will in turn remit such payments to DTC Participants and DTC Indirect Participants for subsequent disbursement to the Beneficial Owners of the Series Z Bonds. Purchases of the Series Z Bonds of each series by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series Z Bond certificates.

ESTIMATED DEBT SERVICE COVERAGE. The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2010 and June 30, 2009, and the estimated Annual Debt Service Requirements on all Outstanding Bonds, including the Series Z Bonds.

	(in thousands) 2010	2009
Student Fees	$615,423	$574,094
Coverage*	12.7 x	11.9 x

* Maximum Annual Debt Service Requirement (FY 2014) ($48,304,875).

FEE COVENANT. The Corporation covenants that it will establish and collect Student Fees so as to generate in each Fiscal Year annual sums no less than 1.0 times the Annual Debt Service Requirement for such year and any amounts to be paid from Student Fees with respect to such Fiscal Year, in accordance with the Indenture.

RESERVE FUND. No reserve fund exists for the Series Z Bond of either series.

ADDITIONAL PARITY BONDS. The Corporation may issue additional Parity Bonds secured by a pledge of and first lien on Student Fees provided, among other things, that the actual Student Fees received by the Corporation during the preceding Fiscal Year are at least equal to 1.0 times the Maximum Annual Debt Service to become due on all Parity Bonds outstanding under the Indenture plus the Parity Bonds to be issued. The Corporation may enter into Qualified Swap Agreements on a parity with the Series Z Bonds and all other Parity Bonds. The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements.

CONTINUING DISCLOSURE. Pursuant to the continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation has executed and delivered an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010 (the "Restated Undertaking"), pursuant to which the Corporation will agree to provide (i) on an annual basis to Municipal Securities Rulemaking Board ("MSRB") certain annual financial and operating information, and (ii) notice to the MSRB, upon the occurrence of certain other reportable events more fully described herein. See “APPENDIX D: SUBSTANTIALLY FINAL FORM OF AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT.” The Corporation is in compliance with undertakings previously entered into by it pursuant to the Rule.

OFFICIAL STATEMENT

$169,025,000
The Trustees of Purdue University
Purdue University Student Fee Bonds, Series Z

consisting of

$68,320,000 **Tax-Exempt Purdue University** **Student Fee Bonds, Series Z-1**	**$100,705,000** **Taxable Purdue University** **Student Fee Bonds, Series Z-2** **(Build America Bonds – Direct Pay Option)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices, is to set forth information concerning the issuance and sale by The Trustees of Purdue University (the "Corporation"), of $169,025,000 combined aggregate principal amount of its Purdue University Student Fee Bonds, Series Z, consisting of (i) $68,320,000 Tax-Exempt Purdue University Student Fee Bonds, Series Z-1 (the "Series Z-1 Bonds"), and (ii) $100,705,000 Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option) (the "Series Z-2 Bonds" and together with the Series Z-1 Bonds, collectively, the "Series Z Bonds").

The Series Z Bonds of each series are being issued under Indiana Code 21-34-6 through 10, as amended (the "Act"), and pursuant to resolutions adopted by and actions authorized by the Board of Trustees of the Corporation (the "Board"), and in accordance with the provisions of an Amended and Restated Trust Indenture, dated as of May 1, 1996, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"), as supplemented and amended from time to time (the "Amended and Restated Indenture"), and as further supplemented by the Twenty-Seventh Supplemental Indenture dated as of November 1, 2010, by and between the Corporation and the Trustee (the "Twenty-Seventh Supplemental Indenture", the Amended and Restated Indenture, as supplemented by the Twenty-Seventh Supplemental Indenture, being referred to herein as the "Indenture").

The Indenture also governs other outstanding debt of the Corporation which is on a parity basis with the Series Z Bonds. The Indenture allows the Corporation, under certain circumstances, to issue additional debt, and enter into Qualified Swap Agreements, which may be on a parity basis with the Series Z Bonds. Certain terms of the Indenture, including provisions for Parity Obligations, are described in this Official Statement in the section entitled "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Series Z Bonds of each series are limited obligations of the Corporation secured exclusively by and payable solely from a pledge of and a first lien on Student Fees, payments to the University from a Qualified Swap Provider pursuant to a Qualified Swap Agreement (if any), and moneys on deposit in funds established under the Indenture. The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any

Qualified Swap Agreements. The Series Z Bonds are not a general obligation, debt or liability of the Corporation or of the State of Indiana, and no recourse will be had for the payment of the principal of or interest on the Series Z Bonds against the State of Indiana, the Corporation, or against the property or funds of the Corporation or of the State of Indiana, except to the extent of the pledge of Student Fees, Qualified Swap Receipts (if any), and the pledge of certain funds under the Indenture for payment of the Series Z Bonds. The Corporation has no taxing power.

Under the Indenture, the Corporation has issued and has outstanding as of November 1, 2010, $342,750,000 in cumulative aggregate principal amount of its (i) Purdue University Student Fee Bonds, Series H* (the "Series H Bonds"); (ii) Purdue University Student Fee Bonds, Series K* (the "Series K Bonds"); (iii) Purdue University Student Fee Bonds, Series L* (the "Series L Bonds"); (iv) Purdue University Student Fee Bonds, Series N (the "Series N Bonds"); (v) Purdue University Student Fee Bonds, Series O* (the "Series O Bonds"); (vi) Purdue University Student Fee Bonds, Series P (the "Series P Bonds"); (vii) Purdue University Student Fee Bonds, Series R** (the "Series R Bonds"); (viii) Purdue University Student Fee Bonds, Series U (the "Series U Bonds"); (ix) Purdue University Student Fee Bonds, Series W (the "Series W Bonds"); (x) Purdue University Student Fee Bonds, Series X (the "Series X Bonds); and (xi) Purdue University Student Fee Bonds, Series Y (the "Series Y Bonds") (the Bonds referred to in clauses (i) through (xi) are collectively referred to as the "Outstanding Student Fee Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS -- Outstanding Student Fee Bonds." The Series Z Bonds of each Series are issued on a parity with the Outstanding Student Fee Bonds and any additional Parity Bonds (as hereinafter defined) issued by the Corporation under the Indenture (the Outstanding Student Fee Bonds and the Series Z Bonds, together with any additional Parity Bonds and any Additional Bonds (as hereinafter defined) issued by the Corporation under the Indenture, are collectively referred to as the "Student Fee Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS."

"Student Fees" means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending Purdue University (the "University"), except fees which may be subsequently released from the lien of the Indenture, as provided therein. The Corporation has covenanted and agreed in the Indenture to pay the Trustee on or before each Interest Payment Date, Student Fees sufficient to pay the principal of and interest due on the Series Z Bonds and all Parity Bonds. Such amounts will be deposited in the Sinking Fund. Student Fees, prior to their deposit with the Trustee as required by the Indenture, may be used as general operating funds of the Corporation.

The Series Z Bonds are subject to redemption prior to maturity, as described herein. (See "DESCRIPTION OF SERIES Z BONDS -- Redemption".)

The Corporation has entered into the Restated Undertaking for the benefit of the beneficial owners of the Series Z Bonds, obligating itself to provide certain continuing disclosure

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* All of which (other than the July 1, 2011 maturity) will be refunded by the Series Z-1 Bonds.
** All of which (other than the July 1, 2011 and July 1, 2012 maturities) will be refunded by the Series Z-1 Bonds.

as described in detail in "APPENDIX D: SUBSTANTIALLY FINAL FORM OF AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT."

The information contained under the caption "INTRODUCTION" is qualified by reference to the entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of the entire Official Statement, including the Appendices hereto, as well as documents summarized or described herein. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument.

PURPOSES OF SERIES Z BONDS

The Series Z Bonds are being issued for the purposes of financing, refinancing and reimbursing the Corporation for the costs of certain capital improvements, as described under the caption "PLAN OF FINANCE", and financing the cost of refunding the "Refunded Bonds," as described under the caption "PLAN OF REFUNDING". A portion of the proceeds of the Series Z Bonds of each series will be used to pay for the costs of issuance of the Series Z Bonds of that series. The proceeds of the Series Z-2 Bonds will be used only (i) to finance capital expenditures on the Projects, (ii) to reimburse otherwise eligible capital expenditures on the Projects that were paid after the effective date of the Recovery Act (as hereinafter defined), (iii) to refund certain temporary short-term TECP (as hereinafter defined) which was used to finance a portion of the costs of the Projects and which was issued after the effective date of the Recovery Act, and (iv) to pay certain costs of issuance.

DESCRIPTION OF SERIES Z BONDS

General

The Series Z Bonds will be dated and bear interest from the date of issuance. The Series Z Bonds of each series will bear interest (payable January 1 and July 1 of each year, with the first interest payment being July 1, 2011) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series Z Bonds of each series will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

The Series Z Bonds of each series will be issued in fully registered form in the denomination of $5,000 or any integral multiple of that sum.

The Series Z Bonds of each series will be registered on the books of the Corporation kept for that purpose (the "Bond Register") at the principal corporate trust office of the Trustee as Bond Registrar. The principal of the Series Z Bonds of each series is payable at the principal corporate trust office of the Trustee. Interest on the Series Z Bonds of each Series is payable when due by check mailed by the Trustee to the Registered Owners as their names and addresses appear in the Bond Register on the 15th day of the month preceding an interest payment date (the "Record Date").

Redemption

Optional Redemption of Series Z Bonds. The Series Z-1 Bonds maturing on and after July 1, 2021, are subject to redemption, at the option of the Corporation, and in any order of maturity (or portion thereof) selected by the Corporation and by lot within a maturity as selected by the Trustee, at any time on or after July 1, 2020, in whole or in part, at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, without premium.

If fewer than all of the eligible Series Z-1 Bonds are to be optionally redeemed, the Corporation will select the order of maturities and the Trustee will select by lot within maturities the particular Series Z-1 Bonds or portion of Series Z-1 Bonds to be redeemed. The portion of any Series Z-1 Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of that sum, and in selecting portions of such Series Z-1 Bonds for redemption, the Trustee will treat each such Series Z-1 Bond as representing that number of Series Z-1 Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series Z-1 Bond by $5,000.

Mandatory Redemption of Series Z-2 Bonds. The Series Z-2 Bonds due on July 1, 2020, July 1, 2030, and July 1, 2035 (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the years and amounts set forth below at a price equal to 100% of principal amount to be redeemed, plus accrued interest to the date of redemption.

Term Bonds Due July 1, 2020		Term Bonds Due July 1, 2030		Term Bonds Due July 1, 2035	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
2018	$2,710,000	2026	$5,735,000	2031	$4,430,000
2019	3,895,000	2027	5,930,000	2032	4,590,000
2020*	3,990,000	2028	6,130,000	2033	4,750,000
		2029	6,340,000	2034	4,920,000
		2030*	6,565,000	2035*	5,090,000

* Final Maturity

To satisfy the mandatory redemption requirements for the Term Bonds as shown above, the Corporation may purchase Term Bonds not less than 45 days prior to any redemption date and present the same to the Trustee who shall credit the face amount of such Terms Bonds against the amount of Term Bonds to be redeemed. All Term Bonds so purchased by the Corporation must be acquired at a price not exceeding 100% of the principal amount thereof.

Make-Whole Optional Redemption. The Series Z-2 Bonds are subject to redemption on any date, at the option of the Corporation, in whole or in part, at a redemption price (the "Make-Whole Optional Redemption Price") equal to the greater of (i) 100% of the principal amount of the Series Z-2 Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series Z-2 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series Z-2 Bonds are to be redeemed, discounted to the date on which the Series Z-2 Bonds are to be redeemed on an annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below), plus 25 basis points (0.25%), plus accrued interest on the Series Z-2 Bonds to be redeemed to the redemption date.

At the request of the Trustee, the redemption price of the Series Z-2 Bonds to be redeemed at the option of the Corporation will be determined by an independent accounting firm, investment banking firm or financial advisor (the "Designated Pricing Agent") retained by the Corporation at the Corporation's expense to calculate such redemption price. The Trustee and the Corporation may conclusively rely on the determination of such redemption price by the Designated Pricing Agent and will not be liable for such reliance. For purposes of determining the Make-Whole Optional Redemption Price:

> "Treasury Rate" means, as applicable, with respect to any redemption date for a particular Series Z-2 Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Pricing Agent.
>
> "Comparable Treasury Issue" means, as applicable, with respect to any redemption date for a particular Series Z-2 Bond, the United States Treasury security or securities selected by the Designated Pricing Agent which have an actual or interpolated maturity comparable to the remaining average life of the Series Z-2 Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series Z-2 Bond to be redeemed.
>
> "Comparable Treasury Price" means, as applicable, with respect to any redemption date for a particular Series Z-2 Bond, (i) if the Designated Pricing Agent receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Pricing Agent obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.
>
> "Reference Treasury Dealer" means each of the four firms, specified by the Designated Pricing Agent, that are primary United States Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Designated Pricing Agent will substitute another Primary Treasury Dealer.
>
> "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and as applicable for any redemption date for a particular Series Z-2 Bond, the average, as determined by the Designated Pricing Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a

> percentage of its principal amount) quoted in writing to the Designated Pricing Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the fifth Business Day preceding such redemption date.

Extraordinary Optional Redemption Of Series Z-2 Bonds. The Series Z-2 Bonds are subject to redemption on any date, at the option of the Corporation, in whole or in part, upon the occurrence of an Extraordinary Event (defined below), at a redemption price (the "Extraordinary Optional Redemption Price") equal to the greater of (i) 100% of the principal amount of the Series Z-2 Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series Z-2 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series Z-2 Bonds are to be redeemed, discounted to the date on which the Series Z-2 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 100 basis points (1.00%); plus, in each case, accrued interest on the Series Z-2 Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant to which the Corporation's 35% cash subsidy payment from the United States Treasury is reduced or eliminated. At the request of the Trustee, the redemption price of the Series Z-2 Bonds to be redeemed at the option of the Corporation will be determined by an independent accounting firm, investment banking firm or financial advisor (the "Designated Pricing Agent") retained by the Corporation at the Corporation's expense to calculate such redemption price. The Trustee and the Corporation may conclusively rely on the determination of such redemption price by the Designated Pricing Agent and will not be liable for such reliance. For purposes of determining the Extraordinary Optional Redemption Price:

> "Treasury Rate" means, as applicable, with respect to any redemption date for a particular Series Z-2 Bond the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Pricing Agent.

> "Comparable Treasury Issue" means, as applicable, with respect to any redemption date for a particular Series Z-2 Bond, the United States Treasury security or securities selected by the Designated Pricing Agent which has an actual or interpolated maturity comparable to the remaining average life of the Series Z-2 Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series Z-2 Bonds to be redeemed.

> "Comparable Treasury Price" means, as applicable, with respect to any redemption date for a particular Series Z-2 Bond, (i) if the Designated Pricing Agent receives at least four Reference Treasury Dealer Quotations, the average of

such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Pricing Agent obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means each of the four firms, specified by the Designated Pricing Agent that are primary United States Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Designated Pricing Agent will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and as applicable for any redemption date for a particular Series Z-2 Bond, the average, as determined by the Designated Pricing Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Pricing Agent by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

Selection of Series Z Bonds to Be Redeemed; Partial Redemption. If less than all of the Series Z Bonds are to be redeemed, the Series Z Bonds will be redeemed only in whole multiples of the denominations authorized for such Series Z Bonds. For purposes of redemption, each authorized denomination of principal will be considered as one bond.

If less than all of the Series Z Bonds are to be called for redemption, the principal amount and maturity of the particular Series Z Bonds to be redeemed will be selected by the University.

So long as the Series Z Bonds are registered to DTC or its nominee, if less than all the Series Z Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. See "Book-Entry-Only System."

If the Series Z-1 Bonds are no longer registered to DTC or its nominee, the Trustee will select, within each maturity of Series Z-1 Bonds to be redeemed, the Series Z-1 Bonds or portions of Series Z Bonds of such maturity will be selected by lot in such manner as the Trustee may determine.

If the Series Z-2 Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series Z-2 Bonds shall be effected by the Bond Registrar among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular Series Z-2 Bonds or portions thereof to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the Series Z-2 Bonds are registered in book-entry only form and so long as DTC, or a successor securities depository, is the sole registered owner of the Series Z-2 Bonds and if less than all of the Series Z-2 Bonds of a maturity are called for prior redemption, the particular Series Z-2 Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures. However, so long as the Series Z-2 Bonds are registered in book-entry form, the selection for redemption of such Series Z-2 Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Issuer's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Issuer and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Issuer can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series Z-2 Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series Z-2 Bonds will be selected for redemption in accordance with DTC procedures by lot.

The Trustee can provide no assurance that DTC, its participants or any other intermediaries, will allocate redemptions of the Series Z-2 Bonds of a particular maturity among the Beneficial Owners on such a proportional basis.

Notice of Redemption. Notice of redemption of the Series Z Bonds will be given by the Trustee by mailing a copy of the redemption notice by first-class mail not less than 30 nor more than 45 days prior to the date fixed for redemption to the registered owner of each Series Z Bond to be redeemed (such Bondholder being DTC or its nominee for so long as the Series Z Bonds are held in book-entry-only form) at the address shown in the registration books. However, failure to give such notice, or any defect therein, with respect to any Series Z Bond will not affect the validity of any proceedings for the redemption of other Series Z Bonds. If for any reason it is impossible or impractical to mail such notice of call for redemption in the manner described above, then such mailing in lieu thereof as is made at the direction of the Corporation will constitute sufficient notice. On and after the redemption date specified in the notice of redemption, the Series Z Bonds or portions thereof called for redemption (provided funds for their redemption are on deposit at the place of payment) will not bear interest, will no longer be protected by the Indenture and will not be deemed to be outstanding under the provisions of the Indenture, and the holders thereof will have the right to receive only the redemption price thereof, plus accrued interest thereon to the date fixed for redemption.

For so long as the Series Z Bonds are held in book-entry-only form, the Trustee will mail notices of redemption of Series Z Bonds only to DTC or its nominee, in accordance with the preceding paragraph. Neither the Corporation nor the Trustee will have any responsibility for any Beneficial Owner's receipt from DTC or its nominee, or from any DTC Participant or Indirect Participant, of any notices of redemption. See "Book-Entry-Only System."

Release Concerning Redeemed Series Z Bonds. If the amount necessary to redeem any Series Z Bonds called for redemption has been deposited with the Trustee for that purpose on or before the date specified for such redemption, and if the notice of redemption has been duly given and all proper charges and expenses of the Trustee in connection with such redemption have been paid or provided for, the Corporation will be released from all liability on such Series Z Bonds, and such Series Z Bonds will no longer be deemed to be outstanding under the Indenture. Thereafter, such Series Z Bonds will not be secured by the lien of the Indenture, and the holders thereof must look only to the Trustee for payment thereof.

Open Market Purchases. At its option, the Corporation may, at any time not less than 45 days prior to any redemption date designated by the Corporation, (a) deliver to the Trustee Series Z Bonds purchased with available moneys of the Corporation and (b) instruct the Trustee to apply the principal amount of such Series Z Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Series Z Bonds of the same maturity to be redeemed on such redemption date.

Book-Entry-Only System

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES Z BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS (OR THE OWNERS) OF THE SERIES Z BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series Z Bonds. The Series Z 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 Series Z Bond certificate will be issued for each maturity of the Series Z Bonds and will be deposited with DTC.

DTC, the world's largest depository, 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"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Series Z Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series Z Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Z 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 Series Z 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 Series Z Bonds, except in the event that use of the book-entry system for the Series Z Bonds is discontinued.

To facilitate subsequent transfers, all Series Z 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 Series Z Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Z Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series Z 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.

Redemption notices shall be sent to DTC. If less than all of the Series Z Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series Z Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation 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 Series Z Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series Z 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 Corporation 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 in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct

Participants will be the responsibility of DTC, and disbursements 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 Series Z Bonds of any Series at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series Z Bond certificates for that Series are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series Z Bond certificates for that Series will be printed and delivered.

The information contained in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof, including any information on DTC's website referenced herein.

THE INFORMATION IN THIS SECTION "DESCRIPTION OF THE SERIES Z BONDS -- BOOK-ENTRY-ONLY SYSTEM" HAS BEEN FURNISHED BY DTC. THE CORPORATION, THE UNDERWRITERS AND THE TRUSTEE BELIEVE SUCH INFORMATION TO BE RELIABLE, BUT TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NEITHER THE CORPORATION, THE TRUSTEE, NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES Z BONDS, OR FOR ANY PRINCIPAL OR INTEREST PAYMENT THEREON.

In the event that the book-entry system for the Series Z Bonds is discontinued, the Trustee would provide for the registration of the Series Z Bonds in the name of the Beneficial Owners thereof. The Corporation and the Trustee would treat the person in whose name any Series Z Bond is registered as the absolute owner of such Series Z Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and neither the Corporation nor the Trustee would be bound by any notice or knowledge to the contrary.

Each Series Z Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the corporate trust office of the Trustee, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Trustee. Upon due presentation of any Series Z Bonds for transfer or exchange, the Trustee would authenticate and deliver in exchange therefor, within a reasonable time after such presentation, a new Series Z Bond or Series Z Bonds, registered in the name of the transferee or transferees (in the case of a transfer), or the owner (in the case of an exchange), in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Series Z Bond or Series Z Bonds so presented. The Corporation or the Trustee would require the owner of any Series Z Bonds to pay a sum sufficient to cover any tax, fee or other governmental charge required to be paid in connection with the transfer or exchange of such Series Z Bonds.

Payment of Principal and Interest on Series Z Bonds

For so long as the Series Z Bonds are registered in the name of DTC or its nominee or its successor, payments of principal and interest shall be made as described under Book-Entry-Only System above. In the event the Series Z Bonds are no longer registered under a book-entry-only system, the Series Z Bonds will be registered as to both principal and interest in the Bond Register at the principal office of the Trustee, as Bond Registrar, and payment of the principal of and interest on such Series Z Bonds shall be made as described above under "General."

Interest Account. The Trustee shall establish and maintain, so long as any Series Z Bonds of either series are outstanding, a separate account within the Sinking Fund created by the Indenture known as the Series Z Interest Account, with separate subaccounts for Series Z-1 and Series Z-2. The Trustee will allocate from amounts in the Sinking Fund to the Series Z Interest Account amounts which are sufficient to pay interest on the Outstanding Series Z Bonds as such becomes due. Moneys on deposit in the Series Z Interest Account shall be used by the Trustee to pay interest on the Series Z Bonds on regularly scheduled Interest Payment Dates.

Principal Account. The Trustee shall establish and maintain, so long as any Series Z Bonds of either Series are outstanding, a separate account within the Sinking Fund to be known as the Series Z Principal Account, with separate subaccounts for Series Z-1 and Series Z-2. The Trustee will allocate from amounts in the Sinking Fund to the Series Z Principal Account amounts which are sufficient to pay principal of the Outstanding Series Z Bonds as such becomes due. All payments of principal made by the Corporation shall be deposited as and when received by the Trustee in the Series Z Principal Account. On or before the first day of each July, commencing July 1, 2011, the Trustee will deposit in the Series Z Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series Z Bonds maturing on such July 1 and (b) the amount of money then on deposit in the Series Z Principal Account available to pay the principal of the Series Z Bonds.

No recourse shall be had for the payment of the principal of or interest on any of the Series Z Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee, agent, representative or trustee of the Corporation, or any incorporator, officer, director or trustee of any successor corporation, as such, either directly or through the Corporation or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Transfer and Exchange of Series Z Bonds

For so long as the Series Z Bonds of a Series are registered in the name of DTC or its nominee or its successor, the transfer and exchange procedures shall be as described above under "Book-Entry-Only System," otherwise as described below under "Revision of Book-Entry-Only System; Replacement Series Z Bonds."

Revision of Book-Entry-Only System; Replacement Series Z Bonds

The Trustee serves as the Bond Registrar for the Series Z Bonds pursuant to the Indenture. In the event (i) the Trustee receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a securities depository for the Series Z Bonds or (ii) the Corporation elects to discontinue its use of DTC as a securities depository for the Series Z Bonds of either Series and in either case the Corporation does not appoint an alternate securities depository, then the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the Owners of the Series Z Bonds of that Series, as are necessary or appropriate to discontinue use of DTC as a securities depository for the Series Z Bonds of that Series and to transfer the ownership of each of the Series Z Bonds of that Series to such person or persons, including any other securities depository, as the Owner of such Series Z Bonds of that Series may direct in accordance with the Indenture. Upon the occurrence of either event, if ownership of Series Z Bonds is transferred to the Owners, the Trustee will execute and deliver to the Owners of the Series Z Bonds of that Series, fully registered replacement Series Z Bonds ("Replacement Series Z Bonds") in the denomination of $5,000 or integral multiples of that amount. The expenses of any such transfer, including the printing of certificates for Replacement Series Z Bonds, will be paid by the Corporation.

The principal of the Replacement Series Z Bonds will be payable at the Principal Office of the Trustee and interest on the Replacement Series Z Bonds will be paid by check mailed to the registered owners appearing in the Bond Register kept by the Trustee, as registrar, as described under "Payment of Principal and Interest on the Series Z Bonds" above.

Upon surrender for transfer or exchange of any of the Series Z Bonds at the principal office of the Bond Registrar, the Corporation shall execute, and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees, a new fully registered Series Z Bond or Series Z Bonds of the same Series and maturity of authorized denominations for a like aggregate principal amount. Any Series Z Bond or Series Z Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of any Series Z Bond or Series Z Bonds of the same Series and maturity of other authorized denominations. The Trustee will not be required to transfer or exchange any Series Z Bond during the period of 15 days prior to any Interest Payment Date. No service charge or payment shall be required to be made by the Owner of any Series Z Bond requesting an exchange, registration or transfer of any Series Z Bond, but the Corporation, the Trustee and the Bond Registrar may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer. For a more detailed description, see "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS

The Series Z Bonds of each Series are limited obligations of the Corporation secured by and payable solely from a pledge of and first lien on Student Fees, as provided in the Indenture, payments to the Corporation from Qualified Swap Providers pursuant to Qualified Swap Agreements (if any), and moneys on deposit in certain funds pledged under the Indenture (collectively the "Pledged Funds"). The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements. The Series Z Bonds are not a general obligation, debt or liability, or a charge against any property or fund of the Corporation or the State of Indiana, and no recourse shall be had for the payment of the principal of and interest on the Series Z Bonds against the State of Indiana or the Corporation, except to the extent of the Pledged Funds. The following sections regarding security for the Student Fee Bonds summarize certain provisions of the Indenture. For a complete summary of the provisions of the Indenture relating to the security for the Series Z Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Student Fees

"Student Fees" means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending the Corporation, except fees which may be subsequently released from the lien of the Indenture, as provided therein. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Partial Release of Lien on Student Fees."

The Corporation has covenanted and agreed in the Indenture to pay the Trustee on or before each Interest Payment Date, Student Fees sufficient to pay the principal of and interest due on the Series Z Bonds. Such amounts will be deposited in the Sinking Fund. Student Fees, prior to their deposit with the Trustee as required by the Indenture, may be used as general operating funds of the Corporation.

The Corporation has irrevocably pledged Student Fees to the payment of the principal of and interest on the Series Z Bonds. The pledge of Student Fees for the Series Z Bonds and any other obligations issued on a parity with the Series Z Bonds shall constitute a first lien on and security interest in Student Fees. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS -- Issuance of Additional Bonds" and "Outstanding Student Fee Bonds."

Reserve Fund

While a Reserve Fund has been established pursuant to the Indenture, no Reserve Fund Requirement (as hereinafter defined) exists for the Series Z Bonds (or any other Student Fee Bonds which are Outstanding). Accordingly, the Series Z Bonds will have **no** claim on the Reserve Fund. However, the Corporation may issue Additional Bonds at some later date which will have a claim on the Reserve Fund in the manner prescribed in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE--Flow of Funds."

Fee Covenant

The Corporation has agreed to establish and collect Student Fees so as to generate in each Fiscal Year amounts equal to no less than the sum of:

(a) An amount equal to 1.0 times the Annual Debt Service Requirement for such Fiscal Year; provided that if the rate of interest borne by any Variable Rate Bond is fixed for such Fiscal Year at a single rate of interest, such Variable Rate Bond shall be treated as a Fixed Rate Bond for purposes of the Annual Debt Service Requirement calculation;

(b) The amount, if any, to be paid into the Reserve Fund or to be paid to any Reserve Fund Insurer or the provider of any other Reserve Fund Credit Instrument with respect to such Fiscal Year; and

(c) Any other amounts to be paid from Student Fees with respect to such Fiscal Year in accordance with the Indenture.

The Corporation also covenants to adopt an annual budget for each Fiscal Year which will set forth the estimated Annual Debt Service Requirement, any required deposits to the Reserve Fund or any other moneys to be paid from Student Fees in accordance with the Indenture.

Issuance of Additional Bonds

Additional Bonds may be authorized by the Board of Trustees of the Corporation, executed by the Corporation, authenticated by the Trustee and issued under the Indenture from time to time in order to provide funds for any lawful purpose under the Act. Additional Bonds may be Parity Bonds or Subordinated Bonds. Parity Bonds means Additional Bonds which are secured as to the payment of principal and interest (other than Optional Tenders for which a Credit Support Instrument is provided) by a pledge, assignment, and grant of a security interest and first lien against the Pledged Funds, except as otherwise may be provided in regard to the Reserve Fund. Subordinated Bonds means those Additional Bonds issued under the Indenture which are subordinated pursuant to the Indenture to other Student Fee Bonds as to principal and interest repayment.

Parity Bonds may be issued from time to time by the Corporation if actual Student Fees received by the Corporation during the preceding Fiscal Year shall be equal to or greater than 1.0 times Maximum Annual Debt Service to become due in the succeeding Fiscal Years for the payment of principal and interest charges on the Outstanding Student Fee Bonds under the Indenture and on the Parity Bonds then to be authenticated and delivered. In addition, Parity Bonds may be authorized and executed by the Corporation and authenticated and delivered by the Trustee without the necessity for compliance with the aforementioned test when necessary or appropriate, in the opinion of the Trustee, to avoid a default under the Indenture.

Additional Bonds may be issued under the Indenture specifically to evidence liability of the Corporation in favor of any entity providing a Credit Support Instrument. Whether such Additional Bonds are Parity Bonds or Subordinated Bonds shall depend on the ability of the Corporation in regard to those Additional Bonds to meet the "1.0 times" test described above at the time when funds are advanced pursuant to such Credit Support Instrument and not immediately reimbursed by the Corporation, provided that Parity Bonds purchased by the provider of a Credit Support Instrument pursuant to its terms shall continue to be Parity Bonds. If such test cannot be met, the Additional Bonds will be Subordinated Bonds and the rights of the holders to receive principal thereof and interest thereon shall be subordinated to the Owners of all Parity Bonds. All computations regarding debt service and Student Fees shall be made by the Treasurer of the Corporation.

Outstanding Student Fee Bonds

The pledge of Student Fees as security for the payment of the Series Z Bonds shall be of equal standing and priority of lien with the pledge of Student Fees for the following obligations of the Corporation payable from such Student Fees:

Obligation	Dated Date	Final Maturity	Original Amount Issued	Amount Outstanding as of 11/1/10
Series H Bonds*	January 20, 1993	July 1, 2015	$17,000,000	$6,200,000
Series K Bonds*	January 18, 1995	July 1, 2020	22,000,000	11,700,000
Series L Bonds*	December 13, 1995	July 1, 2020	19,200,000	10,200,000
Series N Bonds	January 27, 1998	July 1, 2014	72,590,000	11,690,000
Series O Bonds*	February 11, 1998	July 1, 2019	36,300,000	18,910,000
Series P Bonds	December 2, 1998	July 1, 2017	64,255,000	28,255,000
Series R Bonds**	January 1, 2002	July 1, 2023	43,110,000	13,180,000
Series U Bonds	July 20, 2005	July 1, 2022	35,200,000	34,700,000
Series W Bonds	July 6, 2006	July 1, 2026	41,600,000	36,560,000
Series X Bonds	April 9, 2009	July 1, 2028	106,925,000	100,800,000
Series Y Bonds	March 17, 2010	July 1, 2027	74,130,000	70,555,000

The Act provides general authorization for the incurrence of indebtedness by the Corporation, for miscellaneous purposes, in an amount not exceeding a total of $2,000,000 outstanding at any one time, subject to approvals from the Governor and the State Budget Committee and State Budget Agency. As of November 1, 2010, the Corporation has no such indebtedness outstanding. The Act also provides for the incurrence of indebtedness by the Corporation to finance qualified energy savings projects, in an amount not to exceed $15,000,000 per campus at any time, subject to any necessary approvals from the Governor and the State Budget Committee and State Budget Agency, if annual operating savings arising from the project are reasonably expected to be at least equal to annual debt service requirements on the indebtedness. The Corporation has financings in place on November 1, 2010, in an aggregate amount of $6,966,577 for qualified energy savings ("QES") projects, including a portion of the TECP described below. The Corporation also has a tax exempt commercial program ("TECP") which it uses to finance, on an interim basis, among other things, the costs of various projects which may be financed on a permanent basis with Student Fee Bonds (or auxiliary revenue bonds). A portion of the costs of the Projects has been financed with TECP and will be refunded with the Series Z Bonds on November 23, 2010, November 30, 2010 and December 7, 2010. As

* All of which (other than the July 1, 2011 maturity) will be refunded with proceeds of the Series Z-1 Bonds.
** All of which (other than the July 1, 2011 and July 1, 2012 maturities) will be refunded by the Series Z-1 Bonds.

of November 1, 2010, the Corporation has $45,931,000 of TECP outstanding, in three series, a portion of which will be refunded with proceeds of the Series Z Bonds, and a portion of which is included in the QES financings described above. See “Outstanding Indebtedness” in APPENDIX A and “ESTIMATED SOURCES AND USES OF FUNDS”.

DEBT SERVICE COVERAGE

The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2010 and June 30, 2009, and the Annual Debt Service Requirements on all Outstanding Student Fee Bonds, including the Series Z Bonds.

	(in thousands)	
	2010	2009
Student Fees	$615,423	$574,094
Coverage*	12.7 x	11.9 x

* Maximum Annual Debt Service Requirement (FY 2014) ($48,304,875).

ANNUAL DEBT SERVICE REQUIREMENTS

The aggregate Annual Debt Service Requirements for all Outstanding Student Fee Bonds, including the Series Z Bonds, are as follows:

Fiscal Year Ending June 30	Series H Bonds*	Series K Bonds*	Series L Bonds*	Series N Bonds	Series O Bonds*	Series P Bonds	Series R Bonds*	Series U Bonds	Series W Bonds	Series X Bonds	Series Y Bonds	Series Z-1 Bonds	Series Z-2 Bonds**	Total
6/30/2012	$1,128,875	$1,025,000	$820,000	$3,998,075	$1,968,000	$5,251,800	$797,500	$3,927,218	$3,307,930	$8,650,038	$6,125,825	$5,628,845	$4,875,292	$47,504,397
6/30/2013				4,080,625		5,262,850	799,500	3,923,343	3,307,030	8,648,288	6,121,175	9,108,800	4,409,812	45,661,422
6/30/2014				4,147,775		5,257,481		3,952,718	3,308,430	8,647,288	6,119,075	11,770,925	5,101,184	48,304,875
6/30/2015				513,750		5,235,956		3,915,843	3,305,893	8,626,525	6,127,375	11,673,175	5,102,642	44,501,158
6/30/2016						5,247,225		3,908,343	3,303,560	8,630,388	6,121,850	9,700,050	6,872,641	43,784,056
6/30/2017						5,240,238		3,925,988	3,296,903	8,633,263	6,121,713	7,282,550	7,991,337	42,491,990
6/30/2018						1,729,231		3,919,143	3,289,138	8,624,888	6,124,900	7,250,550	7,961,127	38,898,976
6/30/2019								3,921,176	3,289,563	8,610,138	6,125,150	7,220,175	7,917,521	37,083,723
6/30/2020								3,891,056	3,284,313	8,608,263	6,125,650	6,181,550	7,869,999	35,960,831
6/30/2021								3,887,425	3,283,355	8,596,475	6,125,900	4,717,050	7,827,524	34,437,729
6/30/2022								3,066,394	3,276,600	8,588,538	6,120,525	2,294,675	7,769,873	31,116,605
6/30/2023								3,068,488	3,273,750	8,579,981	6,128,775	2,296,300	7,718,778	31,066,072
6/30/2024									3,275,025	8,570,019	6,120,150	2,297,550	7,662,587	27,925,330
6/30/2025									3,270,775	8,557,863	6,124,150	300,900	8,316,058	26,569,745
6/30/2026									3,264,025	8,547,594	6,120,025		8,536,312	26,467,956
6/30/2027									3,259,138	8,543,031	5,629,775		8,446,262	25,878,206
6/30/2028										8,528,256	5,161,200		8,338,905	22,028,361
6/30/2029										8,522,875			8,226,310	16,749,185
6/30/2030													8,113,088	8,113,088
6/30/2031													8,003,590	8,003,590
6/30/2032													5,580,277	5,580,277
6/30/2033													5,499,714	5,499,714
6/30/2034													5,410,616	5,410,616
6/30/2035													5,322,717	5,322,717
6/30/2036													5,225,750	5,225,750

* Remaining portion after refunding of Refunded Bonds.
** Not including federal subsidy payments.

PLAN OF FINANCE

The Series Z Bonds are being issued (i) to finance, refinance or reimburse the Corporation for the costs of the Projects, (ii) to refund a portion of the Issuer's Outstanding Tax Exempt Commercial Paper Program ("TECP") previously issued for a portion of the costs of the Projects, (iii) to refund the Refunded Bonds, and (iv) to pay costs of issuance of the Series Z Bonds. The proceeds of the Series Z-2 Bonds will be used only (i) to finance capital expenditures on the Projects, (ii) to reimburse otherwise eligible capital expenditures on the Projects that were paid after the effective date of the Recovery Act (as hereinafter defined), (iii) to refund TECP which was used to finance a portion of the costs of the Projects and which were issued after the effective date of the Recovery Act, and (iv) to pay certain costs of issuance.

The Projects

The Projects consist of the financing of (as well as the refinancing of TECP used to finance) the following components:

<u>Repair and Rehabilitation Projects</u>: This portion of the Projects is comprised of a variety of repair and rehabilitation projects on the West Lafayette campus of Purdue University.

<u>Student Fitness and Wellness Center</u>: Student Fitness and Wellness Center -- This extensive renovation will enhance the 1957 Recreational Sports Center, which at the time was the first university building in the Unites States created solely to serve students' recreational needs. The project includes an addition and appropriate renovations to improve the quality and availability of space per student and will enhance the cardiovascular fitness space, free weight, indoor jogging/walking and group exercise/multipurpose space as a first priority. In addition, there will be upgrades to the existing racquetball courts, gym space and other venues. Additional support space, i.e., locker rooms, wellness space, free zone/common space, food or snack areas, etc. also will be part of the project as well as enhancements to the existing electro/mechanical systems. The building design is in accordance with LEED principles and will become certified through the USGBC. The estimated cost of this project is $98,000,000, a portion of which will be funded through other sources including additional bonds. A new student fee is being implemented in phases to incorporate the new available features of the renovation.

<u>IPFW Parking Garage #3</u>: IPFW Parking Garage #3 will be constructed on the north side of campus with approximately 1,000 parking spaces over four-levels. This garage will serve students, staff, and community guests visiting the Rhinehart Music Center, Williams Theatre, Gates Sports Center Medical Education and other campus buildings. The estimated cost is $16,129,000.

PLAN OF REFUNDING

Refunding Plan

A portion of the proceeds of the Series Z-1 Bonds, in an amount sufficient to defease the Refunded Bonds will be transferred by the Trustee to The Bank of New York Mellon Trust Company, NA in its capacity as Escrow Trustee, (the "Escrow Trustee") under an Escrow Deposit Agreement dated as of November 1, 2010 with the Issuer (the "Escrow Agreement").

Such amounts will be deposited in the Escrow Fund for the Refunded Bonds created under the Escrow Agreement and invested in United States Government Obligations (State and Local Governments series) ("SLGs") maturing in amounts and on the dates necessary to make scheduled payments of principal of and interest on the Refunded Bonds and to make final redemption payments on the first call date for such Refunded Bonds. See "VERIFICATION".

Upon the deposit of such funds in the Escrow Fund, the Refunded Bonds will be defeased and will no longer be outstanding under the Indenture. Neither the moneys deposited in the Escrow Fund and retained as cash, nor the maturing principal of the SLGs held in the Escrow Fund nor the interest thereon, will serve as security for or be available for the payment of principal of, or interest or premium, if any, on the Series Z Bonds.

The Refunded Bonds

Refunded Bonds include a portion of:

"Series H Bonds" means the Purdue University Student Fee Bonds, Series H, in the initial aggregate principal amount of Seventeen Million Dollars ($17,000,000), issued to finance a portion of the costs of certain facilities described herein (see "The Prior Projects"), to be refunded by the Series Z-1 Bonds.

"Series K Bonds" means the Purdue University Student Fee Bonds, Series K, in the initial aggregate principal amount of Twenty-Two Million Dollars ($22,000,000), issued to finance a portion of the costs of certain of the Prior Projects (see "The Prior Projects"), to be refunded by the Series Z-1 Bonds.

"Series L Bonds" means the Purdue University Student Fee Bonds, Series L, in the initial aggregate principal amount of Nineteen Million Two Hundred Thousand Dollars ($19,200,000), issued to finance a portion of the costs of certain of the Prior Projects (see "The Prior Projects"), to be refunded by the Series Z-1 Bonds.

"Series O Bonds" means the Purdue University Student Fee Bonds, Series O, in the initial aggregate principal amount of Thirty-Six Million Three Hundred Thousand Dollars ($36,300,000), issued to finance a portion of the costs of certain of the Prior Projects (see "The Prior Projects"), to be refunded by the Series Z-1 Bonds.

"Series R Bonds" means the Purdue University Student Fee Bonds, Series R, in the initial aggregate principal amount of Forty-Three Million One Hundred Ten Thousand Dollars ($43,110,000), issued to finance a portion of the costs of certain of the Prior Projects (see "The Prior Projects"), to be refunded by the Series Z-1 Bonds.

The Prior Projects

(i) Series H Project: A new turbine generator located at the Wade Utility Plant area on the West Lafayette Campus of the University. The project consisted of installing a new approximately 27 megawatt steam turbine generator, constructing an addition to an existing facility to house the new generator, modifying and rebuilding an existing turbine generator, constructing a new cooling tower and installing other auxiliary equipment.

(ii) Series K and L Projects: Design, acquisition, construction, renovation and equipping of the telephone/computer network facilities of the West Lafayette campus of the University including: (a) the installation of a replacement telephone switch at the University's West Lafayette campus, (b) the renovation of the telephone system currently used at the University's West Lafayette campus, (c) the improvements to the wiring infrastructure located on the University's West Lafayette campus, and (d) the construction of a new switch facility in several remote switch rooms for the distributed switching equipment at the University's West Lafayette campus.

(iii) Series O Projects:

(a) The Science Building is located on the Indiana University-Purdue University campus at Ft. Wayne. The four-story structure contains approximately 113,420 gross square feet. The building is totally air conditioned, using the central chilled water cooling system and its own heating system. The building provides facilities for the School of Science. The facility includes approximately 48 offices and 67 classrooms and teaching laboratories.

(b) The Agriculture Biotech Complex is located on the West Lafayette Campus. The Food Science Building, which is the principal structure in the Complex, is a four-story structure containing approximately 127,311 gross square feet. The building is totally air conditioned, using the central chilled water cooling system and central steam distribution heating system. The building provides facilities for the School of Agriculture. The facility includes approximately 79 offices and 49 classrooms and teaching laboratories. The Greenhouse Building, another significant structure in the Complex, contains approximately 71,540 gross square feet primarily used for growing plants in artificial light with temperature and humidity controls.

(c) The Classroom/Office Building is located on the Calumet Campus. The three-story structure contains approximately 98,132 gross square feet. The building is totally air conditioned, using the central chilled water cooling system and central steam distribution heating system. The building provides facilities for the School of Liberal Arts and Sciences. The facility includes approximately 114 offices and 34 classrooms and teaching laboratories.

(d) The Boiler Life Extension and Utility System Expansion is located on the West Lafayette campus. The boiler life extension is intended to extend the useful life of two boilers and improve the reliability and efficiency of an existing gas/oil boiler. The utility system expansion included the addition of two cooling tower cells, completion of a coal conveyor project, replacement of a chiller and development of a short term coal handling/storage area.

(iv) Series R Projects: The Chiller Project is a steel frame building and a three-cell cooling tower structure on the Corporation's West Lafayette campus, which houses electric chillers and supports the production of chilled water. The Chiller Project provides chilled watercooling capacity for the proposed engineering building and satisfies current and future cooling loads on the chilled water system. The Recreational Sports Center Project, located on the Corporation's West Lafayette campus, converted and reconfigured space in the basement of the existing facility to reflect current and future needs in strength training and cardiovascular fitness. The space was previously divided into several rooms connected by a central corridor. The converted and reconfigured space reconfigured all assignable space and related corridors and replaced it with a central information desk. In addition, ADA requirements throughout the building were addressed with the addition of a passenger elevator and hoist way serving all floors.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the issuance of the Series Z Bonds are summarized below:

Sources of Funds:	
Principal Amount of Series Z Bonds	$169,025,000.00
Net Original Issue Premium (Series Z-1 Bonds)	10,197,962.45
Total Sources of Funds	$179,222,962.45
Uses of Funds:	
Refund Refunded Bonds	$58,127,890.50
Project Costs*	119,955,726.04
Underwriters' Discount	742,331.46
Costs of Issuance	397,014.45
Total Uses of Funds	$179,222,962.45

* Including $25,857,895.42 used to refund TECP issued to pay Project Costs.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture not otherwise discussed in this Official Statement.

Definitions

For purposes of this Official Statement, the following terms will have the meaning specified below unless the context clearly indicates otherwise.

"Additional Bonds" means additional Parity or Subordinated Bonds authorized to be issued under the Indenture and any Student Fee Bonds issued in substitution or replacement for them and excludes junior lien obligations as described in the Indenture.

"Annual Debt Service Requirement" for any Fiscal Year means, in connection with all Parity Bonds, the sum of (i) an amount equal to the amount of regularly scheduled principal or mandatory sinking fund payments and interest due in such Fiscal Year on Fixed Rate Bonds (excluding principal of any balloon maturity and excluding any Optional Tender), (ii) the amount of principal and interest projected to become due in such Fiscal Year on Variable Rate Bonds (excluding principal of any balloon maturity and any Optional Tender), and (iii) an amount equal to the principal amount of a balloon maturity after the Fiscal Year in question divided by the number of years to maturity from its date of original issuance or from such later date in or prior to the Fiscal Year in question as specified in the Supplemental Indenture authorizing the issuance of such balloon maturity. Such projection of interest on Variable Rate Bonds shall be calculated at any date of calculation as an amount equal to 110% of the greater of (a) the average daily interest rate during the then preceding twelve month period or (b) the rate in effect on the date of calculation, but in either event, not to exceed any maximum interest rate which may be set for any Variable Rate Bonds. Interest which is payable from the proceeds of Bonds set aside for such purpose in the Sinking Fund shall be excluded in determining the Annual Debt Service Requirement. For purposes of this definition, "balloon maturity" shall mean Bonds of any series (or multiple series of Bonds issued at substantially the same time) with principal amounts maturing or otherwise due and payable within any twelve month period equal to or greater than fifteen percent of the original principal amount of such Bonds; provided that, in calculating the amount due and payable in any twelve month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be amortized prior to such twelve month period; and provided further that for any balloon maturity the Issuer may elect to waive the provisions of clause (iii) above for any one or more series of Bonds at the time of delivery thereof and treat such one or more series of Bonds as if such balloon maturity was not a balloon maturity for the purposes of the application of this definition. The maturing amount of any Bonds issued at a discount shall not be considered a balloon maturity unless the original principal amount of such Bonds would be considered a balloon maturity. For any Bonds with respect to which the Issuer has entered into a Qualified Swap Agreement or Agreements, the amount of all Qualified Swap Payments shall be considered in the calculation of Annual Debt Service Requirements in lieu of the payments described in clauses (i) through (iii) above; provided that such Qualified Swap shall be in effect for the entire Fiscal Year (or Bond Year, as the case may be) to which such calculation applies, and that Qualified Swap Agreements applicable to less than the full Fiscal Year (or Bond Year, as the case may be) shall not alter the calculation of the Annual Debt Service Requirement for such period. Qualified Swap Payments payable at a variable rate per annum shall be calculated on the same basis as Variable Rate Bonds for purposes of the application of various provisions under this Indenture, subject to any applicable interest rate floor or cap with respect to such variable rate.

"Build America Bond" means any "qualified bond" within the meaning of Section 54AA(g) of the Code.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented, and any successor provision of law and any applicable Treasury Regulations appertaining thereto.

"Credit Support Instrument" means an irrevocable letter of credit, line of credit, insurance policy, guaranty or surety bond or similar instrument providing for the payment of or guaranteeing the payment of principal or purchase price of and interest on Bonds when due. Any such insurance policy, guaranty or surety bond or similar instrument shall be noncancellable during the term of the Bonds for which it is provided and must be issued by an insurer with a credit rating within the two highest full rating categories available generally to issuers of such insurance, guaranties or surety bonds from a nationally recognized rating service. Any obligation on the part of the Issuer to purchase Bonds from their holders upon the completion of the term of such Credit Support Instrument shall be treated for these purposes as the conclusion of the term of such Bonds. Any such letter of credit or line of credit must be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of issuance, a credit rating on its long-term unsecured debt within the three highest full rating categories generally available to banking institutions from a nationally recognized rating service.

"Escrowed Municipals" means obligations of state and local governments secured by an irrevocable escrow of Federal Securities.

"Federal Securities" means securities of the type described in Item 1 of the definition of "Permitted Investments."

"Fiscal Year" means the period commencing on the first day of July of any year and ending on the last day of June of the next succeeding year or such other period as established by the Corporation from time to time.

"Fixed Rate Bond" means a Student Fee Bond issued at or bearing a fixed rate or rates of interest.

"Maximum Annual Debt Service" means the highest Annual Debt Service Requirement for the current or any succeeding Fiscal Year.

"Optional Tender" or "Optional Tenders" means Parity Bonds which may, at the option of the owners thereof, be subject to payment, redemption or purchase by or on behalf of the Corporation.

"Outstanding" or "Bonds Outstanding" means all Bonds which have been duly authenticated, and delivered by the Trustee under the Indenture, except

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payments or redemption of which cash or investments (but only to the extent that the full faith and credit of the United States of America are pledged to or secure the timely payment thereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in the manner and with the type of investments provided in the Indenture; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 2.05 of the Indenture.

"Parity Bonds" means the remaining Series H Bonds, Series K Bonds, Series L Bonds, Series N Bonds, Series O Bonds, Series P Bonds, Series R Bonds, Series U Bonds, Series W Bonds, Series X Bonds, Series Y Bonds, Series Z Bonds and all Additional Bonds which are secured by a pledge, assignment and grant of a first lien and security interest against the Pledged Funds, except as otherwise provided with respect to the Reserve Fund.

"Parity Obligations" means Parity Bonds and Qualified Swap Payments.

"Permitted Investments" means, with respect to moneys held by the Trustee, any of the following which at the time are legal investments under the laws of the State of Indiana for the moneys proposed to be invested therein:

1. Direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

2. Escrowed Municipals;

3. Bonds, debentures or notes or other evidences of indebtedness issued or guaranteed by any of the following agencies: Export-Import Bank of the United States; Federal National Mortgage Association; Government National Mortgage Association; Federal Financing Bank; Federal Intermediate Credit Bank; Bank for Cooperatives; Federal Land Bank; Federal Home Loan Bank; Farmers Home Administration; Federal Farm Credit Banks; and The Federal Home Loan Mortgage Association;

4. Certificates of deposit issued by, or interest bearing time deposit accounts with, banks or savings banks organized under the laws of the State of Indiana or the United States of America, including the Trustee, which banks or savings banks have capital surplus and undivided profits in excess of $50,000,000 (provided that no such deposit or certificate shall be in excess of 10% of such capital, surplus and undivided profits);

5. Repurchase agreements with banks or other financial institutions, including the Trustee, which are fully collateralized by obligations described in clauses (1) or (3) based upon market value, which obligations are in the possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, and in which obligations the Trustee has a first, perfected security interest; provided, that any financial institution which is a broker-dealer must be a member of the Securities Investor Protection Corporation; and

6. Investment agreements which are issued by banks, insurance companies or other financial service providers who are, or which agreements are, at the time of issuance, execution and delivery of such agreements, rated in the two highest full rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

"Pledged Funds" means Student Fees and Qualified Swap Receipts, the proceeds thereof, the Issuer's right to receive the same, and all Funds held by the Trustee pursuant to this Indenture.

"Prior Projects" means the projects of the Corporation as financed by the Refunded Bonds:

(i) Series H Project: A new turbine generator located at the Wade Utility Plant area on the West Lafayette Campus.

(ii) Series K and L Project: Design, acquisition, construction, renovation and equipping of the telephone/computer network facilities on the West Lafayette campus.

(iii) Series O Projects:

(a) The Science Building located on the Indiana University-Purdue University campus at Ft. Wayne.

(b) The Agriculture Biotech Complex located on the West Lafayette Campus.

(c) The Classroom/Office Building located on the Calumet Campus.

(d) The Boiler Life Extension and Utility System Expansion located on the West Lafayette campus.

(iv) Series R Projects:

(a) The Chiller Project located on the West Lafayette Campus.

(b) The Recreational Sports Center Project on the West Lafayette campus.

"Projects" means the following facilities, together with any additional facilities permitted pursuant to Article III of the Twenty-Seventh Supplemental Indenture:

(a) Repair and Rehabilitation Projects on the West Lafayette Campus;

(b) Student Fitness and Wellness Center on the West Lafayette Campus; and

(c) IPFW Parking Garage #3 on the Fort Wayne Campus.

"Qualified Counterparty" shall mean a financial services institution whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability, or whose payment obligations, under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or who was provided collateral such that its claims paying ability is rated (at the time the subject Qualified Swap is entered into) at least as high as A by Moody's Investors Service, Inc. and A by Standard & Poor's Ratings Group, or the equivalent thereof by any successor thereto.

“Qualified Swap” or “Qualified Swap Agreement” shall mean any financial arrangement (i) that is authorized under applicable state law; (ii) that is entered into by the Corporation with an entity that is a Qualified Counterparty at the time the arrangement is entered into; (iii) which constitutes an agreement (including any combination of agreements or a master agreement, each of which may include terms and conditions incorporated by reference therein) which is a rate swap agreement, basis swap, forward rate agreement, interest rate option, rate cap agreement, rate floor agreement, rate collar agreement, or any other similar agreement (including any option to enter into the foregoing); (iv) which is entered into pursuant to terms set forth herein and in an Indenture supplemental hereto; and (v) which has been designated in writing to the Trustee by an authorized representative of the Issuer as a Qualified Swap.

“Qualified Swap Payments” means payments to be made by the Corporation to a Qualified Swap Provider under a Qualified Swap, including Termination Payments thereunder.

“Qualified Swap Provider” shall mean any Qualified Counterparty with whom the Corporation has entered into a Qualified Swap.

“Qualified Swap Receipts” means payments to the Corporation by a Qualified Swap Provider under a Qualified Swap.

“Refunded Bonds” means those portions of the Series H Bonds, Series K Bonds, Series L Bonds and Series O Bonds maturing on or after July 1, 2012, and that portion of the Series R Bonds maturing on or after July 1, 2013, as identified in the Twenty-Seventh Supplemental Indenture and the Escrow Agreement.

“Reserve Fund Credit Instrument” means an insurance policy, guaranty, or surety bond or irrevocable letter of credit which may be deposited in the Reserve Fund in lieu of or in partial substitution for cash to be on deposit therein. The company providing such insurance policy, guaranty, or surety bond will be an insurer which, at the time of issuance of the policy, guaranty, or surety bond, has been assigned the highest rating accorded insurers by Moody’s Investors Service, Inc. or any successor rating service, and the policy will be subject to the irrevocable right of the Trustee to draw thereon in a timely fashion as needed and provided in the Indenture upon satisfaction of any conditions set forth in the Indenture. Any irrevocable letter of credit shall be payable to and deposited with the Trustee and will be issued by a banking institution which has, or the parent of which has, or the holding corporation of which it is the principal bank has, at the time of issuance, a credit rating on its long-term unsecured debt within the three highest rating categories from a nationally recognized rating service.

“Reserve Fund Requirement” means Maximum Annual Debt Service; provided however, that the Annual Debt Service Requirement on any Student Fee Bonds which do not have access to or a claim on the Reserve Fund pursuant to the Indenture will be excluded from the calculation of the Reserve Fund Requirement and provided further that for purposes of Maximum Annual Debt Service on any Variable Rate Bonds for which there is a Reserve Fund Requirement, notwithstanding the formula for calculation of interest on Variable Rate Bonds found in the definition of Annual Debt Service Requirement, interest on such Variable Rate Bonds will be calculated at a rate equal to the rate quoted in the most recent issue of The Bond Buyer (or any successor publication thereto) on the sale date of any Additional Bonds as the 25 Revenue Bond Index (or any successor index).

"Series H Bonds" means the Purdue University Student Fee Bonds, Series H, in the initial aggregate principal amount of Seventeen Million Dollars ($17,000,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series K Bonds" means the Purdue University Student Fee Bonds, Series K, in the initial aggregate principal amount of Twenty-Two Million Dollars ($22,000,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series L Bonds" means the Purdue University Student Fee Bonds, Series L, in the initial aggregate principal amount of Nineteen Million Two Hundred Thousand Dollars ($19,200,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series N Bonds" means the Purdue University Student Fee Bonds, Series N, in the initial aggregate principal amount of Seventy-Two Million Five Hundred Ninety Thousand Dollars ($72,590,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series O Bonds" means the Purdue University Student Fee Bonds, Series O, in the initial aggregate principal amount of Thirty-Six Million Three Hundred Thousand Dollars ($36,300,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series P Bonds" means the Purdue University Student Fee Bonds, Series P, in the initial aggregate principal amount of Sixty-Four Million Two Hundred Fifty-Five Thousand Dollars ($64,255,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series R Bonds" means the Purdue University Student Fee Bonds, Series R, in the initial aggregate principal amount of Forty-Three Million One Hundred Ten Thousand Dollars ($43,110,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series U Bonds" means the Purdue University Student Fee Bonds, Series U, in the initial aggregate principal amount of Thirty-Five Million Two Hundred Thousand Dollars ($35,200,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series W Bonds" means the Purdue University Student Fee Bonds, Series W, in the initial aggregate principal amount of Forty-One Million Six Hundred Thousand Dollars ($41,600,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series X Bonds" means the Purdue University Student Fee Bonds, Series X, in the initial aggregate principal amount of One Hundred Six Million Nine Hundred Twenty-Five Thousand Dollars ($106,925,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series Y Bonds" means the Purdue University Student Fee Bonds, Series Y, in the initial aggregate principal amount of Seventy-Four Million One Hundred Thirty Thousand Dollars ($74,130,000), and any Student Fee Bonds in substitution or replacement therefor.

“Series Z Bonds” means the Series Z-1 Bonds and Series Z-2 Bonds, collectively in the initial combined aggregate principal amount of One Hundred Sixty-Nine Million Twenty-Five Thousand Dollars ($169,025,000), and any Student Fee Bonds in substitution or replacement therefor.

“Series Z-1 Bonds” means the Corporation’s Tax-Exempt Purdue University Student Fee Bonds, Series Z-1, dated the date of delivery thereof, in the aggregate principal amount of $68,320,000.

“Series Z-2 Bonds” means the Corporation’s Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds - Direct Pay Option), dated the date of delivery thereof, in the aggregate principal amount of $100,705,000.

“Student Fees” means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending Purdue University except fees released from the lien of the Indenture.

“Student Fee Bond” or “Student Fee Bonds” means any obligation including bonds, notes, temporary, interim or permanent certificates of indebtedness, debentures, capital leases, or any and all other obligations consistent with the Indenture and allowable under the laws of the State of Indiana are payable out of Student Fees and other Pledged Funds and which obligation or obligations are authenticated and delivered under and pursuant to the Indenture.

“Subordinated Bonds” means those Additional Bonds issued under the Indenture that are subordinated pursuant to the Indenture to other Student Fee Bonds as to principal and interest repayment.

“Termination Payment” means termination payments the amount of and due date for which have been ascertained by reference to a Qualified Swap Agreement.

“Variable Rate Bond” means any Student Fee Bond the interest rate on which, at the time of issuance, is not established at a fixed numerical rate or rates to stated maturity.

Flow of Funds

Sinking Fund. The Corporation will maintain with the Trustee a separate fund known as the Sinking Fund (“Sinking Fund”) pursuant to the Indenture. Within the Sinking Fund the Trustee will establish and maintain so long as any Series Z Bonds are Outstanding separate accounts known as the Series Z Principal Account and the Series Z Interest Account. On or before each interest or principal payment date on the remaining Series H Bonds, Series K Bonds, Series L Bonds, Series N Bonds, Series O Bonds, Series P Bonds, Series R Bonds, Series U Bonds, Series W Bonds, the Series X Bonds, the Series Y Bonds and Series Z Bonds and any additional Parity Bonds (except for any Optional Tenders for which a Credit Support Instrument has been provided), the Corporation will transfer and remit Student Fees to the Trustee by wire transfer in immediately available funds in an amount which, when added to any amount then in the Sinking Fund, equals the amount of such principal and interest on all such Outstanding Student Fee Bonds becoming due on such interest and principal payment date (other than Optional Tenders for which a Credit Support Instrument is provided) and any deficiencies then in existence in regard to said Fund. On or before any interest or principal payment date on Subordinated Bonds or Optional Tenders for which a Credit Support Instrument was provided but which was not paid through a Credit Support Instrument, after making the transfers required above and described in the paragraph below concerning the Reserve Fund, the Corporation will transfer and remit Student Fees to the Trustee by wire transfer in immediately available funds for deposit in the special account therefor in the Sinking Fund an amount which, when added to any excess amount in said special account and other funds legally available for that purpose, equals the principal amount of Subordinated Bonds or Optional Tenders not paid through a Credit Support Instrument due on that payment date and interest accrued to that date in the order of priority established by the applicable supplemental indenture. Payments of such Optional Tenders from the Sinking Fund will be subordinate to the payment of the principal of and interest on any Parity Bonds.

Reserve Fund. The Corporation will maintain with the Trustee a separate fund known as the Reserve Fund (the "Reserve Fund") pursuant to the Indenture. No Reserve Fund Requirement exists for any Outstanding Student Fee Bonds or for the Series Z Bonds, and the Outstanding Student Fee Bonds and the Series Z Bonds do not have, and will not have, any claim on the Reserve Fund. However, the Corporation may issue Parity Bonds at a later date which have a claim on the Reserve Fund. In connection with the issuance of such Parity Bonds the Corporation will deposit in the Reserve Fund an amount necessary to satisfy the Reserve Fund Requirement resulting from the issuance thereof. Such deposit requirement in connection with the issuance of Parity Bonds may also be satisfied by providing in supplemental indentures that annual deposits may be made commencing on the October 1 following the date on which said Parity Bonds are issued and continuing on or before each October 1 thereafter for the 3 succeeding years or such lesser number of years specified in the supplemental indenture. Said deposits will equal, after taking into account any other monies deposited in the Reserve Fund on the day of delivery and payment for such series of Parity Bonds, an amount equal to the initial unfunded Reserve Fund Requirement divided by the total number of annual deposits to be made. Except as provided below the Corporation may elect to provide a Reserve Fund Credit Instrument for purposes of maintaining the Reserve Fund Requirement. In those circumstances the Trustee will include in the total amount held in the Reserve Fund an amount equal to the maximum principal amount which could be drawn by the Trustee under all Reserve Fund Credit Instruments.

From time to time Parity Bonds may be issued under the Indenture which will have no claim on the Reserve Fund. No Reserve Fund Requirement will exist for such Parity Bonds.

The Reserve Fund will be used and applied to make up deficiencies in the Sinking Fund with respect to any Parity Bonds which have a claim on the Reserve Fund (other than Optional Tenders for which a Credit Support Instrument has been provided), and the Trustee will draw first on any cash or Permitted Investments on deposit in the Reserve Fund and then pro rata or as otherwise provided in the applicable supplemental indenture, on the Reserve Fund Credit Instrument or Reserve Fund Credit Instruments as needed for the purpose of paying the principal of, redemption premium, if any, and interest on any such Parity Bonds when due, when there are insufficient moneys in the Sinking Fund for such purpose, on such Parity Bonds which are covered by a Reserve Fund Credit Instrument or Reserve Fund Credit Instruments.

Upon withdrawal from the Reserve Fund of money on deposit therein will be subsequently replaced and restored from the first available Pledged Funds after all required transfers to the Sinking Fund have been made in full if the amount thereafter in the Reserve Fund is less than the Reserve Fund Requirement. Such replacement and restoration will first be provided in regard to the Reserve Fund Credit Instrument or Reserve Fund Credit Instruments on a pro rata basis and thereafter in favor of any portion of the Reserve Fund to be maintained in cash or Permitted Investments.

If a drawing is made from any Reserve Fund Credit Instrument, the Corporation will reinstate the maximum limits of such Reserve Fund Credit Instrument within 12 months following such drawing solely from Pledged Funds available after all required payments have been made into the Sinking Fund, so that, together with moneys on deposit therein, if any, there will be on deposit in the Reserve Fund an amount (including the maximum amount then payable under the terms of the Reserve Fund Credit Instrument) equal to the Reserve Fund Requirement.

Series Z Project Funds. Pursuant to the Twenty-Seventh Supplemental Indenture, the Corporation will establish two separate funds to be known as the Series Z-1 Project Fund and Series Z-2 Project Fund (collectively, the "Series Z Project Fund"), into which a portion of the proceeds of the Series Z Bonds will be deposited to be used by the Corporation for the purpose of financing, refinancing and reimbursing the Corporation for the costs of the Projects, refunding the Refunded Bonds and paying certain costs of issuance.

Moneys deposited to the credit of the Series Z Project Fund will be deposited in the following Accounts of the Series Z Project Funds:

(i) the Series H Refunding Account,
(ii) the Series K Refunding Account,
(iii) the Series L Refunding Account,
(iv) the Series O Refunding Account,
(v) the Series R Refunding Account,
(vi) 2008 TECP Refunding Account,
(vii) 2010 TECP Refunding Account,
(viii) Student Fitness and Wellness Center Account,
(ix) IPFW Parking Garage #3 Account,
(x) R&R Projects Account, and
(xi) the Expense Accounts.

Refunding Accounts. A portion of the proceeds of the Series Z-1 Bonds will be deposited in the refunding accounts described in clauses (i) through (v) above and will be established and held by the Trustee. Moneys therein will be used to defease and redeem the Refunded Bonds.

2008 TECP Refunding Account and 2010 TECP Refunding Account. Moneys from both the Series Z-1 Bonds and the Series Z-2 Bonds will be deposited in the two TECP Refunding Accounts and will be used to pay the Corporation's Tax Exempt Commercial Paper, Series 2008-1, to defease a portion of the Corporation's Tax Exempt Commercial Paper, Series 2008-2, and to defease a portion of the Corporation's Tax-Exempt Commercial Paper, Series 2010-1 (collectively, "TECP"), and to repay the same on November 23, 2010, November 30, 2010 and

December 7, 2010, respectively. The two TECP Refunding Accounts will be held in escrow by the Trustee as agent of the Issuing and Paying Agent for the Corporation's TECP, for purposes of paying a portion of the Corporation's TECP.

Project Accounts. A portion of the proceeds of the Series Z-2 Bonds will be deposited into (i) the "Student Fitness and Wellness Center Account", (ii) the "IPFW Parking Garage #3 Account", and (iii) the "R&R Projects Account". Amounts in each such "Project Account" will be applied only toward the cost of (or to reimburse the Corporation for payment theretofore made by it on account of) any portion of the Projects for which such Account is created. Upon the completion of any portion of the Projects for which any such Account is created, any balance of moneys in such Account will, at the option of the Corporation, be (i) applied to pay other costs associated with such portion of the Projects, (ii) transferred to the Series Z-2 Subaccount of the Series Z Interest Account of the Sinking Fund to pay capitalized interest on that portion of the Series Z-2 Bonds allocable to Projects that are not yet complete, or (iii) transferred to an additional project account as provided in the Rebate Agreement.

Moneys on deposit in each of the Series Z Project Funds and all the accounts thereof (except the various Refunding Accounts) will be invested in accordance with the provisions of the Rebate Agreement, and income or losses resulting from such investments will be credited or debited to the applicable "Earnings Account".

Moneys on deposit in the Series Z-1 Earnings Accounts will, at the option of the Corporation, be (i) applied to the payment of the costs of (or to reimburse the Corporation for payment previously made by it on account of) any of the Projects or the costs of issuing the Series Z-1 Bonds (including any investment management fees), (ii) transferred to the Series Z-1 Subaccount of the Series Z Interest Account of the Sinking Fund to pay interest on the Series Z-1 Bonds, (iii) transferred to an additional project account as provided in the Rebate Agreement, or (iv) deposited into the Rebate Fund.

Moneys on deposit in the Series Z-2 Earnings Account will, at the option of the Corporation, be (i) applied to the payment of the costs of (or to reimburse the Corporation for payment previously made by it on account of) any of the Projects or the costs of issuing the Series Z-2 Bonds (including any investment management fees), (ii) transferred to the Series Z-2 Subaccount of the Series Z Interest Account of the Sinking Fund to pay capitalized interest on that portion of the Series Z-2 Bonds allocable to Projects that are not yet complete, or (iii) transferred to an additional project account as provided in the Rebate Agreement.

Expense Accounts. The Corporation will establish a separate account in each of the Series Z Project Funds to be known as the "Expense Account," to the credit of which a deposit is to be made from the proceeds of the Series Z Bonds of that Series. Moneys on deposit in the Expense Accounts will be applied to pay certain costs of issuing the Series Z Bonds of that series. Any moneys remaining in the Series Z-1 Expense Account on May 22, 2011, will be transferred to the Series Z-1 Subaccount of the Series Z Interest Account of the Sinking Fund. Any moneys remaining in the Series Z-2 Expense Account on May 22, 2011, will be transferred to the Project Accounts and applied to pay other costs associated with the Projects, transferred to the Series Z-2 Subaccount of the Series Z Interest Account of the Sinking Fund to pay capitalized interest on that portion of the Series Z-2 Bonds allocable to Projects that are not yet complete, or transferred to an additional project account as provided in the Rebate Agreement.

If at any time it becomes impossible or impractical for the Corporation to expend moneys deposited in a Project Account, the Corporation may transfer such moneys to a new account for a different project in accordance with the requirements of the Indenture and the Rebate Agreement.

Additional Security

At any time by a supplemental indenture the Corporation may pledge, assign or grant a security interest in or lien on any additional funds or source of regular income of the Corporation to the Trustee for the security of the then Outstanding Student Fee Bonds, which shall be free and clear of any equal or prior security interest or lien. Any such supplemental indenture will be accompanied by an opinion of nationally recognized bond counsel that the pledge of additional security is valid, binding and effective. Upon such a supplemental indenture being delivered, the amount of the additional income as to which the supplemental indenture applies will be added to the amount of Student Fees for purposes of computing the amount of Additional Bonds which may be issued.

Partial Release of Lien on Student Fees

The Corporation, from time to time, will have the right to incur other indebtedness pursuant to the provisions of Indiana law other than the Act which indebtedness may be payable from a particular fee or fees or other charges made to students attending Purdue University which fees or charges may be Student Fees. The Corporation and Trustee may enter into an amendatory or supplemental indenture for the purpose of releasing said fees or charges from the lien of the Indenture and excluding said fees or charges constituting Student Fees from the definition of Student Fees in the Indenture, if actual Student Fees received by the Corporation during the preceding Fiscal Year, less those fees and charges to be removed from the definition of Student Fees and from the lien of the Indenture, will be equal to or greater than two (2) times the Maximum Annual Debt Service to become due in that or any succeeding Fiscal Year for the payment of principal and interest charges on Outstanding Student Fee Bonds.

Covenants of the Corporation

In the Indenture, the Corporation covenants, among other things:

1. to pay the interest on and principal of all Student Fee Bonds, according to the terms of such Student Fee Bonds and the Indenture;

2. to pay all the costs, charges and expenses incurred by the Trustee or any holder of Student Fee Bonds, including reasonable attorneys' fees reasonably incurred or paid, because of the failure on the part of the Corporation to perform, comply with and abide with each and every of the stipulations, agreements, conditions and covenants of the Indenture and of all Student Fee Bonds, or either of them;

3. to operate the University and its instructional programs to the extent that it will continue to be able to assess, charge and collect Student Fees adequate to meet its needs under the Indenture;

4. to establish and collect Student Fees so as to generate in each Fiscal Year amounts equal to no less than the sum of: (i) an amount equal to 1.0 times the Annual Debt Service Requirement for such Fiscal Year, provided that if the rate of interest borne by any Variable Rate Bond is fixed for such Fiscal Year at a single rate of interest, such Variable Rate Bonds will be treated as Fixed Rate Bonds for the purposes of the Annual Debt Service Requirement calculation; (ii) the amount, if any, to be paid into the Reserve Fund or to be paid to any Reserve Fund Insurer or the provider of any other Reserve Fund Credit Instrument with respect to such Fiscal Year; and (iii) any other amounts to be paid from Student Fees with respect to such Fiscal Year in accordance with the Indenture, and to adopt an annual budget for each Fiscal Year setting forth the above items;

5. to keep and maintain accurate books and records relating to (i) the collection of Student Fees, (ii) the allocation thereof, (iii) the enrollment of students at the University, and (iii) the payments into the Sinking Fund and Reserve Fund, which said books and records will be open for inspection by any holder of the Student Fee Bonds at any reasonable time;

6. to furnish to the Trustee and any holder of 25% or more in aggregate principal amount of Student Fee Bonds requesting the same in writing, not later than 150 days after the close of each Fiscal Year, copies of audit reports, certified by the Treasurer of the Corporation, reflecting in reasonable detail the status of the books and records described in clause (5) above;

7. that the Corporation reserves the right to issue Additional Bonds the interest on which is not intended to be exempt from taxes under the Internal Revenue Code of 1954, as amended (or any successor section of such Code or subsequent federal income tax statute or code); and

8. to do any and all things necessary in order to maintain the pledge, assignment and grant of a lien on and security interest in the Pledged Funds as valid, binding, effective and perfected, all as provided in the Indenture.

The Corporation has also entered into the following Tax Covenants regarding the Series Z Bonds:

(a) that it will not permit the facilities financed with the proceeds of the Series Z-1 Bonds to be used in such manner as would result in the loss of the exclusion of interest on the Series Z-1 Bonds from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “1986 Code”) (or any successor section of such 1986 Code or subsequent federal income tax statute or code) or would result in the loss of “Build America Bond” status for the Series Z-2 Bonds, nor will the Corporation act in any other manner which would adversely effect the exclusion from gross income for federal income tax purposes of interest on the Series Z-1 Bonds nor in a way which would adversely affect the status of the

Series Z-2 Bonds as Build America Bonds; this covenant is based solely on current law in effect and in existence on the date of delivery of said Series Z Bonds;

(b) that it will not make any investment or do any other act or thing during the period that any Series Z Bonds are Outstanding which would cause any of the Series Z Bonds to become or be classified arbitrage bonds within the meaning of Section 148 of the 1986 Code (or any successor section of such 1986 Code or subsequent federal income tax statute or code), including but not limited to the obligation to rebate certain investment earnings to the United States of America; this covenant is based solely on current law in effect and in existence on the date of delivery of said Series Z Bonds; and

(c) that it will not be an event of default under the Indenture if the interest on the Series Z-1 Bonds becomes includable in the gross income for federal income tax purposes or otherwise subject to federal income taxes pursuant to any provision of the 1986 Code which is not currently in effect and in existence on the date of issuance of the Series Z-1 Bonds, except as stated above.

(d) that it will not be an event of default under the Indenture if the Series Z-2 Bonds lose their status as Build America Bonds.

Investments

All moneys on deposit in the Funds established under the Indenture held by the Corporation may be commingled for investment purposes with the Corporation's other investments and invested as permitted by law; provided, that earnings and other investment income on money in each Account of the Series Z Project Fund will be deposited as described above under "Series Z Project Funds." The Funds held by the Trustee will be invested by the Trustee as directed by the Corporation in Permitted Investments. Interest earned or gains or losses realized on Funds held by the Trustee will be credited or debited to that Fund; except that interest earned or gains realized on the amounts which may be held in the Reserve Fund in excess of the Reserve Fund Requirement from time to time will be credited to the Sinking Fund.

Defaults and Remedies

Any of the following events will be an Event of Default under the Indenture:

1. default is made in the payment by the Corporation of the principal of any one or more of the Student Fee Bonds when the same becomes due and payable by lapse of time, by call for redemption, or otherwise; or

2. default is made in the payment by the Corporation of any interest on any one or more Student Fee Bonds when the same becomes due and payable as therein expressed; or

3. default made by the Corporation or any of its officers in the performance or observance of any of the other covenants, conditions or obligations in the Student Fee Bonds or in the Indenture expressed and such default is not remedied within 30 days after written notice from the Trustee to remedy such default, which may serve such notice in

its discretion and will serve the same at the written request of the holders of not less than 25% in the principal amount of Student Fee Bonds then Outstanding under the Indenture or of the provider of any Credit Support Instrument; or

4. the Corporation (i) admits in writing its inability to pay its debts generally as they become due, (ii) has an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commences a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or has such a proceeding commenced against it and has the proceeding remain undismissed and unstayed for 90 days, (iv) makes an assignment for the benefit of creditors, or (v) has a receiver or trustee appointed for it or for the whole or substantial part of its property; or

5. default is made in the payment by the Corporation of any junior lien obligations, as described in the Indenture.

Upon the occurrence of any Event of Default, the Trustee is empowered to act on behalf of holders of the Outstanding Student Fee Bonds to enforce the Indenture. The holders of a majority in aggregate principal amount of all Student Fee Bonds then Outstanding are entitled to direct and control the conduct of any proceeding for exercising any remedies available to the Trustee. Unless an Event of Default has occurred and has not been cured, the Corporation will remain in full possession and control of the Student Fees, subject always to the observance of the covenants of the Indenture with respect thereto. Upon the occurrence of an Event of Default, the Trustee will have the right, upon a demand to the Corporation, to have all Student Fees deposited, as they are collected, in a Student Fee Fund to be maintained by the Trustee, to invest that Fund in Permitted Investments, to apply amounts in that Fund to the payment of principal of and interest on the Student Fee Bonds and the maintenance of the Reserve Fund and to remit all other amounts in such Fund not needed to be held aside for those purposes to the Corporation.

If there has been an Event of Default under subparagraph (5) above which gives rise to a right of acceleration or similar right to immediate payment on such junior lien obligation, the remedies available to the Trustee will also include the right to give written notice to the Corporation of acceleration of all principal of and accrued interest on all of the Student Fee Bonds then Outstanding under the Indenture. Such amounts will thereby become due and payable in full on a date to be stated in each notice, which date will be not less than six Business Days following receipt by the Corporation of such notice.

Defeasance

If (1) the Corporation pays, or causes to be paid, or there will otherwise be paid to the holders of all Student Fee Bonds, the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, (2) the Corporation will pay all expenses and fees of the Trustee and Paying Agent, and (3) the Corporation will keep, perform and observe all and singular the covenants and promises in the Student Fee Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the pledge of Student Fees and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Corporation to the holders of the Outstanding Student

Fee Bonds, will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will cause an accounting for such period or periods as is requested by the Corporation to be prepared and filed with the Corporation, and upon request of the Corporation will execute and deliver all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent will pay over to or deliver to the Corporation all moneys or securities held by them pursuant to the Indenture which are not required for the payment of principal and interest payments on the Student Fee Bonds. If the Corporation will pay or cause to be paid, or make provisions for payment in accordance with the Indenture, to the holders of all Outstanding Student Fee Bonds of a particular series, or of a particular maturity within a series, the principal and the interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Student Fee Bonds will cease to be entitled to any lien, benefit or security under the Indenture with respect to the moneys (except for cash, Federal Securities and Escrowed Municipals deposited as required by the Indenture) and all covenants, agreements and obligations of the Corporation to the holders of such Student Fee Bonds will thereupon cease, terminate and become void and be discharged and satisfied.

Supplemental Indentures; Amendments

The Trustee and the Corporation may, from time to time, enter into supplemental indentures for any of the following purposes without the consent of or any action by the Owners:

1. to restrict the issue and the purposes of issue of Additional Bonds under the Indenture by imposing additional conditions and restrictions so long as the same will not impair the security afforded by the Indenture;

2. to add to the covenants and agreements of the Corporation in the Indenture;

3. to describe the terms of a new series of Student Fee Bonds;

4. to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable but not inconsistent with the Indenture;

5. otherwise to modify any of the provisions of the Indenture or to relieve the Corporation from any of the obligations, conditions or restrictions contained in the Indenture; provided that no such modification will be or become operative or effective or in any manner impair any rights of the holders of the Outstanding Student Fee Bonds or the Trustee (except as otherwise provided or permitted pursuant to the Indenture), while any Student Fee Bonds of series issued prior to the execution of such supplemental indenture remains Outstanding; and provided further, that such supplemental indenture will be specifically referred to in the text of all Student Fee Bonds of any series issued after the execution of such supplemental indenture; and provided, also, that the Trustee may in its uncontrolled discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Trustee when such supplemental indenture becomes operative;

6. to add to the powers, duties and obligations of the Trustee or to impose requirements with respect to the qualification or disqualification of any bank or trust company to act as Trustee under the Indenture;

7. further to restrict investments to be made by the Trustee or Corporation;

8. to make additional pledges as provided in the Indenture;

9. to grant additional rights to the provider of any Credit Support Instrument or Reserve Fund Credit Instrument, including, if desired, the creation of a special reserve therefor;

10. to provide for partial release of the lien on the security interest in Student Fees as provided in the Indenture;

11. for any other purpose not inconsistent with the purpose and terms of the Original Indenture which does not impair the security afforded thereby or for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective or inconsistent provision contained in the Original Indenture or in a supplemental indenture.

In all cases the holders of not less than 51% in principal amount of any series of Student Fee Bonds Outstanding affected by a modification or alteration, will have the power to authorize any modification or alteration of the Indenture or any supplemental indenture, provided always that no modification or alteration will (i) affect the Corporation's obligation to pay the debt service on the Student Fee Bonds in respect to the date of payment, place of payment and amount, (ii) give to any Student Fee Bond or Student Fee Bonds secured by the Indenture any preference over any other Student Fee Bond or Student Fee Bonds so secured, (iii) authorize the creation of any lien upon any of the property, the income of which is or shall, in the future, be payable to the Trustee under the Indenture, (iv) deprive any Owner of the security afforded by the Indenture, or (v) reduce the percentage of principal amount of Student Fee Bonds required by the provisions of the Indenture for any action.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series Z-1 Bonds is excludable for federal income tax purposes from gross income under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the issue date of the Series Z-1 Bonds (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Corporation with the applicable Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series Z-1 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series Z-1 Bonds is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Series Z-1 Bonds for the State of Indiana income tax purposes. See APPENDIX C for the form of opinion of Bond Counsel with respect to the Series Z-1 Bonds.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series Z-1 Bonds as a condition to the exclusion from gross income of interest on the Series Z-1 Bonds for federal income tax purposes. The Corporation will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Series Z-1 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series Z-1 Bonds pursuant to Section 103 of the Code and will covenant to adopt and maintain appropriate procedures to accomplish such purpose (collectively, the applicable "Tax Covenants"). The Tax Covenants are based solely on the laws and regulations in effect on the date of delivery of the Series Z-1 Bonds. The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series Z-1 Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indenture if the interest on the Series Z-1 Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Series Z-1 Bonds.

The Series Z-1 Bonds are <u>not</u> qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the Series Z-1 Bonds.

The accrual or receipt of interest on the Series Z-1 Bonds may affect an owner's federal or state tax liability in other ways. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be defined to have incurred (or continued) indebtedness to purchase or carry the Series Z-1 Bonds. Bond Counsel express no opinion regarding any other such tax consequences. Prospective purchasers of the Series Z-1 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series Z-1 Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series Z-1 Bonds. Prospective purchasers of the Series Z-1 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series Z-1 Bonds.

Legislation affecting municipal bonds is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series Z-1 Bonds will not have an adverse effect on the tax-exempt status of the

Series Z-1 Bonds, the State of Indiana tax-exempt status of the Series Z-1 Bonds, or the market price of the Series Z-1 Bonds.

BOND PREMIUM

The initial public offering prices of all Series Z-1 Bonds (collectively, the "Premium Bonds"), are greater than the principal amounts payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield. Rules for determining (i) yield, (ii) the amount of amortizable Bond Premium and (iii) the amount amortizable in a particular year are set forth at Section 17(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

BUILD AMERICA BONDS

General Description

In February 2009, as part of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), Congress added Sections 54AA and 6431 to the Code, which permit state or local governments to obtain certain tax advantages when issuing certain taxable obligations, referred to as "Build America Bonds". A Build America Bond must satisfy the following requirements: (i) the interest on the obligation would be, but for Section 54AA of the Code, excludable from gross income under Section 103 of the Code; (ii) the obligation is issued after the date of enactment of the Recovery Act and before January 1, 2011; (iii) the issuer makes an irrevocable election to have Section 54AA of the Code apply to the obligation; (iv) the obligation is not a private activity bond; and (v) the issue price of the obligation does not have more than a *de minimis* amount of premium over the stated principal amount, as determined under rules similar to the rules of Section 1273(a)(3) of the Code governing original issue discount. Adjustments to the arbitrage rules of Section 148 of the Code and to the federal guarantee provisions of Section 149 of the Code generally applicable to tax-exempt bonds are made for Build America Bonds.

A Build America Bond is a qualified bond under Section 54AA(g) of the Code (a "Qualified Build America Bond") if it is issued as part of an issue 100 percent of the available project proceeds of which are to be used for capital expenditures or to fund a reasonably required reserve, and if the issuer has made an irrevocable election to have the special rule for qualified bonds apply. "Available project proceeds" is defined under Section 54A of the Code as the excess of the proceeds from the sale of an issue and investment earnings thereon minus the issuance costs financed by the issue, with such issuance costs not allowed to exceed two percent of the proceeds of the sale of the issue.

Interest on Qualified Build America Bonds is not excluded from gross income for purposes of the federal income tax and owners of Qualified Build America Bonds will not receive any tax credits as a result of ownership of such Qualified Build America Bonds.

Build America Payments

Under Section 6431 of the Code, an issuer of a Qualified Build America Bond will apply to receive payments (the "Build America Payments") directly from the Secretary of the U.S. Treasury (the "Secretary"). The amount of a Build America Payment is set in Section 6431 of the Code at 35 percent of the corresponding interest payable on the related Qualified Build America Bond. To receive a Build America Payment, under currently existing procedures, the issuer will have to file a tax return (now designated Form 8038-CP) between 90 and 45 days prior to the corresponding bond interest payment date.

The Series Z-2 Bonds As Qualified Build America Bonds

The Corporation has made an irrevocable election to treat the Series Z-2 Bonds as Qualified Build America Bonds. As a result of this election, interest on the Series Z-2 Bonds will be includable in gross income of the holders thereof for federal income tax purposes and the holders of the Series Z-2 Bonds will *not* be entitled to any tax credits as a result of either ownership of the Series Z-2 Bonds or receipt of any interest payments on the Series Z-2 Bonds. Holders of the Series Z-2 Bonds should consult their tax advisors with respect to the inclusion of interest on the Series Z-2 Bonds in gross income for federal income tax purposes.

The Corporation intends to apply for Build America Payments from the Secretary under the "Build America Program" pursuant to Section 6431 of the Code. Such credits, if received by the Corporation, will be revenues of the Corporation but are *not* pledged to the repayment of the Series Z-2 Bonds.

No assurances are provided that the Corporation will receive Build America Payments. The amount of any Build America Payment is subject to legislative changes by Congress. Build America Payments will only be paid if the Series Z-2 Bonds are Qualified Build America Bonds. For the Series Z-2 Bonds to be and remain Qualified Build America Bonds, the Corporation must comply with certain covenants and the Corporation must establish certain facts and expectations with respect to the Series Z-2 Bonds, the use and investment of proceeds thereof and the use of property financed thereby. There are currently no procedures for requesting a Build America Payment less than 45 days prior to an interest payment date; therefore, if the Corporation fails to file the necessary tax return in a timely fashion, it is possible that the Corporation will never receive such Build America Payment. Also, Build America Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the Corporation to an agency of the United States of America.

LITIGATION

Absence of Litigation Related to the Series Z Bonds

As of the date of delivery the Series Z Bonds, the Corporation will certify that there is no litigation or other proceeding pending or, to the knowledge of the Corporation, threatened in any court, agency or other administrative body restraining or contesting the issuance, sale, execution or delivery of the Series Z Bonds or the pledging of the Pledged Funds, or in any way contesting, questioning or affecting the validity of any provision of the Series Z Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series Z Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present Board members or other Corporation officers to their respective offices is being contested.

Other Proceedings

In addition, from time to time, the Corporation is involved in ordinary routine litigation or claims incidental to its business. However, the Corporation believes that the ultimate result of proceedings to which it is a party and claims asserted against it as of the date hereof, even if determined adversely to the Corporation, would not have a materially adverse effect upon the Corporation's financial condition or results of operation.

RATINGS

Rating applications have been submitted and are in process. Ratings will be available prior to the offering and sale of the Series Z Bonds.

Moody's Investors Service ("Moody's") and Standard & Poor's Credit Market Services ("S&P") have given the Series Z Bonds of each series the ratings of "Aaa" and "AA+," respectively. An explanation of the rating by Moody's may be obtained from such agency at 250 Greenwich Street, New York, New York, 10007, and an explanation of the rating by S&P may be obtained from such agency at 25 Broadway, New York, New York, 10004. Any such rating reflects only the view of the respective rating agency and is not a recommendation to buy, sell, or hold any of the Series Z Bonds. There is no assurance that any rating will continue for any given period of time, and any rating may be revised downward or withdrawn entirely, if, in the judgment of the appropriate rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Series Z Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series Z Bonds are subject to the approval of Ice Miller LLP, Bond Counsel. Certain legal matters will be subject to the approval of Barnes & Thornburg LLP, counsel to the Underwriters. Certain legal matters will be subject to the approval of Stuart & Branigin LLP, Lafayette, Indiana, counsel to the Corporation. The forms of the approving opinion of Bond Counsel with respect to each series of the Series Z Bonds are attached as Appendix C-1 and C-2.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series Z Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Trustee upon a default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Series Z Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of federal, state or local police powers in a manner consistent with the public health and welfare. Enforceability of the provisions of the Series Z Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

VERIFICATION

At the time of the delivery of the Series Z-1 Bonds, Causey Demgen and Moore, Inc. will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them which were prepared by the Underwriter on behalf of the Issuer relating to the (a) sufficiency of the anticipated cash flow from the United States Treasury Obligations and cash in the Escrow Fund to pay, when due, the principal, interest and redemption requirements of the Refunded Bonds being advance refunded, as specified in the Escrow Agreement, and (b) the "yield" on the Series Z-1 Bonds and on the United States Treasury Obligations considered by Bond Counsel in connection with its opinion that the Series Z-1 Bonds are not "arbitrage bonds" within the meaning of section 148 of the Code.

The report of Causey Demgen and Moore, Inc will include a statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations continued in such schedules provided to them and that they have no obligation to update their report because of events occurring or data or information coming to their attention, subsequent to the date of the report.

UNDERWRITING

Barclays Capital Inc., for itself and as the representative of others as shown on the cover page hereof (the "Underwriter"), has agreed to purchase the Series Z Bonds subject to certain conditions precedent, and the Underwriter is obligated to purchase all Series Z-1 Bonds issued at an underwriting discount of $254,947.88, and to purchase all Series Z-2 Bonds issued at an underwriting discount of $487,353.58 from the initial public offering prices producing the prices or yields set forth on the cover page of this Official Statement. The Underwriter may offer and sell the Series Z Bonds to certain dealers (including dealers depositing the Series Z Bonds into unit investment trusts) and to others at a price lower than that offered to the public. The initial public offering price may be changed from time to time by the Underwriter.

Loop Capital Markets LLC, one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement (if applicable for this transaction), Loop Capital will share a portion of its underwriting compensation with respect to the Series Z Bonds with UBS Financial Services Inc.

FINANCIAL ADVISOR

The Corporation has engaged John S. Vincent & Company LLC to serve as its financial advisor on debt and capital related issues, including the issuance of the Series Z Bonds.

MISCELLANEOUS

During the initial offering period for the Series Z Bonds, a copy of the Indenture will be available for inspection at the Office of the Assistant Treasurer of the University, Hovde Hall, West Lafayette, Indiana 47907, at the offices of the Underwriter at 745 Seventh Avenue, 19th Floor, New York, NY 10019. Appendix A has been prepared by the Corporation and Appendix B, the Corporation's financial statements, were furnished by the Corporation. Appendix C and Appendix D have been prepared by Ice Miller LLP, Bond and Disclosure Counsel to the Corporation. All of the Appendices hereto are incorporated as an integral part of this Official Statement.

THE TRUSTEES OF PURDUE UNIVERSITY

/s/ A.V. Diaz
A.V. Diaz, Treasurer

Dated: November 4, 2010

APPENDIX A

PURDUE UNIVERSITY
AND THE TRUSTEES OF PURDUE UNIVERSITY

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Purdue University
and
The Trustees of Purdue University

General

Purdue University (the "University") was established in 1869 and is one of sixty-eight land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to an estimated population in excess of 69,000 full-time and part-time students and more than 5,000 faculty on its main, regional and statewide campuses as of Fall 2010. An additional 5,065 Purdue students attend the Indiana University-Purdue University campus in Indianapolis.

Purdue University is composed of four campuses, with its main campus in West Lafayette and regional campuses serving other areas of the state located in Hammond (Calumet), Fort Wayne (IPFW), and Westville (North Central). Indiana University and Purdue University jointly offer academic programs at the Fort Wayne campus and at the campus in Indianapolis (IUPUI). Purdue University has fiscal responsibilities for IPFW while Indiana University has fiscal responsibilities for IUPUI. Purdue University also operates a Statewide Technology Program at numerous locations throughout Indiana.

Academic Colleges & Schools of Purdue University

The University divides its academic year into two semesters and additional summer terms. The University offers courses in the arts, humanities, engineering, science, technology and professional fields. The University also has a continuing education program, offers non-degree lifelong learning programs, and provides outreach through its extension educators located in the 92 counties of Indiana. The major areas and fields of study at Purdue University's campuses are organized into specific colleges and schools.

The major areas and fields of study at the West Lafayette campus are organized into the ten academic colleges as follows: Agriculture; Education; Engineering; Health and Human Sciences; Liberal Arts; Management; Pharmacy; Science; Technology; and Veterinary Medicine. Undergraduate, Masters and Doctor of Philosophy degrees are awarded in all schools. The University also awards the professional degrees of Doctor of Pharmacy and Doctor of Veterinary Medicine.

> The major areas and fields of study at the regional campuses are organized as follows:
>
> Calumet - Education; Engineering; General Studies; Mathematics & Science; Liberal Arts & Social Sciences; Nursing; and Technology.
>
> IPFW - Arts & Sciences; Business & Management Sciences; Continuing Studies; Education; Engineering, Technology & Computer Science; Health Sciences; Labor Studies; Organizational Leadership & Supervision; Public & Environmental Affairs; and Visual & Performing Arts.
>
> North Central - Behavioral; Social Sciences & Humanities; Biology/Chemistry; Business; Computer Technology; Developmental Studies; Elementary Education; Engineering Technology; Letters & Languages; Math/Statistics/Physics; and Nursing.

Accreditation and Membership

The University is fully accredited in all of its departments and divisions by the Higher Learning Commission of the North Central Association of Colleges and Schools. Twenty-five other professional agencies have accredited various schools, departments and programs within the University. The University is also a member of the Association of American Universities.

Strategic Plan

The University is guided by a five-year strategic plan that was created under the leadership of Dr. France Córdova and was approved by the Board of Trustees of the University in 2008. The plan intends to: 1) position the University to meet the challenges facing humanity; 2) grow and create opportunities for Indiana and the global economy; and 3) enhance student learning for success in a changing world. The plan's foundation consists of the following three goals: 1) launch tomorrow's leaders by enhancing student success with careers in a dynamic global society, as well as fostering intellectual, professional and personal development for lifelong learning; 2) promote discovery with delivery by conducting field-defining research with breakthrough outcomes and catalyzing research-based economic development and entrepreneurship; and 3) meet global challenges by enhancing Purdue's presence and impact in addressing the grand challenges of humanity.

Trustees

The Trustees of Purdue University (the "Corporation") is a statutory body corporate created in 1869 to operate the University. The Board of Trustees of the Corporation consists of ten members appointed by the Governor of Indiana. Three of these members - one of whom must be a graduate of the School of Agriculture - are nominated by the Purdue Alumni Association. The 1975 General Assembly provided for the 10th member, a student. The Board of Trustees selects the president of the University, decides major policy lines, approves the financial program and budget, approves the president's nominations for major appointments, and approves major construction projects and contracts. All members of the Board of Trustees are appointed for terms of three years, except for the student member whose term is two years. The current members of the Board of Trustees follow.

The Board of Trustees of the Corporation

Officers of the Corporation

The current officers of the Corporation are listed below.

Keith J. Krach, *Chairman*
Mamon M. Powers, Jr., *Vice Chairman*
Alphonso V. Diaz, *Treasurer*
James S. Almond, *Assistant Treasurer*
Roseanna M. Behringer, *Secretary*
Anthony S. Benton, *Legal Counsel*
Thomas B. Parent, *Assistant Legal Counsel*

Principal Administrative Officers of the University

The current principal administrative officers who manage the business and academic affairs of the University are listed below.

France A. Córdova, *President*
Timothy D. Sands, *Executive Vice President for Academic Affairs and Provost*
Alphonso V. Diaz, *Executive Vice President for Business and Finance, Treasurer*
James S. Almond, *Senior Vice President for Business Services and Assistant Treasurer*
Richard O. Buckius, *Vice President for Research*
Morgan J. Burke, *Director of Intercollegiate Athletics*
Lisa D. Calvert, *Vice President for Development*
Melissa E. Exum, *Vice President for Student Affairs*
Peggy L. Fish, *Director of Audits*
Joseph B. Hornett, *Senior Vice President, Purdue Research Foundation*
Victor L. Lechtenberg, *Vice Provost for Engagement*
William G. McCartney, *Vice President for Information Technology*
Beth M. McCuskey, *Associate Vice President for Housing and Food Services***
Robert E. McMains, *Vice President for Physical Facilities*
Alysa C. Rollock, *Vice President for Ethics and Compliance*
Timothy J. Sanders, *Associate Vice President for Governmental Relations*
Scott W. Seidle, *Chief Investment Officer*
Teri Lucie Thompson, *Vice President for Marketing and Media*

Regional Campus Staff
Howard Cohen, *Chancellor, Purdue University Calumet****
James B. Dworkin, *Chancellor, Purdue University North Central*
Michael A. Wartell, *Chancellor, Indiana University-Purdue University Fort Wayne*

*Replaced William S. Oesterle effective August 14, 2010
**Effective November 1, 2010
***See "Chancellor Search, Purdue University Calumet"

Student Admissions

The table below sets forth the total number of first year applications received and accepted, and the number of students enrolled at the West Lafayette campus, for the academic years indicated. The University is managing the total undergraduate enrollment on the West Lafayette Campus to a headcount of approximately 31,100.

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2006-07	24,883	21,042	84.6%	7,518	35.7%	59.1%
2007-08	25,929	20,429	78.8%	6,888	33.7%	58.3%
2008-09	29,952	21,423	71.5%	7,063	33.0%	55.3%
2009-10	27,213	19,905	73.1%	6,171	31.0%	56.5%
2010-11	30,693	19,993	65.1%	6,347	31.7%	58.8%

The freshman applicants at the West Lafayette campus for the fall semesters 2006 through 2010 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1142, 1145, 1152, 1161, and 1190 respectively. Sixty-five percent of the Fall 2010 freshman class had a high school grade point average between 3.5 and 4.0 and ninety-four percent of the Fall 2010 freshman class had a high school grade point average between 3.0 and 4.0.

Tuition and Fees

The University operates its programs on a two semester and summer session basis. Fees, tuition and other costs of attending the University vary by campus and resident status. For resident students at the West Lafayette campus, educational costs include general academic fees, other special fees, and room and board. Non-resident students are also charged a tuition fee. Fees and tuition are charged per semester for students on the West Lafayette campus. Charges for students attending the regional campuses are based on the number of credit hours taken.

Student Fees, Tuition and Other Fees: The table below sets forth the tuition and general fees applicable to both full-time and part-time students at the West Lafayette campus for the academic years 2006-07 through 2010-11. Approximately 37% of the total undergraduate and graduate students at the West Lafayette campus and approximately 8% at the regional campuses were non-residents of the State of Indiana during 2010-11.

WEST LAFAYETTE CAMPUS TUITION AND FEES

ACADEMIC YEAR	FULL-TIME (PER ACADEMIC YEAR)		PART-TIME (PER CREDIT HOUR)	
	INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2006-07 [1, 2]	$7,096	$21,266	$254	$706
2007-08 [2]	7,416	22,224	266	738
2008-09 [2]	7,750	23,224	278	771
2009-10 [2,3]	8,638	25,118	309	835
2010-11 [2,3]	9,070	26,622	325	885

[1] Degree-seeking students that are continuously enrolled beginning in the Spring 2002 term (Continuing Students) are charged a reduced tuition/fee rate.

[2] Includes the Repair & Rehabilitation (R&R) fee per semester of $125 in Fall 2006, $131 in Fall 2007, $137 in Fall 2008, $144 in Fall 2009 and $151 in Fall 2010. For purposes of assessing the R&R fee, students are defined as those beginning Summer 2006 and thereafter. All students will be assessed the R&R fee effective Fall 2011.

[3] All students will be assessed the New to Campus fee of $250 per semester effective Fall 2014.

The full-time summer session fee is one half of the regular academic year fee. The fees for undergraduate and graduate students are the same.

The table below sets forth the tuition and fees charged per academic year to students attending each regional campus of the University for the academic years 2006-07 through 2010-11. The tuition and fees listed assume that undergraduate students are enrolled for 30 hours per academic year and graduate students are enrolled for 24 hours per academic year.

REGIONAL CAMPUS TUITION AND FEES
(PER ACADEMIC YEAR)

CALUMET

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2006-07	[1,2,3]	$5,466	$12,159	$5,365	$11,206
2007-08	[2,4]	5,711	12,706	5,606	11,710
2008-09	[2,5]	5,969	13,279	5,860	12,238
2009-10	[6]	6,308	14,115	6,146	12,966
2010-11	[7]	6,623	14,961	6,454	13,744

FORT WAYNE

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2006-07	[1,3]	$6,041	$13,836	$5,958	$12,865
2007-08	[4]	6,312	14,666	6,226	13,637
2008-09	[5]	6,596	15,545	6,505	14,454
2009-10	[6]	6,926	16,478	6,830	15,322
2010-11	[7]	7,272	17,466	7,172	16,241

NORTH CENTRAL

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2006-07	[1,3]	$5,567	$13,008	$5,412	$11,953
2007-08	[4]	5,817	13,593	5,656	12,491
2008-09	[5]	6,080	14,205	5,910	13,054
2009-10	[6]	6,384	15,057	6,205	13,836
2010-11	[7]	6,704	15,960	6,515	14,666

[1] Degree-seeking students that are continuously enrolled beginning in the Spring 2002 term (Continuing Students) are charged a reduced tuition/fee rate.

[2] Fees are adjusted to not exceed the Maximum Student Service and Parking Fees per academic year for undergraduates and Maximum Parking Fee per academic year for graduates.

[3] Includes the Repair & Rehabilitation (R&R) fee of $2.65, $2.45 and $2.00 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2006. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

[4] Includes the Repair & Rehabilitation (R&R) fee of $2.75, $2.55 and $2.10 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2007. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

[5] Includes the Repair & Rehabilitation (R&R) fee of $2.95, $2.65 and $2.20 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2008. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

[6] Includes the Repair & Rehabilitation (R&R) fee of $3.10, $2.80 and $2.30 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2009. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

[7] Includes the Repair & Rehabilitation (R&R) fee of $3.25, $2.95 and $2.40 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2010. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

Student Enrollment

The University attracts students from a variety of backgrounds and geographical locations. In the most recent year reported below, approximately 55% of the University's students are residents of Indiana. The student body represents all 50 states and 125 countries. The following table presents the University's headcount enrollment for the Fall semester of the academic years 2006-07 through 2010-11.

ACADEMIC YEAR	WEST LAFAYETTE CAMPUS FULL-TIME	PART-TIME	TOTAL	REGIONAL CAMPUSES FULL-TIME	PART-TIME	TOTAL	STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL[1]
2006-07	35,497	3,731	39,228	14,692	10,039	24,731	1,358	65,317
2007-08	35,549	3,553	39,102	15,367	10,135	25,502	1,383	65,987
2008-09	36,901	3,189	40,090	16,005	9,903	25,908	1,361	67,359
2009-10	36,487	3,210	39,697	17,427	10,844	28,271	1,387	69,355
2010-11	36,392	3,334	39,726	18,083	10,530	28,613	1,355	69,694

The following table sets forth the undergraduate and the graduate and professional headcount enrollment for the West Lafayette campus and the full-time equivalent.

ACADEMIC YEAR	WEST LAFAYETTE UNDERGRADUATE	GRADUATE & PROFESSIONAL	TOTAL	FULL-TIME EQUIVALENT[2]	PURDUE SYSTEM FULL-TIME EQUIVALENT[1,2]
2006-07	31,290	7,938	39,228	38,148	56,210
2007-08	31,186	7,916	39,102	38,060	56,747
2008-09	31,761	8,329	40,090	38,585	57,783
2009-10	31,145	8,552	39,697	37,986	58,886
2010-11	30,836	8,890	39,726	37,959	59,271

[1] Includes the Indiana University students enrolled at the Indiana University-Purdue University campus in Fort Wayne and excludes the Purdue University students enrolled at the Indiana University-Purdue University campus in Indianapolis.

[2] The full-time equivalent numbers for academic years 2008-09 and 2009-10 previously reported have been revised to be consistent with the IPEDS calculation of dividing total credit hours by 15 for undergraduate, professional and certificate students and by 12 for graduate students.

The University projects that enrollment at the West Lafayette campus will remain stable at or near current levels.

Faculty and Employees

As of October 2009, the University's faculty and staff aggregate total was 19,120. Of the total faculty, 53% hold tenured/tenure track appointments. Once the Fall 2010 data is available, it can be accessed at the following web link: www.purdue.edu/datadigest/pages/faculty/index.htm

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	57	22	79
Academic Department Heads	73	46	119
Professors	788	155	943
Associate Professors	532	268	800
Assistant Professors	466	216	682
Instructors	2	7	9
Sub-Total of Tenured/Tenure Track Faculty	**1,918**	**714**	**2,632**
Non-Tenure Appointments			
Clinical/Professional	108	28	136
Research Faculty	30	0	30
Continuing Lecturers	144	94	238
Limited-Term Lecturers	140	882	1,022
Visiting Faculty	74	60	134
Non Tenure Faculty less than 50%	3	3	6
Post Doctoral	346	3	349
Sub-Total of Non-Tenure Appointments	**845**	**1,070**	**1,915**
Adjunct Faculty			
Adjunct Faculty	330	132	462
Sub-Total of Adjunct Faculty	**330**	**132**	**462**
Graduate Student Staff			
Graduate Assistants	1,765	73	1,838
Fellow Administerd as Graduate Assistant	131	0	131
Graduate Lecturers	26	0	26
Graduate Research Assistants	2,401	8	2,409
Graduate Aides	0	225	225
Sub-Total of Graduate Student Staff	**4,323**	**306**	**4,629**
Staff			
Management	532	112	644
Administrative Staff	1,089	280	1,369
Operations Assistant	382	76	458
Professional Staff	282	21	303
Professional Assistant	1,233	206	1,439
Technical Assistant	265	16	281
Extension Educators	294	0	294
Clerical Staff	1,325	388	1,713
Service Staff	2,561	420	2,981
Sub-Total of Staff	**7,963**	**1,519**	**9,482**
GRAND TOTAL ALL STAFF	**15,379**	**3,741**	**19,120**

No labor organization is a collective bargaining representative for any of the Corporation's employees.

Facilities (As of Fall 2010)

Academic, Administrative, Athletic and Residential Facilities: The University has 214 principal buildings used for academic instruction, research, athletics, residential and administrative functions. These buildings are located on the University's four campuses that comprise 3,683 acres. The University, together with related foundations, also owns 14,268 acres of land used for agricultural purposes throughout the state.

Libraries: The Purdue University Libraries system is made up of the 12 libraries and Archives and Special Collections, with over 2,500,000 volumes, more than 295,000 electronic books and other information sources, and over 48,000 serial titles. In addition to books and journals, the Libraries system has over 3,145,000 items in microform (reel film, micro cards, microfiche, etc.) which include older scholarly and technical materials not readily available in other forms.

Research Facilities: The University has approximately 1.4 million square feet of research laboratories located on its West Lafayette campus. In addition to the laboratories for research within a department or school, there are many other specialized research facilities, some of an interdisciplinary nature.

Housing and Dining Facilities: The University provides a variety of student residence and dining operation facilities for single undergraduate students, graduate students and married students. Accommodations, including both room and board, room only, and apartments, are available to both undergraduate and graduate students.

The West Lafayette campus will provide 11,590 spaces for students in 2010-11. The Fort Wayne campus will provide 1,204 spaces and the Calumet campus will provide 744 spaces for students in 2010-11. Occupancy on the West Lafayette campus is projected at 96.4% for the upcoming academic year. Occupancy is projected at 90.9% on the Fort Wayne ampus and 81.2% on the Calumet campus.

The predominant rates for room and board for students at the West Lafayette campus for the 2010-11 academic year will be $10,038 with 20 meals per week, $9,666 with 15 meals per week, $9,388 with 12 meals per week, and $8,994 with 10 meals per week. The monthly housing rates at the Fort Wayne campus for the 2010-11 academic year will range from $469 to $728. The monthly housing rates at the Calumet campus for the 2010-11 academic year will range from $490 to $570.

Athletic Facilities: The University is home to Ross-Ade stadium which seats 62,500 for football games. Additional facilities include Mackey Arena for basketball games which is currently undergoing a major renovation, the Birck Boilermaker Golf Complex, Boilermaker Aquatic Center, Intercollegiate Athletic Facility, Lambert Fieldhouse, Mollenkopf Athletic Center, Rankin Track and Field, Schwartz Tennis Center, soccer and softball complexes, a cross country course, and a baseball field.

Parking Facilities: The University has nine parking garages on the West Lafayette campus, one on the Calumet campus and two on the Fort Wayne campus. In addition to surface parking on each campus, a parking garage, is under construction at the Fort Wayne campus.

Other Facilities: The University's other facilities at the West Lafayette campus include the Purdue University Airport; the Edward C. Elliott Hall of Music which seats 6,025 people; and the Slayter Center of the Performing Arts. In addition, Discovery Park provides facilities for interdisciplinary research and education.

Financial Operations of the Corporation

The financial statements of Purdue University have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities," and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. The following information has been extracted from the Corporation's audited financial statements for the fiscal years ended June 30, 2010, 2009, 2008 and 2007.

FINANCIAL OPERATIONS OF THE CORPORATION
Statement of Revenues, Expenses, and Changes in Net Assets

Fiscal Year Ended June 30
(dollars in thousands)

	2010	2009	2008	2007
Operating Revenues				
Tuition and Fees	$700,118	$641,327	$596,019	$559,414
Less: Scholarship Allowance	(84,695)	(67,233)	(70,228)	(67,292)
Net Tuition and Fees	$615,423	$574,094	$525,791	$492,122
Federal Grants	13,217	14,464	16,901	16,660
County Grants	6,932	9,486	7,862	7,460
Grants and Contracts	339,392	285,347	278,481	251,714
Sales and Services	64,509	56,598	60,568	50,884
Auxiliary Enterprises (Net of Scholarship Allowance of $11,900, $9,438, $8,133 and $7,299, Respectively)	220,023	213,044	211,676	190,732
Other Operating Revenues	3,881	3,465	5,141	2,182
Total Operating Revenues	**$1,263,377**	**$1,156,498**	**$1,106,420**	**$1,011,754**
Operating Expenses				
Compensation and Benefits	$1,172,492	$1,119,862	$1,060,743	$994,371
Supplies and Services	388,288	391,221	390,310	333,954
Depreciation Expense	112,629	112,244	106,652	97,708
Scholarships, Fellowships, and Student Awards	65,231	57,331	38,354	33,267
Total Operating Expenses	**$1,738,640**	**$1,680,658**	**$1,596,059**	**$1,459,300**
Net Operating Loss	**($475,263)**	**($524,160)**	**($489,639)**	**($447,546)**
Nonoperating Revenues (Expenses)				
State Appropriations	$387,561	$393,250	$377,004	$365,354
Grants and Contracts	66,634	42,978	37,567	33,684
Private Gifts	70,354	99,395	90,063	75,557
Investment Income (Loss)	211,720	(169,206)	39,989	215,563
Interest Expense	(24,718)	(22,412)	(22,853)	(26,120)
Other Nonoperating Revenues, Net	3,782	4,404	9,720	3,828
Total Nonoperating Revenues before Capital and Endowments	**$715,333**	**$348,409**	**$531,490**	**$667,866**
Capital and Endowments				
State Capital Appropriations			$18,889	$10,706
Capital Gifts	20,009	12,190	27,882	21,746
Private Gifts for Permanent Endowments & Charitable Remainder Trusts	28,046	18,138	38,059	51,939
Plant Assets Retired and Insurance Recoveries	(1,627)	(2,385)	518	(2,668)
Total Capital and Endowments	**$46,428**	**$27,943**	**$85,348**	**$81,723**
Total Nonoperating Revenues	**$761,761**	**$376,352**	**$616,838**	**$749,589**
Cumulative Effect of Change in Accounting Policy				
Assets under Capitalization Level Written Off	**($19,340)**			
Increase (Decrease) in Net Assets	**$267,158**	**($147,808)**	**$127,199**	**$302,043**
Net Assets, Beginning of Year	**$2,813,983**	**$2,961,791**	**$2,834,592**	**$2,532,549**
Net Assets, End of Year	**$3,081,141**	**$2,813,983**	**$2,961,791**	**$2,834,592**

State Appropriations

The University receives a significant portion of the revenues needed to sustain its educational and research activities from the State of Indiana. Other revenues are mainly derived from student fees and the federal government.

The University has annually received and anticipates receiving appropriations from the Indiana General Assembly. These appropriations have been and are to be applied to the educational and general expenditures of the University to fund major repair and rehabilitation projects and to assist with debt service.

The State appropriations received by the University for the past four fiscal years, and the appropriations made for fiscal year 2011, are set forth below. This information should be reviewed in conjunction with the University's financial statements, including the Management Discussion and Analysis, and the Notes to the statements. See "Appendix B".

STATE APPROPRIATIONS
(dollars in thousands)

	Normal Recurring Appropriations					
	Unrestricted		Restricted			
Fiscal Year Ended June 30	General Operating	Fee Replacement	Repair & Rehabilitation	Special	Non-Recurring Appropriations	Total
Historical						
2007 [1]	$314,468	$26,054	$8,306	$24,831	$2,400	$376,059
2008 [1]	325,309	26,024	9,889	25,671	5,000	391,893
2009	337,260 [2]	28,243	-	27,755	-	393,258
2010	324,308	30,567	-	26,769	- [3]	381,644
Current						
2011	317,986	35,087	-	26,769	10,342 [3]	390,184

[1] One-twelfth of the general operating and special appropriations were deferred and recorded as a receivable in the financial statements. Amounts shown are the appropriated amounts for the fiscal year for general operating and special. The R&R appropriation is the amount received.

[2] $3,686,000 committed to fiscal year 2010 for R&R.

[3] A non-recurring appropriation of $45,284,000 was designated by the State for the 2009-2011 biennium for (a) R&R or (b) R&R or General Operating Expense. These funds were initially appropriated by the State under the American Recovery and Reinvestment Act (ARRA) of 2009. During 2009-2010, $34,942,000 reverted to the State and the balance of $10,342,000 is available for 2010-2011. An additional $10 million may be allocated between Purdue and Indiana University in fiscal year 2011 at the discretion of the State Budget Agency.

IRS Audit

An audit by the Internal Revenue Service is currently underway at the University. The IRS is examining primary tax returns of the University as well as related returns for the year ended June 30, 2008. Examinations typically extend over more than a year.

Student Financial Aid

State financial aid to students was reduced by 31% in 2009-10. As a result of the economic downturn, displaced workers and diminished family resources have led to a large increase in the number of applicants for State financial aid for students; consequently, there has been a reduction in the amount available to each student. Most students are meeting the reduction in State financial aid with federal student and parent loans or private student loans. Federal financial aid is expected to remain reasonably stable over both the short and long term with increases in Pell grant maximum awards for the 2009-2010 academic year. Federal laws have changed to require all schools to move to direct lending, which is funded by the federal government, resulting in higher stability of loan funding rather than relying on private lenders for federal student or parent loans. All four Purdue campuses are now participating in the direct lending program.

The following table summarizes the projected financial aid provided to students of the University from various sources for the year that ended June 30, 2010. These figures are projected and not final.

PROJECTED STUDENT FINANCIAL ASSISTANCE
Fiscal Year Ended June 30, 2010

	West Lafayette	Regional Campuses	Total
University Scholarships[1]	$18,598,678	$4,110,502	$22,709,180
General University Grant[2]	7,726,265	0	7,726,265
University Incentive Grant	8,867,728	0	8,867,728
Trustee/Presidential Scholarship[1]	13,882,124	0	13,882,124
Purdue Promise	180,315	0	180,315
Purdue Marquis Scholarship	490,006	0	490,006
Emerging Urban Leaders Scholarship	0	0	0
Purdue Opportunity Awards	472,338	0	472,338
Athletic Grant in Aid Awards	8,471,622	1,885,588	10,357,210
State Awards	20,052,693	20,228,443	40,281,136
Private Awards	11,899,130	3,247,811	15,146,941
Indiana Resident Top Scholars[1]	1,603,360	0	1,603,360
Fellowships	9,504,201	3,000	9,507,201
Federal Grants	39,191,196	41,333,265	80,524,461
Total Scholarships and Grants	$140,939,656	$70,808,609	$211,748,265
General Fund Remission Budget[2]	$0	$2,009,812	$2,009,812
Graduate Tuition and Fees	7,852,460	0	7,852,460
Other Institutional Fee Remissions	2,433,663	1,783,005	4,216,668
State of Indiana Statutory Fee Remissions	961	176,135	177,096
Contractual and Reciprocal Agreements	6,724,457	160,348	6,884,805
Total Institutional & Statutory Fee Remissions[3]	$17,011,541	$4,129,300	$21,140,841
Federal Stafford Loans	$121,221,253	$107,372,948	$228,594,201
Federal Parent Loans for Undergraduate Students	55,539,240	4,824,852	60,364,092
Graduate PLUS Loans	3,070,650	61,763	3,132,413
Federal Perkins and Health Professions Loans	3,368,715	538,071	3,906,786
Purdue Loans	4,510,458	0	4,510,458
Private Loans	26,760,383	3,868,242	30,628,625
Total Loans	$214,470,699	$116,665,876	$331,136,575
Work-Study Salaries	$1,685,700	$813,375	$2,499,075
Graduate Student Staff Salaries	83,338,546	2,785,284	86,123,830
Other Part-Time University Salaries	16,041,219	3,760,597	19,801,816
Total Employment Related Fee Remissions[3]	40,316,637	2,651,753	42,968,390
Other Employment Related Awards	2,355,785	0	2,355,785
Total Employment Related	$143,737,887	$10,011,009	$153,748,896
Total Student Financial Assistance	**$516,159,783**	**$201,614,794**	**$717,774,577**

[1]Some funding previously used for University Scholarships as well as Indiana Resident Top Scholars will be reallocated to the Presidential/Trustee scholarship.

[2]General fund fee remissions were recategorized as General University Grant in 2008-09.

[3]Budgeted in the General Fund and Statewide Technology Fund.

Other Post-Employment Benefits (OPEB)

In the financial statements for the year ending June 30, 2010, the University reported Other Post-Employment Benefits (OPEB) annual cost of $12.949 million. The University currently offers participation in its medical plan to retirees who are 55 or older whose age and years of service are equal to or are greater than 70 and have at least ten years of service. Early retirees are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy. After the retiree reaches the age of 65, the program is no longer offered. The University also offers a long-term disability program, which includes retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. After the employee reaches the age of 65, the program is no longer available. See "Appendix B" Note 7 to the Financial Statements for further information.

Endowment and Similar Funds

The Corporation's endowment and similar funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, the current income and capital appreciation of which are distributed at an annualized rate based on the market value of the endowment, either for donor-specified purposes or for general purposes of the University and (2) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the Corporation, have been retained and invested for future use, in accordance with the donor's restrictions or at the discretion of the Board of Trustees of the Corporation. The market value figures at the end of each of the past five fiscal years are shown below. These values are not pledged under the Indenture and do not include separately held endowments valued at $27,367,908 on June 30, 2010. The current spending policy for the endowment is 5.0%, based on a 12-quarter rolling average. The distribution to the Corporation from the endowment for fiscal year ended June 30, 2010 was approximately 4% of total revenues.

FISCAL YEAR ENDED JUNE 30	ENDOWMENT MARKET VALUE
2006	$791,458,747
2007	968,961,174
2008	957,298,693
2009	873,040,938
2010	987,207,372

As of August 31, 2010, the unaudited market value of the Purdue University endowment was $1,044,620,812. The unaudited consolidated market value of the endowment (including Purdue Research Foundation) was $1,754,555,587 (including net additions) as of August 31, 2010.

Related Foundations

The foundations listed below are organized exclusively to serve the Corporation and the University by providing funds and other resources. The asset value, income, and support to the Corporation for the last available fiscal year ended for each foundation (June 30, 2010) is shown in the following table.

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation	$863,147,000	$67,368,113	$36,617,000
Ross-Ade Foundation	125,663,124	8,216,074	5,570,282
The Purdue Foundation, Inc.	4,081,210	40,981,238	40,981,238
Indiana-Purdue Foundation at Fort Wayne	11,656,052	2,591,356	2,610,225
Total	**$1,004,547,386**	**$119,156,781**	**$85,778,745**

Related Foundations Continued

Purdue Research Foundation: The Purdue Research Foundation is a nonprofit corporation that may accept gifts, administer trusts, acquire property, negotiate research contracts, and perform other services helpful to the University. Its objectives are exclusively to aid the University. This Foundation developed the Purdue Research Park that provides a program for interaction between research and development activities of industry and the basic research of the University. The Foundation owns 7,409 acres of land, 6,177 acres of which is leased to the University. In order to achieve investment transaction and other associated costs across the Purdue affiliated Foundations, the termination and dissolution of Purdue Alumni Foundation and the distribution of its managed funds to the Purdue Research Foundation was authorized in September 2005. At December 31, 2005, the assets of the Purdue Alumni Foundation were consolidated into the Purdue Research Foundation and are reflected in the financial information above. Four members of the fifteen-member Board of Directors are members of the Board of Trustees of the Corporation.

Ross-Ade Foundation: The Ross-Ade Foundation was organized in 1924 through gifts from alumni to promote and develop the educational and physical welfare of students with funds that could not be provided from state appropriations. This Foundation has built the football stadium and parking garages, and has been instrumental in the development of the regional campuses by acquiring the land and constructing the facilities. All the facilities are leased to the Corporation on a cost basis. The five member Board of Directors of this Foundation includes the University President, who serves as Chief Executive Officer of the Board, and two members of the Board of Trustees of Purdue.

The Purdue Foundation, Inc.: The Purdue Foundation, Inc. was incorporated in 1979 for the purpose of consolidating the solicitation, receipt and acceptance of gifts, donations, and bequests from the general public, including individuals, corporations and other sources, for the benefit of the Corporation. Included on the nine-member Board of Directors are five members who shall be elected by the Board of Trustees of the Corporation.

Indiana-Purdue Foundation at Fort Wayne: Indiana-Purdue Foundation at Fort Wayne was incorporated in 1958 exclusively to promote the needs and programs of Indiana University and Purdue University. This Foundation has helped finance the construction of an academic building and has given land to these universities. The 15 member Board of Directors of this Foundation includes two members of the Board of Trustees of the Corporation.

Fund Raising Activity

The University currently has the "Student Access and Success" campaign underway. The first phase of this campaign supports the Intercollegiate Athletics program at Purdue, and as of June 30, 2010 has raised $28.7 million of the $32 million goal. This phase of the campaign will supplement the funding of a Mackey Arena complex renovation and addition with an authorized budget of $99.5 million. The project will bring the basketball arena and various proximate facilities up to current standards for program space, fan amenities, and accessibility of the University's 500 student-athletes. The second phase of the campaign, Student Access and Success, is to raise money for student programs and scholarship. To date, $124 million of the $304 million goal has been raised. The campaign is expected to continue through 2014. The previous "Campaign for Purdue" fund-raising effort which began in 2001 generated $1.7 billion, and was completed on June 30, 2007.

For the year ended June 30, 2010, the Corporation and Purdue Research Foundation received $242.4 million in private support from individuals, corporations, foundations and other sources. Results for the last five years are shown in the following table.

TOTAL GIFT GIVING BY CATEGORY
(dollars in thousands)

	2010	2009	2008	2007	2006
Cash/Securities	$140,823	$98,119	$118,391	$136,825	$105,299
Real Estate	0	0	4,130	11,192	9,485
Gifts-in-Kind	62,933	61,778	8,754	24,491	26,124
Irrevocable Deferred	8,422	6,707	9,227	7,026	19,273
Pledge Balances	30,186	40,230	54,209	140,527	60,941
Total	**$242,364**	**$206,834**	**$194,711**	**$320,061**	**$221,122**

Grants and Contracts

System-wide sponsored program expenditures for the 2009-2010 fiscal year were $350.9 million, an increase of $51.8 million, or approximately 17.3%, over previous year expenditures. Departments with sponsored research program expenditures in excess of $5 million were: Electrical & Computer Engineering, $31.0 million; Mechanical Engineering, $23.9 million; Civil Engineering, $20.8 million; Chemistry, $18.7 million; Biological Sciences, $17.1 million; Chemical Engineering, $10.8 million; Agronomy, $8.8 million; Physics, $8.6 million; Medicinal Chemistry and Molecular Pharmacology, $8.6 million; Aeronautics & Astronautics, $8.4 million; Agricultural & Biological Engineering, $8.1 million; Foods and Nutrition, $7.6 million; Computer Science, $7.5 million; International Programs in Agricultures, $6.4 million; Earth & Atmospheric Sciences, $5.9 million; Biomedical Engineering, $5.8 million; Child Development & Family Studies, $5.6 million; Nuclear Engineering, $5.3 million; Office of Engagement, $5.2 million; Engineering Education; $5.2 million; and College of Consumer and Family Sciences, $5.1 million. During Fiscal 2010 the University also benefited from Federal stimulus money provided under the American Recovery and Reinvestment Act of 2009.

GRANTS AND CONTRACTS BY SOURCE
Fiscal Year Ended June 30
(dollars in thousands)

	2010	2009	2008	2007	2006
Federal Sources					
Department of Health and Human Services	$57,315	$48,204	$50,449	$48,474	$44,533
National Science Foundation	72,251	49,828	49,911	45,241	44,680
Department of Energy	28,017	21,232	15,181	14,099	12,263
Department of Defense	32,927	27,138	24,844	21,489	21,710
Department of Agriculture	15,943	13,234	13,925	12,749	13,894
Other Federal Agencies	33,270	26,511	24,620	27,290	29,763
Total Federal Sources	**$239,723**	**$186,147**	**$178,930**	**$169,342**	**$166,843**
State of Indiana	28,866	29,013	28,237	26,242	29,722
Business and Foundations	70,038	72,512	66,615	59,811	52,679
Non-Profit Organizations	12,252	11,418	11,252	9,160	9,435
Total Non-Federal Sources	**$111,156**	**$112,943**	**$106,104**	**$95,213**	**$91,836**
Total All Sources	**$350,879**	**$299,090**	**$285,034**	**$264,555**	**$258,679**

Other Outstanding Indebtedness

The Corporation is authorized by various acts of the Indiana General Assembly to issue bonds for the purpose of financing construction of student union buildings, academic and athletic facilities, dormitories, and qualified energy savings projects, among other purposes. The Corporation has never failed to pay punctually, and in full, all amounts due for principal and interest on any indebtedness. Total outstanding indebtedness of the Corporation prior to the issuance of the Series Z bonds is summarized in the following table.

Title of Indebtedness	Final Maturity	Amount Outstanding as of October 15, 2010	
Bank Notes and Commercial Paper			
Qualified Energy Savings	2011	$146,828	(1)
Commercial Paper, Series 2008-1	2018	1,786,000	(4)
Commercial Paper, Series 2008-2	2018	19,145,000	(4)
Commercial Paper, Series 2010-1	2018	25,000,000	(4)
Bonds Outstanding			
Student Fee Bonds, Series H	2015	6,200,000	(2)
Student Fee Bonds, Series K	2020	11,700,000	(2)
Student Fee Bonds, Series L	2020	10,200,000	(2)
Student Fee Bonds, Series N	2014	11,690,000	(2)
Student Fee Bonds, Series O	2019	18,910,000	(2)
Student Fee Bonds, Series P	2017	28,255,000	(2)
Student Fee Bonds, Series R	2023	13,180,000	(2)
Student Fee Bonds, Series U	2022	34,700,000	(2)
Student Fee Bonds, Series W	2026	36,560,000	(2)
Student Fee Bonds, Series X	2028	100,800,000	(2)
Student Fee Bonds, Series Y	2027	70,555,000	(2)
Student Facilities System Revenue Bonds, Series 2003A	2014	18,800,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2003B	2018	5,015,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2004A	2033	27,800,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2005A	2029	20,130,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2007A	2029	61,865,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2007B	2032	25,205,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2007C	2032	59,180,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2009A	2034	34,875,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2009B	2035	41,320,000	(3)(4)
Leasehold Indebtedness			
Parking Facilities (COPS 1998)	2015	4,070,000	(4)
Parking Facilities and Ross-Ade Stadium Renovation (COPS 2006)	2027	54,595,000	(4)
COPS 2009A (tax-exempt)	2015	7,600,000	(4)
COPS 2009B (taxable Build America Bonds)	2031	42,795,000	(4)
Total Outstanding Indebtedness		**$792,077,828**	
Refunded Indebtedness-Escrowed to Maturity or Call Date			
Ross-Ade Stadium Renovation (COPS 2001A)	2011	53,280,000	(5)
Student Facilities System Revenue Bonds, Series 2003A & 2003B	2013	66,295,000	(5)
Total Refunded Bonds		**$119,575,000**	

(1) Payable from the energy savings projects financed by the borrowings.

(2) Secured by a pledge of Student Fees.

(3) Secured by a pledge of the Net Income of the designated Auxiliary Enterprise.

(4) Payable from available funds of the Corporation.

(5) Secured by and to be repaid from Federal Securities deposited with a trustee in an amount to pay principal and interest on the refunded bonds as they become due through maturity or call date.

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 17,951 acres of land and 458 buildings of which 214 had 10,000 or more gross square feet. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $5 billion as of August 1, 2010. The following table sets forth the increase in net plant investment for the five years ended June 30, 2006 through 2010. Additions are valued at cost or, in the case of gifts, at fair value at the date of donation.

FISCAL YEAR ENDED JUNE 30	INVESTMENT IN PLANT (AT COST)	ACCUMULATED DEPRECIATION	NET BOOK VALUE IN PLANT
2006	$2,304,452,322	$980,154,393	$1,324,297,929
2007	2,483,026,403	1,059,735,776	1,423,290,627
2008	2,661,207,559	1,150,413,909	1,510,793,650
2009	2,847,281,562	1,240,572,632	1,606,708,930
2010	2,983,743,727	1,271,122,957	1,712,620,770

Insurance

All Risk Coverage: All facilities of the Corporation are insured under a blanket form policy, including new construction not yet completed. The blanket form covers buildings for loss up to the total of its replacement cost value (unless otherwise specified as actual cash value). There is a $250,000 deductible clause which is applicable to each occurrence. The Corporation self-insures those losses up to $250,000 through its Insurance Services Enterprise. The Insurance Services Enterprise allocated reserve fund balance was at $6.3 million as of June 30, 2010.

The Corporation also maintains business interruption insurance for protection against loss of income due to temporary shutdown of operations resulting from physical damage to property. The total value of business interruption reported to the Corporation's insurer is $1.3 billion. Coverage for the Student Facilities System and Purdue Memorial Union is based on an annual estimate of income and payroll. The values from these areas are included in the number above. A $250,000 deductible applies per occurrence and is funded by the Corporation.

Premises and Operations Liability: The Corporation procures insurance for liability brought by third parties arising out of accidents on University premises and in connection with its operations off-premises. Except for the airport (covered by a separate $25,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is in the amount of $25,000,000 per occurrence/wrongful act/annual aggregate over a $1,000,000 per occurrence or claim self-insured retention. Claim processing within that retention is handled by a third party administrator with whom the University has contracted.

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction recently completed on the West Lafayette campus includes the First Street Towers residence hall project (phase I), Hockmeyer Hall of Structural Biology, and the Windsor Hall renovation (phases II & III of a five phase renovation). Projects currently under construction on the West Lafayette campus are: installation of boiler #6; the construction of the Roger B. Gatewood Mechanical Engineering Wing addition; Marriott Hall; the renovation of Mackey Arena Complex; strategic infrastructure improvement Student Health and Wellness facility; Windsor Hall phase IV; and a variety of Repair and Rehabilitation projects. On the Fort Wayne regional campus, construction of phase III student housing is complete and a student services and library complex and a new parking garage are under construction.

Major projects approved by the Board of Trustees on the West Lafayette campus include the construction of a $54.0 million Health and Human Sciences Research Facility, a $25.0 million drug discovery facility, and a $21 million northwest athletic site (phase I). These projects will be funded by a combination of capital reserves, gifts, state appropriations and bond financing.

The Corporation continues to develop Discovery Park, a research and education complex on the West Lafayette campus, that will integrate science, technology, engineering and management. Construction of a $14.9 million Bindley Bioscience addition was recently approved by the Board of Trustees.

The Corporation has also received legislative authority to issue debt in an amount up to a total of $60 million to address various repair and rehabilitation needs of the Corporation, of which up to $15 million may be qualified energy savings projects at each campus. Many of these projects are under construction and currently funded in part or in whole under the University's existing tax-exempt commercial paper program.

During the 2009 legislative session the Corporation received approval at the West Lafayette campus to borrow up to the amount designated for each of the following projects: $98 million for renovation of the student fitness and wellness center; $10 million for improvements to the life sciences facility (which will be fee replaced by the State); $20 million for a new drug discovery facility; and $12 million for renovations to the medical education facilities (of which $6 million is fee replaced). On the Fort Wayne campus, the Corporation received approval to borrow up to $16.8 million for a new parking garage. The Corporation received borrowing authorization of up to an additional $30 million for construction of a new student services and activities complex ($23.7 million to be fee replaced) on the North Central campus. The outstanding authorization to borrow for a new $5 million parking garage at the North Central campus was increased to $8 million. The Corporation intends to issue approximately $110 million in new student fee debt, approximately $25 million in new student facilities system revenue debt, and approximately $32 million in certificates of participation during the current fiscal year, a portion of which may be financed with tax-exempt commercial paper for an interim period.

The Corporation has submitted its biennial Capital Budget Request to the State in anticipation of the next session of the Indiana General Assembly.

Retirement Plans

The Corporation participates in contributory retirement plans administered by the Teachers Insurance and Annuity Association ("TIAA") and the College Retirement Equities Fund ("CREF") for its faculty and administrative-professional staff. The retirement plans provide fully-vested, fully-funded, fixed-dollar and variable annuities. The services of TIAA-CREF are restricted to colleges, universities, independent schools and certain other educational and research institutions. The Corporation's liability under these retirement plans is limited to a required annual contribution with respect to the individual retirement account of each participating employee. The Corporation is current with all amounts due TIAA-CREF.

The clerical and service staff participate in the Public Employees Retirement Fund ("PERF") of the State of Indiana, which is the retirement plan for all State employees. The Corporation's liability under this retirement plan is limited to a required annual contribution with respect to each participating employee. The Corporation is current with all amounts due PERF.

Chancellor Search, Purdue University Calumet

On September 8, 2010, Howard Cohen, Chancellor of Purdue University Calumet, announced that he would step down on June 30, 2011, and return to the faculty after serving the Calumet campus as Chancellor for a decade. A search committee is currently being formed to conduct a national search for a replacement.

APPENDIX B

FINANCIAL REPORT OF THE CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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2010 FINANCIAL REPORT

PURDUE
UNIVERSITY

LETTER OF TRANSMITTAL

To the Board of Trustees of Purdue University:

President France A. Córdova

We are pleased to submit this, the 88th annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2010, and sets forth the complete and permanent record of the financial status of the University for the year.

The University Financial Statements have been audited by the Indiana State Board of Accounts, and the Auditors' Report appears on page 5.

Respectfully submitted,

FRANCE A. CÓRDOVA
President

Respectfully submitted,

A. V. DIAZ
Executive Vice President for Business and Finance, Treasurer

Approved for publication and transmission to the governor of the state.

REPORT OF THE TREASURER

This report presents Purdue University's financial position and the results of operations for the fiscal year ending June 30, 2010. We provide this financial report as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts, and its report, which is an unqualified opinion, appears on page 5.

Purdue University, founded in 1869 and named after benefactor John Purdue, began its journey with six faculty and 39 students and a mission to provide agriculture and mechanical arts education as one of the nation's land-grant institutions. Today, Purdue is a world-class research university, offering instruction in a wide range of disciplines and granting undergraduate and graduate degrees through four campuses. The student body is made up of individuals from every county in Indiana, all 50 states and more than 125 countries.

Demand for a Purdue University degree has continued to increase during the recent period of economic uncertainty. Enrollment reached an all-time high of 69,694 for the fall semester of the 2010-11 academic year at all Purdue campuses. The creation of new scholarships in recent years to attract top undergraduates (Presidential and Trustees merit scholarships), to support lower- and middle-income students (Purdue Promise Program and Purdue Marquis Scholarship) and to reward promising leaders from targeted high schools (Emerging Urban Leaders Scholarship) have been priority investments of the University.

Over the past year, we saw an increase in research proposal submissions of more than 40 percent and received sponsored research awards totaling close to $440 million, an increase of 28 percent over last year. A significant amount of funding was awarded through the American Recovery and Reinvestment Act, or ARRA, and a major factor in attracting research dollars has been the University's focus on five key areas: life and health sciences; cyberinfrastructure and information technology; defense and NASA; energy and environment; and science, technology, engineering and mathematics education. A critical component in this year's funding has been the addition of large centers. The National Science Foundation funded the $105 million George E. Brown Jr. Network for Earthquake Engineering Simulation, or NEES, and a $23.5 million Center for High Performance Buildings was funded in part by the National Institute of Standards and Technology.

The University completed major construction projects in excess of $158 million during fiscal year 2010, including the new $52 million First Street Towers residence hall in August 2009, $32.9 million Hockmeyer Hall of Structural Biology in October 2009, and the $25 million Discovery Learning Research Center in November 2009. Additional capital investments estimated at over $728 million were under way or in design as of June 30, 2010, including the $59.6 million Windsor Residence Halls Renovation, the $99.5 million Mackey Complex Renovation and Addition, the $34.5 million Gatewood Wing of the Mechanical Engineering Building and the $28.5 million Lilly Hall West Wing Renovation. Also in progress are residence halls, student services buildings and educational buildings at the Calumet, Fort Wayne and North Central campuses.

The University continues to dedicate itself to the success of Purdue students as future leaders, the development of new partnerships to expand the horizons of research and economic development leading to jobs of the future, and the continued strengthening of the state of Indiana as a global leader in science, technology, engineering, mathematics and agriculture disciplines.

A. V. DIAZ
Executive Vice President for Business and Finance, Treasurer

BOARD OF TRUSTEES

As of June 30, 2010

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees appointed by the governor. The selection of these trustees is prescribed in Indiana Code IC 21-23-3. Three of the trustees are selected by the Purdue Alumni Association. The remaining seven trustees are selected by the governor. Two of the trustees must be involved in agricultural pursuits, and one must be a full-time student of Purdue University. All trustees serve for a period of three years, except for the student member, who serves for two years.

OFFICERS OF THE UNIVERSITY

As of June 30, 2010

OFFICERS OF THE BOARD OF TRUSTEES

Keith J. Krach, *Chairman*
Mamon M. Powers Jr., *Vice Chairman*
A. V. Diaz, *Treasurer*
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Roseanna M. Behringer, *Secretary*
Anthony S. Benton, *Legal Counsel*

ADMINISTRATIVE OFFICERS

France A. Córdova, *President*
Timothy D. Sands, *Executive Vice President for Academic Affairs and Provost*
A. V. Diaz, *Executive Vice President for Business and Finance, Treasurer*
James S. Almond, *Senior Vice President for Business Services and Assistant Treasurer*
Robin G. Bellinger, *Interim Vice President for Development*
Richard O. Buckius, *Vice President for Research*
Morgan J. Burke, *Director of Intercollegiate Athletics*
Peggy L. Fish, *Director of Audits*
Joseph B. Hornett, *Senior Vice President, Treasurer, Purdue Research Foundation*
Luis E. Lewin, *Vice President for Human Resources*
William G. McCartney, *Vice President for Information Technology and CIO*
Robert E. McMains, *Vice President for Physical Facilities*
Jesse L. Moore, *Director, Supplier Diversity Development*
Rabindra N. Mukerjea, *Executive Director of Strategic Planning and Assessment*
Thomas B. Robinson, *Vice President for Student Services*
Alysa Christmas Rollock, *Vice President for Ethics and Compliance*
Ken L. Sandel, *Managing Director for the Executive Vice President and Treasurer*
Timothy J. Sanders, *Associate Vice President for Governmental Relations*
John A. Sautter, *Vice President for Housing and Food Services*
Scott W. Seidle, *Senior Director of Investments*
Teri L. Thompson, *Vice President for Marketing and Media*
Glenn F. Tompkins, *Senior Associate Athletic Director-Business*

REGIONAL CAMPUS STAFF

Howard S. Cohen, *Chancellor, Purdue University Calumet*
James B. Dworkin, *Chancellor, Purdue University North Central*
Michael A. Wartell, *Chancellor, Indiana University-Purdue University Fort Wayne*
Stephen R. Turner, *Vice Chancellor for Administration, Purdue University North Central*
Walter J. Branson, *Vice Chancellor for Financial Affairs,*
Indiana University-Purdue University Fort Wayne
James K. Johnston, *Vice Chancellor for Administrative Services, Purdue University Calumet*

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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF PURDUE UNIVERSITY, WEST LAFAYETTE, INDIANA

We have audited the accompanying basic financial statements of Purdue University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. We also did not audit the trust which maintains the University's portion of trust agreements as discussed in Note 1. The University's interest in the charitable remainder trusts represents approximately .3% of the assets of the University. The financial statements of these units were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to those units, is based upon the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Purdue University, as of June 30, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2010, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

State Board of Accounts
STATE BOARD OF ACCOUNTS

October 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2010 and 2009

We are pleased to present this financial discussion and analysis of Purdue University (the University). It is intended to make the University's financial statements easier to understand and to communicate our financial situation in an open and accountable manner. The primary purpose of financial reporting, whether for a commercial enterprise or for a university, is to provide information that will assist (1) management in the effective allocation and use of the organization's resources and (2) the general public, investors, creditors and others in evaluating the effectiveness of management in achieving organizational objectives. The nature of the organization, its resources and its objectives all serve to influence the form and process by which the accounting is accomplished and the information reported.

The following discussion and analysis provides an overview of the financial position and activities of Purdue University (the University) for the fiscal years ended June 30, 2010 and 2009 (Fiscal Years 2010 and 2009, respectively), with comparative financial information for Fiscal Year 2008. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following other parts:

- **Report of Independent Auditors** — presents an unqualified opinion prepared by our auditors (the Indiana State Board of Accounts) on the fairness (in all material respects) of our financial statements.

- **Statement of Net Assets** — presents the assets, liabilities and net assets of the University at a point in time (June 30, 2010 and 2009). Its purpose is to present a financial snapshot of the University, aiding readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors and investors; and the availability of net assets for expenditure by the University.

- **Statement of Revenues, Expenses and Changes in Net Assets** — presents the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities during a period of time (the years ended June 30, 2010 and 2009). Its purpose is to assess the University's operating and nonoperating activities.

- **Statement of Cash Flows** — presents cash receipts and payments of the University during a period of time (the years ended June 30, 2010 and 2009). Its purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.

- **Notes to the Financial Statements** — present additional information to support the financial statements and are commonly referred to as "Notes." Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

The financial information presented in this report is designed to show how the University managed its resources to meet its primary missions of discovery, learning and engagement. It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of the discovery, learning and engagement functions carried out during the year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant nonfinancial indicators to assess the University overall.

Examples of nonfinancial indicators include trend and quality of applicants, freshman class size, student retention, building condition and campus safety. Information about nonfinancial indicators is not included in this analysis but may be obtained from the University's Office of Institutional Research (see www.purdue.edu/datadigest).

FINANCIAL HIGHLIGHTS

Statement of Net Assets

A summarized comparison of the University's assets, liabilities and net assets appears in Table 1 on page 10 and demonstrates that the University has grown over the past three fiscal years.

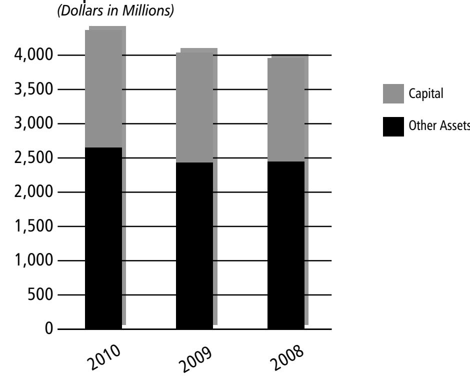
Current assets include those that may be used to support current operations, such as cash and cash equivalents, account and certain other receivables, and inventories. Noncurrent assets include capital assets, certain pledges receivable and investments. As of June 30, 2010 and 2009, total assets were approximately $4,365,653,000 and $4,039,025,000 respectively, an increase of $326,628,000, or 8.1%, and $79,658,000, or 2.0%, respectively. Current assets as of June 30, 2010 and 2009, increased approximately $107,370,000 and $100,158,000 respectively. Noncurrent assets increased $219,258,000, or 6.6%, as of June 30, 2010, but they decreased $20,500,000, or 0.6%, as of June 30, 2009.

Figure 1 depicts the portion of total assets that were capital.

As of June 30, 2010 and 2009, cash and cash equivalents were approximately $562,410,000 and $511,308,000 respectively, an increase of $51,102,000 and $101,648,000 respectively. This included securities lending assets of $169,831,000 and $137,937,000, as well as invested bond proceeds of $120,706,000 and $188,935,000 respectively.

Figure 1

Capital vs. Other Assets
(Dollars in Millions)



"Gateway to the Future" arch

The remaining $271,873,000 and $184,436,000 in cash and cash equivalents were available for operations as of June 30, 2010 and 2009, respectively.

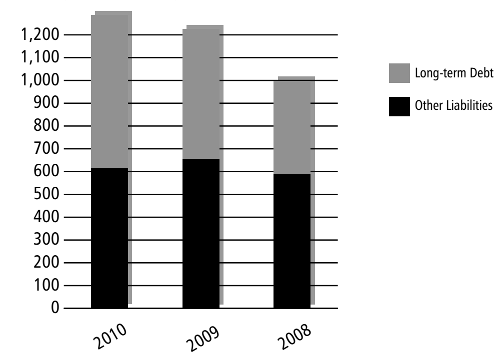
Marketable securities and other investments increased approximately $157,276,000 in Fiscal Year 2010 compared to a $108,840,000 decrease in Fiscal Year 2009. The increase was the result of an improvement in the market compared to the prior fiscal year. Please reference a more detailed discussion in the "Statement of Revenues, Expenses and Changes in Net Assets" section.

Current liabilities are generally expected to become due and payable over the course of the following fiscal year. These include accounts and other payables, deferred revenues, the current portion of long-term debt, liability for securities lending activity, and salaries and related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities include bonds, notes and leases payable. Total liabilities were approximately $1,284,512,000 and $1,225,042,000 on June 30, 2010 and 2009, respectively. Figure 2 depicts the portion of long-term debt (noncurrent) relative to total liabilities.

Figure 2

Long-term Debt vs. Other Liabilities

(Dollars in Millions)



Securities lending liabilities increased $31,894,000 and $12,546,000 in fiscal years 2010 and 2009 respectively. For a detailed discussion of the University's securities lending program, please refer to Note 2.

Bonds, leases and notes payable increased $15,703,000 and $187,981,000 in fiscal years 2010 and 2009 respectively. During September 2008, $77,600,000 of variable-rate demand bonds were put back to the institution, but all put bonds were subsequently remarketed by October 2, 2008. This was a result of the turmoil in the bond markets and the bankruptcy of one of the University's remarketers. A discussion of the University's capital financing activities appears in the Debt and Financing Activities section below and in Note 6.

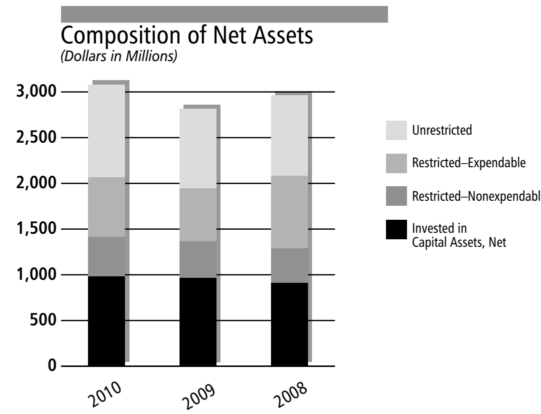
Net assets are classified into four categories:

- Invested in capital assets, net of related debt represents the University's investment in capital assets such as movable equipment, buildings, land, infrastructure and improvements, net of accumulated depreciation and related debt, subject to the University's policies on capitalization.
- Restricted-nonexpendable represents the University's permanent endowment funds received from donors for the purpose of creating present and future income. These funds must be held inviolate and in perpetuity and are, therefore, not expendable. Earnings on these funds support various programs determined by donors.
- Restricted-expendable represents net assets that have purpose restrictions imposed by third parties. Examples include scholarship funds and contract and grant funds.
- Unrestricted net assets do not have third-party restrictions, although management has designated these funds for a particular purpose. It is management's practice to designate unrestricted net assets for specific purposes at the close of each fiscal year.

Total net assets for the University were $3,081,141,000 and $2,813,983,000 as of June 30, 2010 and 2009, respectively. Figure 3 provides a comparison between fiscal years as well as the composition of net assets.

Invested in capital assets, net of related debt increased $20,192,000 and $51,174,000 in fiscal years 2010 and 2009 respectively. As of June 30, 2010 and 2009, the University added capital assets of $370,365,000 and $186,276,000 respectively, in addition to related accumulated depreciation of $264,453,000 and $90,361,000, respectively, less disposals. Debt transferred related to expended bond and commercial paper proceeds, net of payments and amortization of bond premiums, accounted for $85,720,000 and $44,741,000 in fiscal years 2010 and 2009 respectively.

Figure 3



Restricted nonexpendable increased $32,660,000 and $22,661,000 in Fiscal Years 2010 and 2009, related to permanent gifts to endowments received and offset by decreases related to market conditions for interest in charitable remainder trusts.

As of June 30, 2010, restricted expendable increased $63,753,000, compared to a decrease of $206,456,000 in the prior year. This fluctuation was driven by the equity markets over the past two years related to the endowment pool investments.

Unrestricted net assets increased $150,553,000 as of June 30, 2010, compared to the $15,187,000 decline as of June 30, 2009. The increase in the current fiscal year was largely related to the change in unrestricted pooled endowment investments and an increase in student fee revenue. Overall, net assets increased $267,158,000 in Fiscal Year 2010 compared to a decline of $147,808,000 in Fiscal Year 2009.

Table 1. Summary Statement of Net Assets (Dollars in Thousands)

	2010	2009	2008
Current Assets	$813,135	$705,765	$605,607
Capital Assets	1,712,621	1,606,709	1,510,794
Other Assets	1,839,897	1,726,551	1,842,966
Total Assets	**$4,365,653**	**$4,039,025**	**$3,959,367**
Current Liabilities	$538,773	$588,689	$525,267
Noncurrent Liabilities	745,739	636,353	472,309
Total Liabilities	**$1,284,512**	**$1,225,042**	**$997,576**
Invested in Capital Assets, Net of Related Debt	$984,844	$964,652	$913,478
Restricted-Nonexpendable	430,685	398,025	375,364
Restricted-Expendable	647,859	584,106	790,562
Unrestricted	1,017,753	867,200	882,387
Total Net Assets	**$3,081,141**	**$2,813,983**	**$2,961,791**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

A summarized comparison of the University's revenues, expenses and changes in net assets follows in Table 2 on page 13.

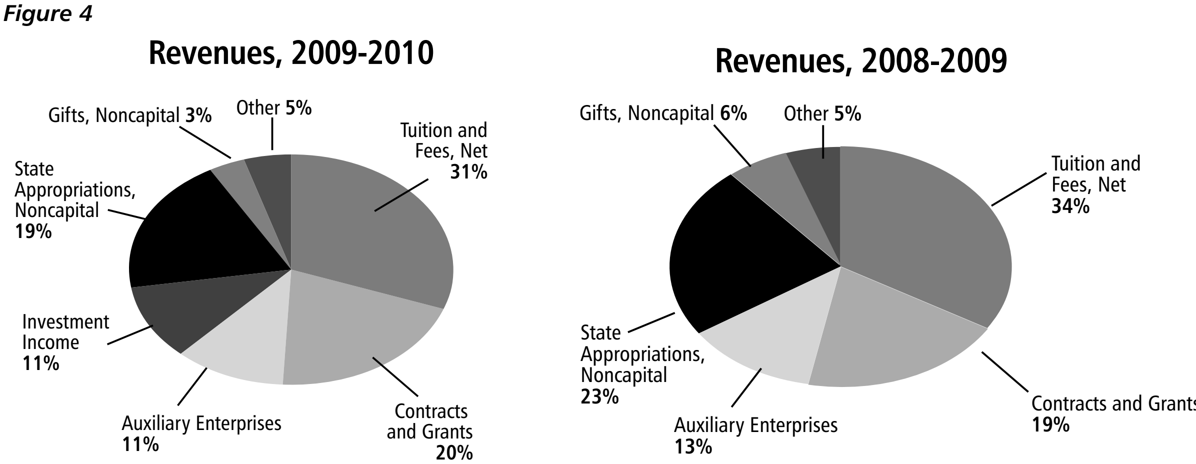
Revenues are classified as either operating or nonoperating. Operating revenues include tuition and fees, grants and contracts, auxiliary enterprises, and sales and services. Tuition and fees and housing are shown net of an allowance for scholarships. If scholarships awarded to students exceed the amount owed for tuition and housing, the amounts paid to students are shown as expenses. Nonoperating revenues include state appropriations, investment income and private gifts. Because Purdue is a public university, nonoperating revenues are an integral part of its operating budget. Private gifts for capital projects and additions to the University's permanent endowment are also considered nonoperating sources of revenue but are not part of the University's operating budget. Figure 4 provides information about the University's sources of revenues, excluding endowments and capital, for the fiscal years 2010 and 2009. Overall, as of June 30, 2010 and 2009, the University had a net increase of $267,158,000 and a net decrease of $147,808,000 respectively. Discussion of the major impacts to net assets and the operations are outlined below.

Total operating revenues increased $106,879,000, or 9.2%, from $1,156,498,000 in Fiscal Year 2009 to $1,263,377,000 in Fiscal Year 2010. There was an increase of $50,078,000, or 4.5%, from Fiscal Year 2008 to Fiscal Year 2009. Net tuition and fee revenue increased $41,329,000 and $48,303,000 in fiscal years 2010 and 2009 respectively, primarily resulting from a student fee rate increase. Enrollment increased across all campuses by 2,000 and 1,368 students in Fiscal Years 2010 and 2009 respectively. West Lafayette's enrollment decreased by 393 students in Fiscal Year 2010 compared to an increase of 988 students in Fiscal Year 2009. Enrollment patterns for the past five years are illustrated in Figure 5.

Operating grant and contract revenue increased $54,045,000 and $6,866,000 in Fiscal Years 2010 and 2009 respectively. The large increase during the current fiscal year is attributed to receiving additional grants related to the American Recovery and Reinvestment Act (ARRA).

Total operating expenses increased from $1,680,658,000 as of June 30, 2009, to $1,738,640,000 as of June 30, 2010. Compensation and benefits, which makes up approximately 67% of operating expenses, increased $52,630,000 and $59,119,000 in Fiscal Years 2010 and 2009 respectively. While salary and wages' total increase was below 3.2% in both years, related benefits increased more than 12% due to increased medical claims and benefits, retirement contributions and the amortization of other post-employment benefits obligation. Due to the fiscal measures undertaken at the University as a result of

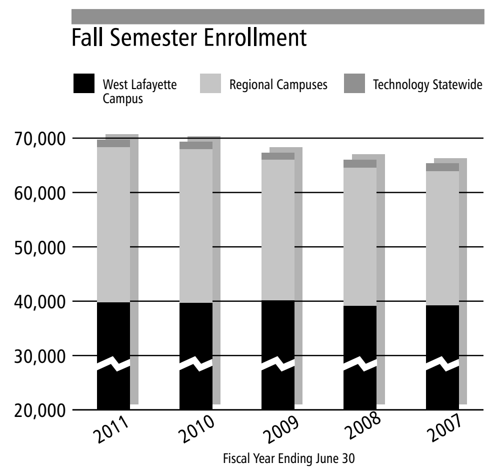
Figure 4



the severe recession, supplies and other services decreased 0.7% in Fiscal Year 2010 and only increased 0.2% in Fiscal Year 2009.

In Fiscal Year 2009, the University increased its total financial aid (Scholarships, Fellowships and Awards, and Scholarship Allowances) to its students nearly $15,982,000 over the previous year, or 14.7%. In its quest to increase academic excellence by attracting the best and brightest students in Indiana and across the United States, the University offered Presidential and Trustees scholarships to high school students achieving high academic standards and SAT/ACT scores. The Trustees Scholarship ($8,000 for in-state and $10,000 for out-of-state) was awarded to 760 students (367 from Indiana) totaling $6,866,000. The Presidential Scholarship ($5,000 for in-state and $7,000 for out-of-state) was awarded to 609 students (358 from Indiana) totaling $3,547,000. There was also an increase in Pell Grants awarded of approximately $5,500,000 from the prior year. In Fiscal Year 2010, there was an increase in total financial aid of over $25,362,000. While both the Trustees and Presidential scholarships remained a priority, the main reason for the change in total financial aid was an increase in Pell Grants of $23,753,000.

Figure 5. Five-Year Enrollment Data*



* *Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.*

Nonoperating revenues (net of expenses) increased $366,924,000 in Fiscal Year 2010 and decreased $183,081,000 in Fiscal Year 2009. In Fiscal Year 2009, state appropriations, federal government financial aid and private gifts increased, while investment income declined $209,195,000. Although negative results are disappointing, the University's endowment decreased 20.6%, compared to a decline of 26.2% for the broader market as measured by the Standard & Poor's (S&P) 500 index for the Fiscal Year 2009. In Fiscal Year 2010, gifts and state appropriations decreased approximately $34,730,000, whereas investment income increased $380,926,000 and grant and contract revenue increased $23,656,000. As of June 30, 2010, both the University's endowment and S&P 500 index had increased 14.4%. The University's endowment was invested 44.9% in public equities, 15.0% in fixed income and 40.1% in private investments. It should be noted that due to its internal controls over investing, the University did not experience any losses as a result of fraudulent money managers.

Capital and endowment income increased $18,485,000, or 66.3%, over the previous year from $27,943,000 in the Fiscal Year 2009 to $46,428,000 in Fiscal Year 2010. Capital gifts increased $7,819,000 and decreased $15,692,000 in Fiscal Years 2010 and 2009 respectively. Private gifts for endowments increased $9,908,000 and declined $19,921,000 as of June 30, 2010 and 2009, respectively. The volatile change between fiscal years was a result of the turbulent economic conditions over the last two years.

Table 2. Summary Statement of Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	2010	2009	2008
Operating Revenues			
Tuition and Fees, Net	$615,423	$574,094	$525,791
Grants and Contracts	339,392	285,347	278,481
Auxiliary Enterprises, Net	220,023	213,044	211,676
Other Operating Revenues	88,539	84,013	90,472
Total Operating Revenues	**$1,263,377**	**$1,156,498**	**$1,106,420**
Operating Expenses			
Depreciation	112,629	112,244	106,652
Operating Expense	1,626,011	1,568,414	1,489,407
Total Operating Expenses	**$1,738,640**	**$1,680,658**	**$1,596,059**
Operating Loss	($475,263)	($524,160)	($489,639)
Nonoperating Revenue	715,333	348,409	531,490
Capital and Endowments	46,428	27,943	85,348
Total Nonoperating Revenues	**$761,761**	**$376,352**	**$616,838**
Cumulative Effect of Change in Accounting Policy	(19,340)	–	–
Increase in Net Assets	$267,158	($147,808)	$127,199
Net Assets, Beginning of Year	2,813,983	2,961,791	2,834,592
Net Assets, End of Year	**$3,081,141**	**$2,813,983**	**$2,961,791**

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides a means to assess the financial health of the University by supplying relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining whether an entity has the ability to generate future net cash flows to meet its obligations as they become due, and in determining the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, noncapital financing, investing, and capital and related financing. Table 3 provides a summarized comparison of the University's sources, uses, and changes in cash and cash equivalents.

Table 3. Summarized Comparison of Changes in Cash and Cash Equivalents (Dollars in Thousands)

	2010	2009	2008
Cash Used by Operating Activities	($365,748)	($377,861)	($379,971)
Cash Provided by Noncapital Financing Activities	552,406	545,349	546,414
Cash Provided (Used) by Investing Activities	86,112	(43,355)	(74,369)
Cash Used by Capital and Related Financing Activities	(221,668)	(22,485)	(139,582)
Net Increase (Decrease) in Cash and Cash Equivalents	$51,102	$101,648	($47,508)
Cash and Cash Equivalents, Beginning of Year	511,308	409,660	457,168
Cash and Cash Equivalents, End of Year	**$562,410**	**$511,308**	**$409,660**

The overall growth in the University is reflected in the steady decrease in the cash used by operating activities over the last three fiscal years. The steady increase in cash provided by noncapital financing activities over the last three fiscal years reflects the University's reliance on nonoperating revenue sources, such as investment earnings and gifts, to fund its operational costs. The fluctuation in noncapital financing activities and cash flows used by capital and related financing activities over the last three fiscal years reflects the financing strategy and timing of the University's capital plan, which is detailed in the following section, Capital Asset and Debt Administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Major Construction Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty and staff. Significant projects completed during Fiscal Years 2010 and 2009 are listed in Table 4 (dollars in thousands). Significant projects in progress as of June 30, 2010, are listed in Table 5 (dollars in thousands).

Table 4. Major Projects Completed (More than $2 Million)

Projects Completed in 2010	2010 Project Budget
Calumet — Student Housing, Phase II	$ 21,100
Discovery Learning Research Center	25,000
Discovery Park Site Development, Phase VI	2,400
Fort Wayne Energy Management Performance	2,454
Hillenbrand Residence Hall Dining Court Renovation	3,200
Hockmeyer Hall of Structural Biology	32,900
Krannert Building Basement and Third Floor Renovation	3,500
Niswonger Aviation Technology Building	7,800
Replacement Student Housing (First Street Towers)	52,000
Wetherill Laboratory of Chemistry Electrical Upgrade	2,000
Young Hall Exterior Recladding	6,000
Total Major Projects Completed	**$158,354**

Projects Completed in 2009	2009 Project Budget
Patty Jischke Early Care and Education Center (Child Care Center)	$3,000
Harrison Street Aerial Line Relocation	2,500
Purdue Village Community Center	3,820
Residence Halls Food Service Consolidation, Phase IV	19,800
Stewart Center Fourth Floor Renovation for Library	3,600
Total Major Projects Completed	**$32,720**

Table 5. Major Construction Projects in Progress

	2010 Project Budget
Bill and Sally Hanley Hall — Human Development	$ 11,500
Bindley Bioscience Center Addition	14,900
Boiler No. 6	53,000
Calumet Center for Hospitality and Tourism Management	4,700
Calumet Center for Innovation through Visualization and Simulation	3,700
Calumet Emerging Technologies Building	28,900
Campus-Wide Tunnel Repair and Waterproofing, Phase I	2,000
Energy Perf Contract — Brown, Stewart Center and Civil Engineering	4,504
First Street Towers West	17,700
Fort Wayne Parking Garage III	15,500
Fort Wayne Student Housing, Phase III	38,000
Fort Wayne Student Services and Library Complex	42,400
Gatewood Wing — Mechanical Engineering Building	34,500
Harrison Hall Sprinkler System and AC Renovation	11,500
Herrick Laboratory Replacement, Phase I	23,500
High Voltage Improvement, Phase II	25,100
Lilly Hall West Wing Renovations	28,550
Mackey Complex Renovation and Addition	99,500
Marriott Hall of Hospitality and Tourism Management	13,000
McCutcheon Hall Fire Protection and Air Conditioning	11,207
North Central Student Services and Activities Complex	34,700
Northwest Athletics Complex, Phase I	21,000
Printing Services and Grounds Maintenance Facility Relocation	5,500
Storm Sewer Modifications	9,500
Student Fitness and Wellness Center Renovation and Addition	98,000
Wade Boiler 6	53,000
Wade Boiler 7	7,500
Wade Utility MACT Compliance	9,000
Wang Hall of Electrical and Computer Engineering	18,000
Wetherill Air Handler Units Replacement	12,000
Windsor Residence Halls Renovation	59,600
Young Hall Floors 9 and 10 Renovation	4,455
Total Major Projects in Progress	**$815,916**

In addition, the Trustees have authorized the following major projects that had not been started as of June 30, 2010, and that may not have state approval (dollars in thousands).

Table 6. Major Projects Authorized But Not Started

Authorized in 2010	2010 Project Budget
Calumet — Powers Building Infrastructure Upgrade	$ 3,260
Center for Student Excellence and Leadership	30,000
Drug Discovery Facility	20,000
Fort Wayne Music Building Philharmonic Addition	4,500
Health and Human Sciences Research Facility	53,700
Herrick Labs Center for Advanced Acoustics Research Addition	12,500
Math Sciences Research Data Center Renovation	2,950
Total Major Project Budgets Authorized — Not Started	**$126,910**

Authorized in 2009	2009 Project Budget
Bill and Sally Hanley Hall — Human Development	$11,500
Calumet — Powers Building Infrastructure Upgrade	3,260
Total Major Projects Authorized — Not Started	**$14,760**

DEBT AND FINANCING ACTIVITIES

Bonds, Leases and Notes (Net) obligations totaled $846,774,000 and $831,071,000 as of June 30, 2010 and 2009, respectively. These obligations are nearly 66% and 68% of the total liabilities of the University in Fiscal Years 2010 and 2009 respectively. The University's debt portfolio as of June 30, 2010, consisted of $143,831,000 in variable-rate instruments, or 16.9%, compared to $702,943,000 in fixed-rate obligations. The University's debt portfolio as of June 30, 2009, consisted of $231,055,000 in variable-rate instruments, or 27.8%, compared to $600,016,000 in fixed-rate obligations. As of June 30, 2010, the University had a credit rating of Aaa under the new Global Rating Scale from Moody's Investors Service. As of June 30, 2009, the University had a credit rating of Aa under the Municipal Rating Scale from Moody's. Purdue also continued to maintain a strong rating from Standard & Poor's (AA). The University was one of only eight public higher education institutions whose Moody's credit rating was Aaa. In addition, the University's variable-rate debt received short-term ratings by Moody's of P-1 and by Standard & Poor's of A-1+. A brief discussion of major debt issued during the past two fiscal years follows below.

On March 17, 2010, Student Fee Bonds, Series Y, were issued at a par value of $74,130,000 and a premium of approximately $8,060,000. This series was issued to refund $12,175,000 of Student Fee Bonds, Series S; $13,460,000 of Student Fee Bonds, Series T; and $56,070,000 of Student Fee Bonds, Series V. As a result of the refunding, the University will reduce its aggregate debt service payments over the next 18 years by approximately $4,707,000. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $3,827,000.

On September 9, 2009, $50,395,000 of Certificates of Participation were issued, including $42,795,000 under the American Recovery and Reinvestment Act for which the University will receive a 35% interest expense credit from the federal government. These certificates were issued to provide financing for the Mackey Arena renovation.

On January 22, 2009, the University issued Student Facilities System Revenue Bonds, Series 2009A, of $35,025,000 to finance the costs for the remaining portion of the new student housing facility, First

Street Towers, on the West Lafayette campus ($3,400,000); the renovation of Windsor Residence Halls ($8,685,000); Calumet Student Housing Phase II ($16,838,000); and to refund a portion of outstanding commercial paper plus costs of issuance.

On May 21, 2009, Student Facilities System Revenue Bonds, Series 2009B, were issued in the amount of $41,525,000 to finance the Student Housing Phase III project on the Fort Wayne campus ($31,687,000), the continued renovation of Windsor Residence Halls ($8,830,000) and to refund a portion of outstanding commercial paper plus costs of issuance.

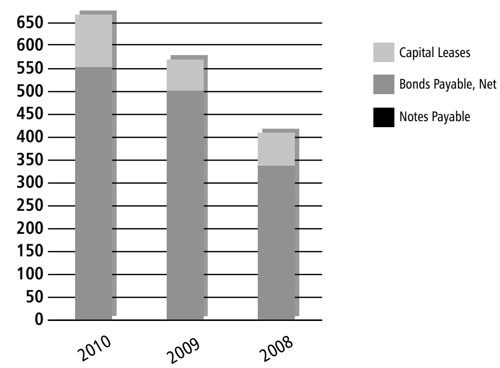
On April 9, 2009, Student Fee Bonds, Series X, were issued in the amount of $106,900,000 to finance the costs for the replacement of a boiler in the Wade Utility Plant ($53,135,000), the addition of the Roger B. Gatewood Wing of the Mechanical Engineering Building ($16,374,000), the Student Services and Library Complex on the Fort Wayne campus ($32,696,000), repair and rehabilitation projects on the West Lafayette campus ($5,346,000) and the refunding of a portion of outstanding commercial paper plus costs of issuance.

On April 1, 2008, a commercial paper agreement was negotiated with Goldman Sachs and Company. This agreement authorized a maximum borrowing of $50,000,000. During Fiscal Year 2009, approximately $32,000,000 in commercial paper was issued to fund the renovation of the east wing of Lilly Hall and the repair and rehabilitation of electrical and air handling systems in the Wetherill Laboratory of Chemistry.

Figure 6 compares the composition of long-term debt (noncurrent portion) by fiscal year.

Figure 6

Composition of Long-term Debt
(Dollars in Millions)



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Due to the continuing economic recession and its impact on state revenues, fiscal year 2011 state operating appropriations to the University have been cut $6,300,000, or 1.9%. For the 2009-11 biennium, operating cuts have totaled $22,700,000, or 6.7%. The cuts to fiscal year 2011 operating appropriations at the West Lafayette campus totaled $6,900,000, or 2.8%. The state anticipated using American Recovery and Reinvestment Act (ARRA) funds to backfill the biennial cuts on a one-time basis and fund $14,900,000 in repair and rehabilitation. However, due to the continued downturn in state revenues, only $10,300,000 of the ARRA funding has been made available to the University. The University did not rely on these funds to balance its operating budget, and instead earmarked these funds for nonrecurring expenditures such as repair and rehabilitation.

The University has submitted its 2011-13 Legislative Request for Operating Appropriations to the state, based on instructions issued from the Indiana Commission for Higher Education (ICHE) and the Indiana State Budget Agency. The request includes base adjustments for successfully completed credit hours, degree change, time to degree, low-income degree completion and research support. The instructions requested that no assumption be made for maintenance/price increases and no requests for new quality initiatives be included. Maintenance increases for personnel, supplies and expense, and institutional student aid will be considered by ICHE in setting nonbinding tuition targets along with the budget recommendation. The January 2011 legislative session will set Purdue's operating appropriation for the next biennium.

The University's student fees are set on a biennial basis. In 2009, the University approved increases of 5.0% for Indiana residents and 6.0% for nonresident students at the West Lafayette campus for fall 2010. Also approved was a $500 per academic year student success fee, which continues to be phased in for new-to-campus students. This fee is tied to strategic plan improvements for academic programs, financial aid and student success programs, as well as to attracting and retaining top faculty. Indiana undergraduate students have had $250 of this fee waived for the 2010-11 fiscal year.

Purdue's New Synergies strategic plan, adopted in June 2008, continues to position the University to meet the challenges facing humanity, grow and create opportunities for Indiana and the global economy, and enhance student learning for success in a changing world. Three major goals form the plan's foundation: launching tomorrow's leaders, promoting discovery with delivery and meeting global challenges.

In 2010, the Trustees approved a new Endowment Investment Policy, which increased the portfolio's exposure to marketable alternatives from 18.5% to 25%. This increase will be offset with a reduction in U.S. and international equities. In addition, the endowment spending rate was increased from 4.5% to 5.0% of the average ending values for the prior twelve quarters in semiannual distributions. The Trustees also approved a voluntary retirement incentive program for staff that are at least 60 years of age with at least 10 years of employment. The plan will contribute to a health reimbursement account (HRA) in the amount of $7,000 per year up to a total of $35,000, which can be used to pay health premiums and other allowable medical expenses. It is estimated that approximately 500 staff will take advantage of this program. On September 16, 2010, a new tax-exempt commercial paper series was issued with Goldman Sachs and Company as the dealer. This series authorized a maximum borrowing of $50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. This new series and the existing program referred to in Note 6 have a collective authorized maximum outstanding of $50,000,000 at one time.

Enrollment reached an all-time high at all Purdue campuses with 69,694* for the fall semester of the 2011 academic year — up from 69,355* the previous year. Enrollment at the West Lafayette campus was 39,726, an increase of 29 students. The academic quality of the freshman class at the West Lafayette campus increased for the fifth consecutive year. Cumulative SAT scores for the freshman class increased 9 points and were 18 points better than scores of the class that came to Purdue two years ago. Purdue's West Lafayette campus freshman class has 6,347 students, up from 6,171 last year.

The University is positioned to maintain its strong financial position into the future.

* Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.

STATEMENT OF NET ASSETS

	As of June 30	
	2010	2009
	(Dollars in Thousands)	
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 562,410	$ 511,308
Investments	100,130	52,929
Accounts Receivable, Net of Allowance for Uncollectible Amounts	81,261	75,957
Pledges Receivable, Net of Allowance for Uncollectible Amounts	40,047	37,421
Notes Receivable, Net of Allowance for Uncollectible Amounts	9,062	7,879
Other Assets	20,225	20,271
Total Current Assets	$ 813,135	$ 705,765
Noncurrent Assets:		
Investments	1,751,105	1,641,030
Pledges Receivable, Net of Allowance for Uncollectible Amounts	30,209	27,113
Notes Receivable, Net of Allowance for Uncollectible Amounts	44,842	46,009
Interest in Charitable Remainder Trusts	13,741	12,399
Capital Assets, Net of Accumulated Depreciation	1,712,621	1,606,709
Total Noncurrent Assets	**3,552,518**	**3,333,260**
Total Assets	**$ 4,365,653**	**$ 4,039,025**
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	103,967	99,996
Deferred Revenue	38,202	40,117
Deposits Held in Custody for Others	22,782	25,000
Securities Lending Liability	169,831	137,937
Accrued Compensated Absences	25,213	24,658
Bonds (Net), Leases and Notes Payable	178,778	260,981
Total Current Liabilities	**538,773**	**588,689**
Noncurrent Liabilities:		
Accrued Compensated Absences	32,782	28,464
Other Post-Employment Benefits	18,646	12,138
Funds Held in Trust for Others	6,345	5,743
Advances from Federal Government	19,970	19,918
Bonds (Net), Leases and Notes Payable	667,996	570,090
Total Noncurrent Liabilities	**745,739**	**636,353**
Total Liabilities	**$ 1,284,512**	**$ 1,225,042**

STATEMENT OF NET ASSETS *(CONTINUED)*

	As of June 30	
	2010	**2009**
	(Dollars in Thousands)	
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	$ 984,844	$ 964,652
Restricted		
Nonexpendable		
Instruction and Research	225,154	211,648
Student Aid	180,470	162,723
Other	25,061	23,654
Total Nonexpendable	$ 430,685	$ 398,025
Expendable		
Instruction, Research and Public Service	163,331	155,851
Student Aid	69,501	64,208
Auxiliary Enterprises	2,640	3,799
Construction	50,770	68,832
Other	361,617	291,416
Total Expendable	647,859	584,106
Unrestricted	**1,017,753**	**867,200**
Total Net Assets	**$ 3,081,141**	**$ 2,813,983**

See Accompanying "Notes to the Financial Statements."

Niswonger Aviation Technology Building

COMPONENT UNIT

Statement of Financial Position

	Purdue Research Foundation Statement Reported as of June 30, 2010 (Dollars in Thousands)
ASSETS:	
Cash and Cash Equivalents	$14,630
Accounts and Other Receivables	15,558
Pledges Receivable	505
Investments in Securities	647,132
Notes Receivable	1,293
Investment in Affiliates	9,378
Real Estate	160,678
Less Accumulated Depreciation	(24,876)
Net Real Estate	$135,802
Other Assets and Equipment	$11,212
Less Accumulated Depreciation	(6,282)
Net Other Assets and Equipment	$4,930
Interest in Charitable Remainder Trusts	$20,919
Interest in Charitable Perpetual Trusts	13,488
Total Assets	$863,635
LIABILITIES AND NET ASSETS:	
Accounts Payable	$15,970
Net Funds Held as Custodian	44,432
Bonds Payable	79,345
Mortgages and Notes Payable	5,406
Gift Annuity Payable	3,527
Other Liabilities	4,390
Total Liabilities	$153,070
NET ASSETS:	
Unrestricted	$92,298
Board Designated	–
Temporarily Restricted	498,596
Permanently Restricted	119,671
Total Net Assets	**$710,565**
Total Liabilities and Net Assets	**$863,635**

Neil Armstrong Hall of Engineering

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	For the Year Ending June 30	
	2010	2009
	(Dollars in Thousands)	
Operating Revenues		
Tuition and Fees	$700,118	$641,327
Less: Scholarship Allowance	(84,695)	(67,233)
Net Tuition and Fees (pledged, see Note 6)	$615,423	$574,094
Federal Grants	13,217	14,464
County Grants	6,932	9,486
Grants and Contracts	339,392	285,347
Sales and Services	64,509	56,598
Auxiliary Enterprises (net of scholarship allowance of $11,900 and $9,438 respectively, pledged, see note 6)	220,023	213,044
Other Operating Revenues	3,881	3,465
Total Operating Revenues	**$1,263,377**	**$1,156,498**
Operating Expenses		
Compensation and Benefits	1,172,492	1,119,862
Supplies and Services	388,288	391,221
Depreciation Expense	112,629	112,244
Scholarships, Fellowships and Student Awards	65,231	57,331
Total Operating Expenses	**$1,738,640**	**$1,680,658**
Net Operating Loss	**(475,263)**	**(524,160)**
Nonoperating Revenues (Expenses)		
State Appropriations	387,561	393,250
Grants and Contracts	66,634	42,978
Private Gifts	70,354	99,395
Investment Income (Loss)	211,720	(169,206)
Interest Expense	(24,718)	(22,412)
Other Nonoperating Revenues, Net	3,782	4,404
Total Nonoperating Revenues before Capital and Endowments	**$715,333**	**$348,409**
Capital and Endowments		
Capital Gifts	20,009	12,190
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	28,046	18,138
Plant Assets Retired and Insurance Recoveries	(1,627)	(2,385)
Total Capital and Endowments	**$46,428**	**$27,943**
Total Nonoperating Revenues	**761,761**	**376,352**
Cumulative Effect of Change in Accounting Policy		
Assets under Capitalization Level Written Off	(19,340)	–
INCREASE (DECREASE) IN NET ASSETS	$267,158	$(147,808)
Net Assets, Beginning of Year	2,813,983	2,961,791
Net Assets, End of Year	$3,081,141	$2,813,983

See Accompanying "Notes to the Financial Statements."

COMPONENT UNIT

STATEMENT OF ACTIVITIES

	Purdue Research Foundation Statement Reported as of June 30, 2010 (Dollars in Thousands)
Revenue and Support	
Amount Received for Purdue University Research Projects	$ 1,592
Less Payments to Purdue University	(1,592)
Administrative Fee on Research Projects	–
Contributions	$20,662
Income on Investments	11,717
Net Unrealized and Realized Gains	72,646
Increase in Interests in Charitable Trusts	1,079
Rents	8,504
Royalties	4,075
Other	3,004
Funded Endowed Chairs	–
Net Assets Released from Restrictions	–
Total Revenue and Support	**$ 121,687**
Expenses and Losses	
Expenses for the Benefit of Purdue University	
Contributions to Purdue University	$ 17,066
Patent and Royalty	3,540
Grants	10,265
Services for Purdue University	2,633
Development Office	566
Other	2,547
Total Expenses for the Benefit of Purdue University	**$ 36,617**
Administrative and Other Expenses	
Salaries and Benefits	$ 8,639
Property Management	7,524
Professional Fees	3,849
Supplies	362
Interest	4,242
Research Park	736
Other	6,283
Total Administrative and Other Expenses	**$ 31,635**
Change in Net Assets	$ 53,435
Net Assets, Beginning of Period	657,130
Net Assets, End of Period	**$710,565**

STATEMENT OF CASH FLOWS

	For the Year Ending June 30	
	2010	2009
	(Dollars in Thousands)	
Cash Flows by Operating Activities		
Tuition and Fees, Net of Scholarship Allowances	$613,890	$567,491
Federal Appropriations	13,217	14,464
County Appropriations	6,932	9,486
Grants and Contracts	334,518	288,203
Sales and Services	63,486	59,682
Auxiliary Enterprises, Net of Scholarship Allowances	220,398	213,055
Other Operating Revenues	593	12,110
Compensation and Benefits	(1,163,287)	(1,101,248)
Supplies and Services	(391,725)	(382,404)
Scholarships, Fellowships and Student Awards	(64,250)	(57,331)
Student Loans Issued	(7,749)	(7,773)
Student Loans Collected	8,229	6,404
Cash Used by Operating Activities	**$(365,748)**	**$(377,861)**
Cash Flows by Noncapital Financing Activities		
State Appropriations	387,561	401,853
Grants and Contracts	66,634	42,978
Gifts for Other than Capital Purposes	93,700	100,369
Funds Held in Trust for Others	695	(4,587)
Other Nonoperating Revenues, Net	3,816	4,736
Cash Provided by Noncapital Financing Activities	**$552,406**	**$545,349**
Cash Flows by Investing Activities		
Purchases of Investments	(6,291,124)	(7,497,963)
Proceeds from Sales and Maturities of Investments	6,331,009	7,395,628
Interest and Dividends on Investments, Net	46,227	58,980
Cash Provided (Used) by Investing Activities	**$86,112**	**$(43,355)**
Cash Flows by Capital and Related Financing Activities		
Debt Repayment	(116,181)	(122,607)
Capital Debt Proceeds	134,123	312,186
Interest Expense	(28,557)	(22,535)
Capital Gifts Received	13,113	17,087
Construction or Purchase of Capital Assets	(224,166)	(206,616)
Cash Used by Capital and Related Financing Activities	**$(221,668)**	**$(22,485)**
Net Increase (Decrease) in Cash and Cash Equivalents	51,102	101,648
Cash and Cash Equivalents, Beginning of Year	511,308	409,660
Cash and Cash Equivalents, End of Year	**$562,410**	**$511,308**

STATEMENT OF CASH FLOWS *(CONTINUED)*

Reconciliation of Cash Used for Operating Activities (Indirect Method)

	For the Year Ending June 30	
	2010	**2009**
	(Dollars in Thousands)	
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$(475,263)	$(524,160)
Depreciation Expense	112,629	112,244
Noncash Investing, Capital and Financing Activities	489	9,171
Changes in Assets and Liabilities:		
Accounts Receivable	(4,963)	1,661
Notes Receivable	(15)	(842)
Other Assets	10	(3,238)
Accrued Compensated Absences	11,381	6,828
Accounts Payable	(2,646)	14,461
Deferred Revenue	(8,472)	5,097
Deposits Held in Custody for Others	1,050	1,051
Advances from Federal Government	52	(134)
Cash Used by Operating Activities	**$(365,748)**	**$(377,861)**

See Accompanying "Notes to the Financial Statements."

Bindley Bioscience Center

For the Fiscal Year Ending June 30, 2010

NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION:

Established in 1869, Purdue University (the University) is the land-grant university for the state of Indiana. The University is a comprehensive, degree-granting research university with 27 schools and colleges on its main campus in West Lafayette and the following regional campuses:

- Indiana University-Purdue University Fort Wayne
- Purdue University Calumet
- Purdue University North Central

In addition to its academic programs offered at the above campuses, the University offers learning and other assistance programs at several other locations in the state of Indiana through:

- College of Technology Statewide Technology Program
- College of Agriculture Purdue Extension
- Technical Assistance Program

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees (the Trustees). The selection of these trustees is prescribed in Indiana Code IC 21-23-3. Three of the trustees are selected by the Purdue Alumni Association. The other seven trustees are selected by the governor. Two of the trustees must be involved in agricultural pursuits, and one must be a full-time student of the University. All trustees serve for a period of three years, except for the student member, who serves for two years.

REPORTING ENTITY:

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

The Purdue Foundation Inc. was created in 1979 as a separately incorporated, not-for-profit entity. The primary purpose of the foundation is the solicitation, receipt and acceptance of gifts, donations and bequests of funds and other property for the benefit of the University. The foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The University is the sole beneficiary of The Purdue Foundation. Complete financial statements for the foundation can be obtained by writing to: The Purdue Foundation, 1281 Win Hentschel Blvd., West Lafayette, IN 47906.

Ross-Ade Foundation was created in 1923 as a separately incorporated, not-for-profit entity. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Blvd., West Lafayette, IN 47906.

As additionally required by GASB Statement No. 39, "Determining Whether Certain Organizations

Are Component Units," organizations that raise and hold economic resources for the direct benefit of the University are included in the reporting entity as discretely presented component units.

Purdue Research Foundation (PRF) was created in 1930 as a separately incorporated, not-for-profit entity. Its primary purpose is to promote the educational purpose of the University; award scholarships, grants or other financial assistance to students and faculty; seek, acquire and hold gifts and endowments for the needs of the University; and acquire property or facilities for the future use or benefit of the University. PRF is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. PRF includes the wholly owned subsidiary McClure Park LLC, which is a for-profit Indiana corporation that was formed to acquire, construct, lease, operate, convey and mortgage real estate and personal property of every kind and any interest therein. McClure Park wholly owns single member limited liability subsidiaries and participates in several limited liability corporations primarily accounted for using the equity method. PRF reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, "Financial Reporting of Not-for-Profit Organizations." As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the University's financial report for these differences. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Hentschel Blvd., West Lafayette, IN 47906.

The University has an association with Indiana University-Purdue University Indianapolis but is not financially accountable for the organization and does not have primary access to its resources. Accordingly, this organization has not been included in the University's financial statements.

RELATIONSHIP TO STATE OF INDIANA:

The University is also a component unit of the state of Indiana and is one of seven public universities in the state. The University receives funding from the state for operations, repair and maintenance, and debt service. Its nonexempt employees participate in the state's public employees retirement program.

TAX-EXEMPT STATUS:

The income generated by the University, as an instrument of the state, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2010 and 2009.

BASIS OF PRESENTATION:

The financial statements of the University have been prepared in accordance with the principles contained in GASB Statement No. 34, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments" as amended by GASB Statement No. 35, "Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities."

During fiscal year 2010, the University adopted GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"; GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments"; and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." During fiscal year 2009, the University adopted GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations"; GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments"; GASB Statement No. 55, "The

Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"; and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

Effective July 1, 2009, the University increased its capitalization threshold for movable equipment from $2,500 to $5,000 and recognized a related cumulative effect of change in accounting policy.

BASIS OF ACCOUNTING:

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The University applies all applicable GASB pronouncements. In addition, the University has chosen to only apply Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents. Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, securities lending cash collateral and certain investments with maturities of three months or less as of the balance sheet date. It is the University's practice to invest operating cash balances and bond proceeds in investments of varying maturity dates. Investments, exclusive of endowment funds, that are included in cash equivalents represent short-term, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity date that they present insignificant risk of changes in value because of changes in interest rates. Cash purchases and sales of those types of investments are part of the University's cash management activities rather than part of its operating, capital, investing and financing activities; details of these transactions are not reported in the Statement of Cash Flows.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value as of June 30, 2010. Fair value is generally based on quoted market price, except for certain investments — primarily private equity partnerships, hedge funds and similar alternative investments — for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers within the past fiscal year through June 30. Because alternative investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market value for such investments existed. Investments, exclusive of endowment funds, may be classified current or noncurrent, depending on the individual investments' maturity date as of June 30. Endowment funds are primarily included in noncurrent investments, with the exception of amounts designated for distribution.

Accounts Receivable. Accounts receivable primarily represent grant, contract and student payments due the University and are shown net of an allowance for doubtful accounts.

Pledges Receivable. Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations or promises of endowment funds. An allowance for uncollectible pledges is calculated based on the University's experience.

Notes Receivable. Notes receivable primarily represent student loan repayments due the University and are presented net of an allowance for doubtful accounts.

Inventories. Inventories are composed of (1) consumable supplies and items held for resale or recharge within the University, (2) fuel for consumption, and (3) livestock and grain. The inventory of coal and limestone is valued on the Last In/First Out (LIFO) basis. Oil inventory is valued using the weighted-average method. Consumable supplies and items for resale are priced on a moving-average basis. Cattle and grain inventories are valued at market. Other miscellaneous inventories are generally valued on the First In/First Out (FIFO) basis. Agricultural commodities are reported using the consumption method and are measured by physical count. Consumable supplies and items held for resale are reported using the purchase method and are measured using the moving average cost method.

Prepaid Expenses. Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, equipment leases, services of consultants, subscriptions and certain subcontracts.

Interest in Charitable Remainder Trusts. The PRF Trust Funds are various revocable and irrevocable trusts established for the benefit of the University, the Purdue Research Foundation, the former Purdue Alumni Foundation and affiliates. The Purdue Research Foundation acts as trustee for these trusts. The Internal Revenue Service has determined that the PRF Trust Funds are exempt from federal income tax as defined in Sections 642 and 664 of the Internal Revenue Code.

The University records its interest in PRF's Trusts' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. The University's discretely presented component unit reflects their respective PRF Trust interest on the Statement of Financial Position. As of June 30, 2010 and 2009, the fair value of funds held by PRF Trusts for the University was approximately $24,299,000 and $20,407,000 respectively. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added and the maturation and liquidation of existing trusts.

Capital Assets. Capital assets are stated at cost or fair market value at the date of the gift. Items are capitalized when their value exceeds the threshold shown in the table below and their estimated useful life is greater than one year. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the table below. Capital assets are removed from the records at the time of disposal.

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. Interest incurred during the construction phase is included as part of the value of the construction in progress.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Property Class	Threshold	Useful Life
Movable Equipment (including fabricated equipment)	$5,000*	More than one year
Buildings and Related Components	$100,000	10-50 years
Intangible Assets	$500,000	Varies
Land Improvements	$100,000	Varies
Infrastructure	$100,000	Varies

* Effective July 1, 2009, the moveable equipment threshold was increased to $5,000 from $2,500.

Accrued Compensated Absences. Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the balance sheet date. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation of up to 320 hours. For all classes of employees, vacation is payable upon termination. An estimate of sick leave liability is recorded for regular clerical and service staff based on historical termination payments. Upon meeting the definition of an official University retiree, regular clerical and service staff are eligible to receive cash payments for 25% of all unused sick leave up to and including 520 hours and 100% of all hours over 520. The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

Deferred Revenue. Deferred revenue consists primarily of cash received from grant and contract sponsors that has not yet been earned under the terms of the agreement. Deferred revenue also includes amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

Deposits Held in Custody for Others. Deposits of affiliates and others represent cash and invested funds held by the University as a result of agency relationships with various groups. Noncurrent deposits of affiliates represent the portion of endowment and similar funds held by the University on behalf of others.

Funds Held in Trust for Others. The University holds life income funds for beneficiaries of the pooled income fund, charitable remainder trusts and the gift annuity program. These funds generally pay lifetime income to beneficiaries, after which the principal is made available to the University in accordance with donor intentions. All life income fund assets, including those held in trust, are recorded at fair value net of related liabilities for the present value of estimated future payments due to beneficiaries.

Net Assets. University resources are classified for accounting and financial reporting purposes into four net asset categories:

- Invested in capital assets, net of related debt: Resources resulting from capital acquisition or construction, net of accumulated depreciation and net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

- Restricted-nonexpendable: Net assets subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the University's permanent and term endowment funds and are categorized as instruction and research, student aid, and other.

- Restricted-expendable: Net assets that may be spent provided certain third-party restrictions are met. The following categories of restricted-expendable net assets are presented: instruction, research and public service; student aid; auxiliary enterprises; construction; and other. As of June 30, 2010, approximately 88%, or $316,562,000, of the "other" category resulted from undistributed gain on endowment funds and the fair value of funds functioning as endowments where the donor has restricted the use of the funds for a particular purpose. Neither component is available for general institutional use.

- Unrestricted: Net assets not subject to externally imposed stipulations pertaining to their use. Management may designate that these funds will be spent for certain projects or programs or to fulfill certain long-term goals. Management has designated substantially all unrestricted net assets for academic and capital purposes.

Intrauniversity Transactions. Intrauniversity transactions are eliminated from the statements to avoid double counting of certain activities. Examples of these transactions are internal loans and sales and services between University departments.

Classification of Revenues and Expenses. The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues:** Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as Intercollegiate Athletics and Housing and Food Services), sales and service operations, federal land-grant appropriations and county appropriations.

- **Operating Expenses.** Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent and staff spouse fee remissions are included with compensation and benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses and Changes in Net Assets. Functional reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.

- **Nonoperating Revenues and Expenses.** Revenues and related expenses that do not meet the definition of operating revenues, capital revenues or endowment additions. They are primarily derived from activities that are non-exchange transactions and from activities defined as such by the GASB cash flow standards. Examples include state appropriations, private gifts, investment income and certain federal financial aid. Nonoperating expenses primarily include interest on short-term and long-term borrowings.

Application of Restricted and Unrestricted Resources. When both restricted and unrestricted resources are available for a particular expenditure, University departments may select the most appropriate fund source based on individual facts and circumstances. The University, as a matter of policy, does not require funds to be spent in a particular order, only that the expenditure be allowable, allocable and reasonable to the fund source selected. Restricted funds are categorized as restricted until the external stipulations have been satisfied.

Tuition and Fees. Tuition and fees assessed to students are reported net of scholarship allowances. Scholarship allowances represent amounts credited to students' tuition and fees and include scholarships, Pell Grants and various other types of aid. Student loans are not included in this calculation. Aid applied to housing is shown as an allowance against auxiliary revenues. Aid remitted directly to students is shown as scholarships, fellowships and student awards expenses. Graduate and other employment-related remissions are included with compensation and benefits expenses.

Grants and Contracts. The University has been awarded grants and contracts for which the monies have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors — both government and other — to provide funds for specific research and training projects.

The University makes commitments to share in the cost of various sponsored projects. Funds to satisfy these commitments are designated when grants and contracts are awarded. As sponsor dollars are spent, the University matches according to the terms of the agreement.

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of the gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $2,133,000 and $12,247,000 was recognized during the years ending June 30, 2010 and 2009, respectively.

Student Aid. Monies received that are restricted by donors for aid to students are reported in the financial statements as gifts. When aid is awarded to students, it is either reflected as a scholarship allowance or expense. Monies received from donors who have specified the recipient are reported as deposits.

Use of Estimates. To prepare the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain prior-year amounts have been reclassified to conform to the presentation used in the current year.

NOTE 2 — DEPOSITS AND INVESTMENTS

Deposits. As of June 30, 2010 and 2009, the bank balance of the University's deposits (demand deposit accounts) was approximately $80,985,000 and $4,853,000 respectively. Federal depository insurance

Schleman Hall "green roof"

covered $250,000 of this amount. The remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investments. Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on November 10, 2006, authorize the treasurer of the Trustees to implement investment activity. The investment policy, as approved by the Trustees, outlines parameters for investment activity for the University. The University had the following investments (dollars in thousands):

Investment Type	June 30, 2010	June 30, 2009
U.S. Agencies	$67,149	$91,156
Asset-Backed Securities	42,031	35,437
Corporate Bonds	357,432	379,199
U.S. Equity	349,666	301,569
International Equity	186,052	164,108
International Fixed Income	13,913	9,025
Marketable Alternatives	172,918	151,520
Mortgage-Backed Securities	176,287	191,230
Private Equity	122,550	79,090
Real Estate	11,855	12,431
U.S. Treasuries and Securities	217,119	122,607
Securities Lending Cash Collateral	169,831	137,937
Mutual Funds and Cash	445,857	525,105
Total	**$2,332,660**	**$2,200,414**

Investment Policies, Interest Rate, and Credit Risks. The University's cash management investment policy outlines the parameters for cash management investment activity for the University. The Board of Trustees approved this policy on April 11, 2008. Authorized investments (exclusive of endowment funds) include obligations of the United States government, its agencies and its instrumentalities. Also included are commercial paper (rated A1/P1 or better); federally insured bank obligations (rated A or better); tri-party repurchase agreements; asset-backed securities (rated at least AAA or equivalent); corporate notes, bonds or securities (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; and high-yield bonds (minimum credit quality of BB-/Ba3). All ratings must be by a nationally recognized rating agency. Portfolios will be invested in securities that result in a weighted average credit quality rating of at least "AA" or better as recognized by a national rating agency. The portfolio will be positioned to maintain sufficient liquidity to meet the operating needs of the University. Funds not required to meet cash needs will be invested over a longer-term horizon.

Invested bond proceeds follow investment practices in compliance with arbitrage regulations and generally have maturities of three years or less. These investments are readily available to match expected construction expenditures.

The University's investment policy for endowments outlines the parameters for endowment investments for the University. The Board of Trustees approved this policy on December 15, 2007. For the University's endowment pool, as a partial hedge against prolonged economic contraction, a commitment to intermediate and long-term bonds should be maintained. The Investment Committee has adopted a target allocation of 15% for the Fixed Income fund. Portfolios will be invested in securities that result in a weighted average credit quality rating of at least "AA" or better.

The University had the following fixed-income investments and maturities on June 30, 2010 and 2009 (dollars in thousands):

June 30, 2010	**Maturity**				
Sector	**0-1 year**	**1-5 years**	**6-10 years**	**>10 years**	**Totals**
U.S. Agencies	$5,009	$38,372	$23,768	–	$67,149
Asset-Backed Securities	–	30,784	8,407	2,840	42,031
Corporate Bonds	13,168	210,876	87,866	45,522	357,432
International Fixed Income	–	10,672	–	3,241	13,913
Mortgage-Backed Securities	521	2,367	38,535	134,864	176,287
U.S. Treasuries and Securities	92,941	91,981	32,197	–	217,119
Securities Lending Cash Collateral	169,831	–	–	–	169,831
Mutual Funds and Cash	423,468	38,598	3,767	61,009	526,842
Total	**$704,938**	**$423,650**	**$194,540**	**$247,476**	**$1,570,604**

June 30, 2009	**Maturity**				
Sector	**0-1 year**	**1-5 years**	**6-10 years**	**>10 years**	**Totals**
U.S. Agencies	$13,409	$27,121	$42,949	$7,677	$91,156
Asset-Backed Securities	–	24,283	3,748	7,406	35,437
Corporate Bonds	11,806	241,813	101,315	24,265	379,199
International Fixed Income	–	6,835	2,190	–	9,025
Mortgage-Backed Securities	–	5,630	7,747	177,853	191,230
U.S. Treasuries and Securities	32,443	68,885	12,495	8,784	122,607
Securities Lending Cash Collateral	137,937	–	–	–	137,937
Mutual Funds and Cash	393,100	54,958	44,713	37,187	529,958
Total	**$588,695**	**$429,525**	**$215,157**	**$263,172**	**$1,496,549**

The distribution of investment securities by credit ratings is summarized below (dollars in thousands):

	June 30, 2010		**June 30, 2009**	
AAA	$610,165	26.2%	$564,498	25.8%
AA	83,428	3.6%	93,547	4.3%
A	190,039	8.1%	191,498	8.7%
BAA	114,815	4.9%	98,657	4.5%
BA	32,970	1.4%	30,919	1.4%
B	4,031	0.2%	8,092	0.4%
CA	–	0.0%	1,589	0.1%
CAA	4,270	0.2%	2,020	0.1%
Unrated	1,292,942	55.4%	1,209,594	55.0%
Total	**$2,332,660**	**100.0%**	**$2,200,414**	**100.3%**

Investment Custodial Credit Risk. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, are not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. The University does not have a formal policy for custodial credit risk. As of June 30, 2010 and 2009, all investments were held in University accounts at the University's custodial banks with the exception of private placements and investments in limited partnerships that totaled approximately $307,323,000 and $243,041,000 respectively.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the Investment Committee. Please refer to the Investment Type table for the University's exposure to international investments. In addition to those investments, the University estimates international exposure in its alternative investments of approximately $40,770,000 and $28,829,000 as of June 30, 2010 and 2009, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. As of June 30, 2010 and 2009, no single investment of the University exceeded 5% of total investments.

Donor-Restricted Endowments. The University's endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. As of June 30, 2010, the approved spending policy distributes 4.5% of the average of the ending values for the prior twelve quarters in semiannual distributions. The distribution includes both income and equity components. As of June 30, 2010 and 2009, accumulated market appreciation of the pool was approximately $282,286,000 and $202,154,000 respectively. Of these amounts, 33.18% and 27.4% represent appreciation attributable to donor-restricted (true and term) endowments during the years ended June 30, 2010 and 2009, respectively. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the University's Board of Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.

Securities Lending. The treasurer of the University, in accordance with policies established by the Board of Trustees, has entered into an agreement with a trust company to participate in a securities-lending program. The market value of the cash collateral is recorded as an asset in the Statement of Net Assets along with a corresponding liability. As of June 30, 2010 and 2009, the University had securities involved in loans with a market value of approximately $166,348,000 and $135,069,000 respectively. These loans were supported by collateral of approximately $170,325,000 and $137,937,000 as of June 30, 2010 and 2009, respectively. The collateral amounts included cash of approximately $169,831,000 and $137,937,000, as of June 30, 2010 and 2009, respectively, which are included in cash and cash equivalents in the Statement of Net Assets. Acceptable non-cash collateral totaled approximately $494,000 as of June 30, 2010, and there was none as of June 30, 2009. The University does not have the ability to pledge or sell the non-cash collateral received except in the case of borrower default. Non-cash collateral is not included in the University's Statement of Net Assets. Securities lending of domestic securities is cash collateralized on the contract date at 102%, and foreign securities are cash collateralized at 105%. Credit risk is calculated as the aggregate of the lender's exposures to individual borrowers or on individual loans. As of June 30, 2010 and 2009, the University had no aggregate credit risk. However, although collateralized, the University would bear the risk if the cash collateral were impaired.

The University and the borrowers of its securities maintain the right to terminate all securities-lending transactions on demand. The cash collateral received on each loan is invested, together with the cash collateral of other lenders, in a co-mingled investment pool owned by the custodian. The maximum weighted maturity of the fund is 90 days. Since the loans may be called on demand, their duration does not generally match the duration of the investment made with the cash collateral. If the University had to terminate a term loan, the lending agent has the ability to substitute the same security from a different client while returning the University's security. During the years ended June 30, 2010 and 2009, income from its participation in this securities-lending program was approximately $555,000 and $2,557,000 respectively. The expense was approximately $316,000 and $1,589,000 during the years ended June 30, 2010 and 2009, respectively. Net income to the University from this program was approximately $239,000 and $968,000 during the years ended June 30, 2010 and 2009, respectively. Under the securities-lending agreement, the custodian remits to the University earnings less rebate fees and expenses on a monthly basis.

NOTE 3 — ACCOUNTS, PLEDGES AND NOTES RECEIVABLE

Accounts and notes receivable consisted of the following (dollars in thousands):

	June 30, 2010	June 30, 2009
Grants and Contracts	$47,371	$40,670
Student and General	22,128	22,418
Other Accrued Revenues	15,267	15,977
Less: Allowance for Doubtful Accounts	(3,505)	(3,108)
Total Accounts Receivable, Net	**$81,261**	**$75,957**

	June 30, 2010	June 30, 2009
Pledges Receivable	$72,893	$67,305
Less: Allowance for Doubtful Pledges	(2,637)	(2,771)
Total Pledges Receivable	70,256	64,534
Less: Noncurrent Portion	(30,209)	(27,113)
Pledges Receivable, Current Portion	**$40,047**	**$37,421**

	June 30, 2010	June 30, 2009
Perkins Loans	$26,121	$27,087
Student Loans, Other Notes	28,094	26,983
Less: Allowance for Doubtful Loans	(311)	(182)
Total Notes Receivable	$53,904	$53,888
Less: Noncurrent Portion	(44,842)	(46,009)
Notes Receivable, Current Portion	**$9,062**	**$7,879**

NOTE 4 — CAPITAL ASSETS

Capital asset activity is summarized below (dollars in thousands). Interest that qualified for interest capitalization was approximately $6,433,000 and $2,180,000 during the years ended June 30, 2010 and 2009, respectively.

Capital Assets Activity	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets, Not Being Depreciated:				
Land	$23,256	$378	–	$23,634
Construction in Progress	237,727	210,532	243,206	205,053
Total, Capital Assets, Not Being Depreciated	$260,983	$210,910	$243,206	$228,687
Capital Assets, Being Depreciated:				
Land Improvements	63,736	6,512	–	70,248
Infrastructure	62,778	916	–	63,694
Buildings	1,897,016	219,846	65	2,116,797
Equipment	503,539	44,810	98,925	449,424
Software	59,230	–	4,336	54,894
Total, Capital Assets, Being Depreciated	$2,586,299	$272,084	$103,326	$2,755,057
Less Accumulated Depreciation:				
Land Improvements	46,565	2,749	–	49,314
Infrastructure	23,166	4,066	–	27,232
Buildings	821,365	69,681	5	891,041
Equipment	327,296	31,089	78,390	279,995
Software	22,181	5,044	3,684	23,541
Total Accumulated Depreciation	$1,240,573	$112,629	$82,079	$1,271,123
Total Capital Assets, Net of Accumulated Depreciation	$1,606,709	$370,365	$264,453	$1,712,621

Capital Assets Activity	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Capital Assets, Not Being Depreciated:				
Land	$22,721	535	–	$23,256
Construction in Progress	137,698	188,065	88,036	237,727
Total, Capital Assets, Not Being Depreciated	$160,419	$188,600	$88,036	$260,983
Capital Assets, Being Depreciated:				
Land Improvements	63,194	542	–	63,736
Infrastructure	59,939	2,839	–	62,778
Buildings	1,832,159	64,857	–	1,897,016
Equipment	486,267	41,682	24,410	503,539
Software	59,230	–	–	59,230
Total, Capital Assets, Being Depreciated	$2,500,789	$109,920	$24,410	$2,586,299
Less Accumulated Depreciation:				
Land Improvements	43,885	2,680	–	46,565
Infrastructure	19,011	4,155	–	23,166
Buildings	758,936	62,716	287	821,365
Equipment	312,848	36,246	21,798	327,296
Software	15,734	6,447	–	22,181
Total Accumulated Depreciation	$1,150,414	$112,244	$22,085	$1,240,573
Total Capital Assets, Net of Accumulated Depreciation	**$1,510,794**	**$186,276**	**$90,361**	**$1,606,709**

NOTE 5 —ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (dollars in thousands):

	June 30, 2010	June 30, 2009
Construction Payables	$26,823	$23,263
Accrued Insurance Liabilities	26,333	21,226
Interest Payable	13,174	10,416
Accrued Salary and Wages	5,172	12,189
Vendor and Other Payables	32,465	32,902
Total Accounts Payable	**$103,967**	**$99,996**

Accrued Insurance Liabilities. The University is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, the University's risk retention is $250,000 per occurrence. There is a $1,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. The maximum liability to the University for job-related illnesses or injuries is $500,000 per incident, with a maximum annual aggregate liability of $7,000,000.

Separate funds have been established to account for these risks. All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2010 and 2009, the University reflected approximately $280,000 and $66,000 respectively of insurance proceeds as nonoperating income.

The University accrues liabilities for claims if information indicates that a loss has been incurred as of June 30 and the amount of the loss can reasonably be estimated. Changes in the balances of accrued insurance liabilities were as follows (dollars in thousands):

	June 30, 2010	June 30, 2009
Beginning Liability	$21,226	$11,350
Claims Incurred	133,197	98,275
Claims Payments	(128,090)	(88,399)
Ending Liability	**$26,333**	**$21,226**

NOTE 6 — DEBT RELATED TO CAPITAL ASSETS

Debt liability activity is summarized below (dollars in thousands):

Debt-Related Liabilities	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion
Commercial Paper	$34,386	–	$537	$33,849	$33,849
Notes Payable	464	$1,018	177	1,305	208
Bonds Payable	723,009	82,190	111,696	693,503	140,892
Leases Payable to Affiliated Foundations	73,212	50,915	6,010	118,117	3,829
	$831,071	**$134,123**	**$118,420**	**$846,774**	**$178,778**

Debt-Related Liabilities	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion
Commercial Paper	$10,000	$40,000	$15,614	$34,386	$34,386
Notes Payable	$1,230	–	766	464	177
Bonds Payable	554,640	271,053	102,684	723,009	221,390
Leases Payable to Affiliated Foundations	77,220	1,133	5,141	73,212	5,028
	$643,090	**$312,186**	**$124,205**	**$831,071**	**$260,981**

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman Sachs and Company. This agreement authorized a maximum borrowing of $50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. The University can set the maturity dates up to 270 days. As of June 30, 2010 and 2009, the balance outstanding was $33,849,000 and $34,386,000 respectively.

Notes Payable. As of June 30, 2010 and 2009, notes outstanding of approximately $1,305,000 and $464,000, respectively, represent financing for various activities.

On March 1, 1998, an Energy Savings Loan Agreement was negotiated with Bank One, now JPMorgan Chase & Co. This agreement authorized a maximum line of credit of approximately $10,000,000 to borrow for the costs of qualified energy savings projects through December 31, 2001. Projects included both capital and non-capital improvements to the physical plant. Individual notes may have either a fixed or floating interest rate with maturities not extending beyond 2011. The outstanding balance of these notes, all of which have floating interest rates, was approximately $287,000 as of June 30, 2010, and $464,000 as of June 30, 2009. The interest rate for the notes was 1.74% and 1.72% as of June 30, 2010 and 2009, respectively. The floating-rate notes can be reset at the University's option every one, two, three or six months and is based on the London Interbank Offered Rate (LIBOR) at the reset dates.

On June 10, 2010, the University entered into a loan agreement with PRF to refinance its capital lease with PRF. This agreement authorized the transfer of the Schneider Avenue building from PRF to the Calumet campus in exchange for the original promise to pay approximately $1,140,000 over 13 annual payments. The outstanding balance of this note was approximately $1,018,000 as of June 30, 2010. The interest rate for the note was 8.00% as of June 30, 2010.

Leases Payable. Leases payable consisted of the following items (dollars in thousands):

Issue	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2010	Outstanding June 30, 2009
Certificates of Participation with Ross-Ade:					
Series 1998	1998	3.20%-5.25%	1999-2015	$4,070	$4,775
Series 2006	2006	4.00%-5.25%	2007-2027	54,595	58,245
Series 2009A	2009	2.50%-5.00%	2012-2015	7,600	–
Series 2009B	2009	4.07%-5.96%	2016-2031	42,795	–
Leases with Purdue Research Foundation:					
Academic Learning Center	2004	3.00%-5.00%	2005-2030	7,150	7,375
Woodmar Clinic	2008	11.82%	2009-2010	—	1,117
				116,210	71,512
Net Unamortized Premiums and Deferred Costs				1,907	1,700
Total				**$118,117**	**$73,212**

As of June 30, 2010 and 2009, long-term debt included amounts relating to properties leased from either the Ross-Ade Foundation or Purdue Research Foundation with a net book value (net of accumulated depreciation) of approximately $101,003,000 and $96,121,000 respectively.

On September 9, 2009, $50,395,000 of Certificates of Participation were issued. The Certificates of Participation consist of a tax-exempt series and a taxable series. The Tax-Exempt Certificates of Participation, Series 2009A, have an original principal amount of $7,600,000. The Taxable Certificates of Participation, Series 2009B (Build America Certificates Direct Pay Option), have an original principal amount of $42,795,000. The Series 2009B Certificates were issued under the American Recovery and Reinvestment Act, and the University will receive from the federal government a 35% interest expense credit. These certificates were issued to provide financing for the Mackey Arena renovation.

Bonds Payable. Bonds payable consisted of the following issues (dollars in thousands):

Issue	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2010	Outstanding June 30, 2009
Student Facilities System Revenue Bonds:					
Series 2003A	2003	4.00%-5.38%	2004-2014	$23,390	$27,750
Series 2003B	2003	2.00%-4.25%	2005-2018	5,355	5,655
Series 2004A	2004	0.22% *	2008-2033	27,900	28,000
Series 2005A	2005	0.19% *	2005-2029	20,870	21,585
Series 2007A	2007	5.00%-5.25%	2014-2029	61,865	61,865
Series 2007B	2007	4.00%-5.0%	2008-2032	25,850	26,470
Series 2007C	2007	0.19% *	2010-2032	60,925	61,725
Series 2009A	2009	3.50%-5.0%	2009-2034	34,960	35,025
Series 2009B	2009	3.00%-5.00%	2010-2035	41,525	41,525
Student Fee Bonds:					
Series H	1993	2.78%-5.25%	1998-2015	7,200	8,100
Series K	1995	2.20%-5.63%	1997-2020	12,600	13,500
Series L	1995	3.00%-5.63%	1997-2020	11,000	11,800
Series N	1998	3.55%-5.50%	1998-2014	14,855	17,930
Series O	1998	2.68%-5.63%	2000-2019	20,750	22,510
Series P	1998	4.00%-5.25%	1999-2017	31,930	35,430
Series Q	2000	2.63%-6.00%	2002-2010	2,090	4,060
Series R	2002	3.00%-5.38%	2002-2023	13,885	14,560
Series S	2004	*	2007-2026	–	12,625
Series T	2004	*	2008-2027	–	13,990
Series U	2005	3.50%-5.25%	2006-2022	34,800	34,900
Series V	2005	*	2008-2027	–	58,280
Series W	2006	4.00%-5.00%	2007-2026	38,115	39,610
Series X	2009	2.00%-5.50%	2009-2028	104,185	106,925
Series Y	2010	2.00%-5.00%	2010-2027	74,130	–
				668,180	703,820
Net Unamortized Premiums and Deferred Costs				25,323	19,189
Total				**$693,503**	**$723,009**

*Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2010.

The Student Facilities System Revenue Bonds are secured by a pledge of auxiliary revenues and any other available income, except student fees and state appropriations, and the Student Fee Bonds are secured by a pledge of mandatory student fees. Mandatory student fees (net of scholarship allowance) were approximately $615,423,000 and $574,094,000 during the year ended June 30, 2010 and 2009, respectively.

As of June 30, 2010 and 2009, the University had approximately $109,695,000 and $196,205,000 respectively included in Current Liabilities related to Student Fee demand bonds (Series S, Series T and Series V), backed by student fees, and Student Facility System Revenue demand bonds (Series 2004A, Series 2005A and Series 2007C), backed by certain auxiliary revenues and other available funds, maturing serially through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35.

The proceeds of the bonds were used to (a) provide funds for certain capital improvements, (b) refund certain interim financing, (c) provide for construction period interest for a portion of the bonds, and (d) pay costs incurred to issue the bonds. The anticipated redemption schedule for these bonds is included in the scheduled debt payments table.

On March 17, 2010, Student Fee Bonds, Series Y, were issued at a par value of $74,130,000 and a premium of approximately $8,060,000. This series was issued to refund $12,175,000 of Student Fee Bonds, Series S; $13,460,000 of Student Fee Bonds, Series T; and $56,070,000 of Student Fee Bonds, Series V. As a result of the refunding, the University will reduce its aggregate debt service payments over the next 18 years by approximately $4,707,000. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $3,827,000.

On May 21, 2009, Student Facilities System Revenue Bonds, Series 2009B, were issued in the amount of $41,525,000. This series was issued to finance the costs for the student housing project on the Fort Wayne campus, the continued renovation of Windsor Residence Halls and refunding a portion of outstanding commercial paper.

On April 9, 2009, Student Fee Bonds, Series X, were issued in the amount of $106,925,000. This series was issued to finance the costs for a replacement boiler in the Wade Utility Plant, addition of the Roger B. Gatewood Wing to the Mechanical Engineering Building, the Student Services and Library Complex on the Fort Wayne campus, repair and rehabilitation projects on the West Lafayette campus and refunding a portion of outstanding commercial paper.

On January 22, 2009, Student Facilities System Revenue Bonds, Series 2009A, were issued in the amount of $35,025,000. This series was issued to finance the costs for the remaining portion of the new student housing facility at the West Lafayette campus, continued renovation of Windsor Residence Halls, Calumet Student Housing and refunding a portion of outstanding commercial paper.

The University may direct a change in the type of interest rate borne by the variable-rate bonds, in whole or in part, at any time from the weekly rate to a rate determined pursuant to one of six additional interest rate modes: a daily rate, a monthly rate, a quarterly rate, a semiannual rate, or a term rate (each an "adjustable rate"), or a fixed rate in accordance with the procedures provided in the indenture. However, if the bonds are converted in whole or in part to a fixed rate, the interest rate on the bonds so converted may not be subsequently changed to an adjustable rate.

The variable-rate bonds are subject to purchase on the demand of the holder, a "put," at a price equal to principal plus accrued interest, on seven days' notice and delivery to the University's remarketing agent. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

If within one day of the put date the remarketing agent is unable to resell any bonds that are put, the University is required to provide the funds to satisfy the repurchase of the bonds at 100% par value, plus interest accrued to the settlement date of the put. The University has chosen to provide self-liquidity in the event of a put from any holder of these bonds.

Scheduled payments related to the debt for capital assets for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2011	$34,883	$32,669	$67,552
2012	$72,565	$30,962	$103,527
2013	$40,955	$29,120	$70,075
2014	$43,256	$27,169	$70,425
2015	$41,488	$25,316	$66,804
2016-2020	$187,071	$101,700	$288,771
2021-2025	$182,991	$60,772	$243,763
2026-2030	$159,320	$21,170	$180,490
2031-2035	$54,830	$3,405	$58,235
2036	$2,185	–	$2,185
	$819,544	$332,283	$1,151,827
Net Unamortized Premiums and Deferred Costs	27,230	–	27,230
Total	**$846,774**	**$332,283**	**$1,179,057**

Defeased Bond Issues. The University defeased bond issues by prepayment or by issuing new debt as shown below (dollars in thousands). United States Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments when due, through maturity, and have been deposited in irrevocable trusts with the trustee. Neither the defeased bonds nor the related trusts are reflected on the University's books.

	Final Maturity/	Amount Outstanding	
Description of Bonds	**Call Date**	**June 30, 2010**	**June 30, 2009**
Student Fee and Facilities:			
Building Facilities Fee Bonds	7/1/2009	–	$1,165
Student Fee Bonds, Series Q	7/1/2010	$34,955	34,955
Student Facilities System Revenue Bonds, Series 2003A	7/1/2013	48,345	48,345
Student Facilities System Revenue Bonds, Series 2003B	7/1/2013	17,950	17,950
Certificates of Participation, Issued by Ross-Ade Foundation:			
Certificates of Participation, Series 2001A	7/1/2011	55,215	57,060

Direct Financing Lease. In 1998, the University agreed to refinance the construction of the Animal Disease Diagnostic Laboratory (ADDL) Building and lease it to the Indiana Department of Administration on behalf of the Indiana State Board of Animal Health. Lease payments are equal to the University's debt service payments. Nonrecourse bonds of approximately $10,830,000 were issued to the Indiana Bond Bank, secured solely by lease payments from the Indiana Department of Animal Health through annual appropriations for this purpose from the state of Indiana. The University's rights to receive lease payments have been assigned to the Trustees for the Indiana Bond Bank. As of June 30, 2010 and 2009, the outstanding amount of these bonds was approximately $1,495,000 and $2,435,000 respectively. The ADDL Building, the lease receivable and the bonds payable are not reflected on the University's books.

Operating Leases. The University has entered into various operating leases for buildings and equipment. Net expenses for rent under these leases for the year ending June 30, 2010 and 2009, were approximately $10,336,000 and $10,905,000 respectively.

NOTE 7— OTHER DEBT INFORMATION

Other debt information is summarized below (dollars in thousands):

Long-term Liabilities	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion
Accrued Compensated Absences	$53,122	$29,531	$24,658	$57,995	$25,213
Other Post-Employment Benefits	12,138	12,750	6,242	18,646	–
Funds Held in Trust for Others	5,743	4,566	3,964	6,345	–
Advances from Federal Government	19,918	62	10	19,970	–
Total	**$90,921**	**$46,909**	**$34,874**	**$102,956**	**$25,213**

Long-term Liabilities	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Current Portion
Accrued Compensated Absences	$52,297	$25,469	$24,644	$53,122	$24,658
Other Post-Employment Benefits	6,134	11,297	5,293	12,138	–
Funds Held in Trust for Others	7,556	3,992	5,805	5,743	–
Advances from Federal Government	20,052	–	134	19,918	–
Total	**$86,039**	**$40,758**	**$35,876**	**$90,921**	**$24,658**

Other Post-Employment Benefits. The University offers medical insurance for those retirees 55 or older who have at least 10 years of service and whose age and years of service are equal to or are greater than 70. Early retirees are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy. After the retiree reaches the age of 65, the program is no longer offered.

Purdue also offers a long-term disability program, which includes retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. After the employee reaches the age of 65, the program is no longer available. The income benefit liability for employees disabled before January 1, 2004, was transferred to an insurance carrier, and all future disability income benefit liability is now fully insured.

The post-retirement medical plans are single-employer plans administered by the University, as authorized by the Board of Trustees, and are financed on a pay-as-you-go basis. Purdue's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The actuarial assumptions included are shown on the following pages. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a 20-year period.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following tables show the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the University's net OPEB obligation (dollars in thousands):

Determination of Annual Required Contribution (ARC)

Cost Element	For Fiscal Year Ending June 30,2010	For Fiscal Year Ending June 30,2009
Normal Cost	$7,752	$6,578
Amortization of the Unfunded		
Actuarial Accrued Liability	5,197	4,785
Total Annual Required Contribution (End of Year)	**$12,949**	**$11,363**

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2008	$11,014	$4,880	44%
June 30, 2009	$11,297	$5,293	47%
June 30, 2010	$12,750	$6,242	49%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)
January 1, 2007	$0	$72,948	$72,948	0%
January 1, 2009	$0	$76,492	$76,492	0%

Net OPEB Obligation (NOO)

Actuarial Valuation Date	Fiscal Year End	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Year (g)
January 1, 2007	June 30, 2008	$11,014	$0	$0	$11,014	$4,880	$6,134	$6,134
January 1, 2007	June 30, 2009	$11,363	$307	($373)	$11,297	$5,293	$6,004	$12,138
January 1, 2009	June 30, 2010	$12,949	$607	($806)	$12,750	$6,242	$6,508	$18,646

Valuation Date	1-Jan-09
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Amortization Method	20 Years from Date of Establishment, Closed, Level Percent of Pay
Asset Valuation Method	N/A, No Assets in Trust

Actuarial Assumptions:		
Discount Rate	5%	
Projected Payroll Increases	3%	
Health Care Cost Trend Rate:		
Medical	10%	Graded to 5% over 7 Years
Prescription Drugs	10%	Graded to 5% over 7 Years
Vision	3%	
Administrative Costs	5%	

Plan Membership:	January 1, 2009
Current Retirees and Surviving Spouses	275
Current Disabled	192
Current Active Members	12,081
Total	**12,548**

NOTE 8 — OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification are summarized as follows (dollars in thousands):

Operating Expenses by Function for the Year Ending June 30, 2010

	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction and Departmental Research	$546,553	$67,569	–	–	$614,122
Organized Activities Related to Instruction and Research	11,859	10,043	–	–	21,902
Sponsored Research	123,690	62,322	–	–	186,012
Other Separately Budgeted Research	17,512	1,975	–	–	19,487
Extension and Public Service	79,834	62,309	–	–	142,143
Academic Support	13,117	13,739	–	–	26,856
Student Services	34,894	7,465	–	–	42,359
Physical Plant Operations and Maintenance	84,613	46,738	–	–	131,351
General Administration	81,540	24,733	–	–	106,273
General Institutional Services	49,969	12,881	–	–	62,850
Depreciation	–	–	$112,629	–	112,629
Student Aid	–	819	–	$65,231	66,050
Auxiliary Enterprises	128,911	77,695	–	–	206,606
Total	**$1,172,492**	**$388,288**	**$112,629**	**$65,231**	**$1,738,640**

Operating Expenses by Function for the Year Ending June 30, 2009

	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction and Departmental Research	$549,495	$93,073	–	–	$642,568
Organized Activities Related to Instruction and Research	11,415	10,267	–	–	21,682
Sponsored Research	123,157	53,377	–	–	176,534
Other Separately Budgeted Research	15,110	2,138	–	–	17,248
Extension and Public Service	70,282	41,696	–	–	111,978
Academic Support	13,640	13,889	–	–	27,529
Student Services	33,903	8,748	–	–	42,651
Physical Plant Operations and Maintenance	79,176	44,378	–	–	123,554
General Administration	76,546	22,396	–	–	98,942
General Institutional Services	45,333	11,160	–	–	56,493
Depreciation	–	–	$112,244	–	112,244
Student Aid	–	787	–	$57,331	58,118
Auxiliary Enterprises	101,805	89,312	–	–	191,117
Total	**$1,119,862**	**$391,221**	**$112,244**	**$57,331**	**$1,680,658**

NOTE 9 — RETIREMENT PLANS

Authorization. Authorization to establish retirement plans is stated in Indiana Code IC 21-38-7.

All Employees. University employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). During the years ended June 30, 2010 and 2009, the University's cost was approximately $50,507,000 and $49,903,000, respectively, under this program.

Faculty and Administrative/Professional Staff. Faculty, professional and certain administrative employees of the University participate in a defined contribution plan administered through the Teachers Insurance and Annuity Association (TIAA). Benefit provisions are established and/or amended by the Trustees. The plan purchases individual annuity contracts for members and provides for immediate vesting. Faculty and management personnel participate immediately upon employment; all others must satisfy a three-year waiting period. The University contributes 11% of each participating employee's salary up to $9,000 and 15% of the salary above $9,000. Employee contributions are not required but may be made on a voluntary basis. For the years ended June 30, 2010 and 2009, the University made contributions totaling approximately $73,277,000 and $70,846,000, respectively, to this plan. For the years ended June 30, 2010 and 2009, there were 6,767 and 6,587 employees, respectively, participating in TIAA with annual pay equal to approximately $464,692,000 and $451,130,000, respectively.

Three-Year-Trend Information (dollar amounts in thousands)

Plan*	Fiscal Year Ending 30-Jun	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded (Excess) Actuarial Liability	Funded Ratio	Annual Covered Payroll	Liability to Payroll	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
PERF†	2007	190,984	187,822	(3,162)	101.7%	131,341	(2.4%)	7,829	89.1%	(7,932)
	2008	204,286	207,956	3,670	98.2%	138,063	2.7%	7,859	106.4%	(8,434)
	2009	182,104	209,699	27,595	86.8%	146,097	18.9%	9,059	99.1%	(8,353)
Police/Fire	2007	19,679	19,984	305	98.5%	4,854	6.3%	528	122.2%	(117)
	2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	83.6%	112
	2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	74.6%	229

*Data for 2010 not available from actuaries.

†University portion only.

PERF. Regular clerical and service staff employed at least half-time participate in the Public Employees Retirement Fund (PERF), a retirement program administered by an agency of the state of Indiana. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the state of Indiana. There are two parts to this plan: an annuity savings plan to which the University contributes 3% of the employee's salary and a defined benefit agent multi-employer plan to which the University currently contributes 6.5% of the employee's salary. Employee contributions are not required but may be made on a voluntary basis. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. For the years ended June 30, 2010 and 2009, there were 5,239 and 5,329 employees, respectively, participating in PERF. The University made contributions to this plan totaling approximately $13,915,000 and $13,475,000 for the years ending June 30, 2010 and 2009, respectively.

The required employer's contribution was determined as part of the July 1, 2008, actuarial valuation using the entry age normal cost method. The actuarial assumptions included: (a) 7.25% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% per year, and (c) 1.5% per year cost-of-living adjustments. Actuarial information related to the University's portion of the plan is disclosed later in this note.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Public Employees Retirement Fund, Harrison Building, Room 800, 143 W. Market Street, Indianapolis, IN 46204; calling 317-233-4162; or visiting www.in.gov/perf.

Police/Fire. A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Trustees on March 13, 1990, and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Benefit provisions are established and/or amended by the Trustees. The program is an agent single-employer defined benefit plan administered through the Teachers Insurance and Annuity Association (TIAA). The plan provides for vesting after the completion of 10 years of covered employment, and employees are eligible for normal retirement benefits after the completion of 20 years of covered employment and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a nonprobationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF. For the years ending June 30, 2010 and 2009, there were 109 and 106 employees, respectively, participating in Police/Fire.

Employees covered by this plan are required to make contributions equal to 3% of the current salary for a nonprobationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2009. Because the plan was implemented on a retroactive basis to cover all current police officers and firefighters, the University has an unfunded actuarial liability of approximately $3,164,000 as of July 1, 2009, and $1,427,000 as of July 1, 2008, which is being amortized over a 30-year period. The actual amount contributed by the University was approximately $670,000 and $573,000 for the years ending June 30, 2010 and 2009, respectively. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 7% investment rate of return, (b) projected salary increases of 4% per year, and (c) 3% per year cost-of-living adjustments.

Financial reports related to this plan may be obtained by writing to: Public Records Officer, Purdue University, Freehafer Hall, 401 S. Grant Street, West Lafayette, IN 47907-2024.

Cooperative Extension Service. As of June 30, 2010 and 2009, there were 41 and 48 staff members, respectively, with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System.

NOTE 10 — RELATED PARTY

The University has entered into an agreement with the Alfred Mann Institute for Biomedical Development. The institute's charitable mission includes the intensive development of technology originating from the University's inventors in order to enhance public benefit from Purdue technology. As of June 30, 2010 and 2009, the University received approximately $2,523,000 and $1,279,000 respectively from the institute.

In addition to items listed in Note 6, Debt Related to Capital Assets, PRF provided grants, contracts and gifts to the University totaling approximately $28,394,000 and $30,187,000 as of June 30, 2010 and 2009, respectively.

NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS

Legal Actions. In the normal course of its activities, the University is a party in various legal actions. Although it is involved in a number of claims, the University does not anticipate significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions, the University believes that the outcome thereof will not have a material effect on the financial statements.

Construction Projects. As of June 30, 2010 and 2009, contractual obligations for capital construction projects were approximately $129,425,000 and $133,633,000, respectively.

Natural Gas Procurement. The University has entered into various forward contracts to purchase natural gas at a specified time in the future at a guaranteed price. This activity allows the University to plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower than the price at which the University is committed to buy. This would reduce the value of the contract. The University could sell the forward contract at a loss and then buy natural gas on the open market. The University is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty should the University have to procure natural gas on the open market.

Limited Partnership Agreements. Under the terms of various limited partnership agreements approved by the University's Board of Trustees, the University is obligated to make periodic payments for commitments to venture capital, private equity, natural resources and real estate investments over the next several fiscal years. As of June 30, 2010 and 2009, the University had the following unfunded commitments: approximately $55,045,000 and $55,518,000 respectively to around 40 private equity/venture capital managers; $18,401,000 and $15,560,000 respectively to approximately 10 private real estate managers; $33,637,000 and $22,686,000 respectively to approximately 15 natural resource managers; and $398,000 and $618,000 respectively to the Indiana Future Fund. These amounts are not included as liabilities in the Statement of Net Assets. Outstanding commitments are estimated to be paid based on the capital calls from the individual managers, subject to change due to market conditions, as shown in the table below (dollars in thousands).

Fiscal Year	Amount
2009-2010	$26,870
2010-2011	26,870
2011-2012	26,870
2012-2013	26,870

NOTE 12 — SUBSEQUENT EVENTS

On July 9, 2010, the Board of Trustees approved a new Endowment Investment Policy. The new policy increased the portfolio's exposure to marketable alternatives from 18.5% to 25%. This increase will be offset with a reduction in U.S. and international equities. In addition, the endowment's spending rate was increased from 4.5% to 5.0% of the average ending values for the prior twelve quarters in semiannual distributions. It is anticipated that annual distributions will increase approximately $8,000,000.

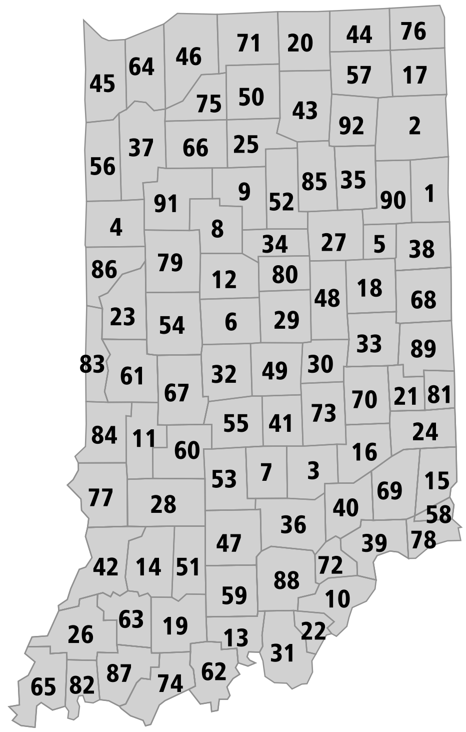
On August 30, 2010, the Board of Trustees approved a voluntary retirement incentive program for staff who are at least 60 years of age with at least 10 years of employment. The plan will contribute to a health reimbursement account (HRA) equal to $7,000 per year up to a total of $35,000 that can be used to pay health premiums and other allowable medical expenses. It is estimated that approximately 500 staff will take advantage of this program.

On September 16, 2010, a new tax-exempt commercial paper series was issued with Goldman Sachs and Company as the dealer. This series authorized a maximum borrowing of $50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. This new series and the existing program referred to in Note 6 have a collective authorized maximum outstanding of $50,000,000 at one time.

IN-STATE ENROLLMENT (UNAUDITED)

Total In-State Enrollment by County, Fall 2009–2010 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 69,355 students for the 2009–2010 fall semester. The breakdown was: West Lafayette, 39,697; Calumet, 10,133; Fort Wayne, 13,675; North Central, 4,463; and Technology Statewide, 1,387. (The enrollment figures do not include 4,964 Purdue University students at Indiana University-Purdue University Indianapolis.) Although students came to Purdue from all over the world, 73% systemwide came from within Indiana.



	County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
1	**Adams**	71	434	1	506
2	**Allen**	963	7281	1	8245
3	**Bartholomew**	235	1	82	318
4	**Benton**	110	2	3	115
5	**Blackford**	21	21	1	43
6	**Boone**	420	3	5	428
7	**Brown**	18	0	3	21
8	**Carroll**	143	2	13	158
9	**Cass**	125	29	20	174
10	**Clark**	109	3	65	177
11	**Clay**	35	1	2	38
12	**Clinton**	191	10	45	246
13	**Crawford**	8	0	1	9
14	**Daviess**	35	0	0	35
15	**Dearborn**	132	2	2	136
16	**Decatur**	95	0	37	132
17	**DeKalb**	113	597	1	711
18	**Delaware**	144	40	9	193
19	**Dubois**	125	3	2	130
20	**Elkhart**	412	279	46	737
21	**Fayette**	25	1	20	46
22	**Floyd**	122	1	36	159
23	**Fountain**	89	0	5	94
24	**Franklin**	89	1	15	105
25	**Fulton**	71	73	6	150
26	**Gibson**	54	0	1	55
27	**Grant**	104	0	9	113
28	**Greene**	52	0	1	53
29	**Hamilton**	1706	37	27	1770
30	**Hancock**	229	4	10	243
31	**Harrison**	35	0	26	61
32	**Hendricks**	549	9	29	587
33	**Henry**	68	9	15	92
34	**Howard**	328	37	121	486
35	**Huntington**	92	394	1	487
36	**Jackson**	84	0	23	107
37	**Jasper**	171	244	0	415
38	**Jay**	21	24	6	51
39	**Jefferson**	58	0	5	63
40	**Jennings**	31	2	12	45
41	**Johnson**	321	0	17	338
42	**Knox**	74	2	1	77
43	**Kosciusko**	204	668	3	875
44	**Lagrange**	32	0	1	33
45	**Lake**	1579	7948	1	9528
46	**LaPorte**	297	1937	0	2234
47	**Lawrence**	72	0	5	77
48	**Madison**	181	22	54	257
49	**Marion**	1788	62	35	1885
50	**Marshall**	151	85	15	251
51	**Martin**	18	1	1	20
52	**Miami**	83	48	21	152
53	**Monroe**	155	18	0	173
54	**Montgomery**	182	5	10	197
55	**Morgan**	147	4	5	156
56	**Newton**	59	39	0	98
57	**Noble**	82	610	0	692
58	**Ohio**	9	0	0	9
59	**Orange**	27	1	3	31
60	**Owen**	24	0	0	24
61	**Parke**	32	0	0	32
62	**Perry**	18	1	2	21
63	**Pike**	8	0	0	8
64	**Porter**	713	2398	0	3111
65	**Posey**	46	0	1	47
66	**Pulaski**	76	57	0	133
67	**Putnam**	70	1	2	73
68	**Randolph**	53	7	6	66
69	**Ripley**	65	0	11	76
70	**Rush**	45	0	3	48
71	**St. Joseph**	745	187	106	1038
72	**Scott**	14	0	8	22
73	**Shelby**	95	0	5	100
74	**Spencer**	44	0	2	46
75	**Starke**	57	168	0	225
76	**Steuben**	71	303	0	374
77	**Sullivan**	17	0	0	17
78	**Switzerland**	8	0	0	8
79	**Tippecanoe**	4150	40	120	4310
80	**Tipton**	60	0	17	77
81	**Union**	6	1	1	8
82	**Vanderburgh**	285	0	0	285
83	**Vermillion**	25	0	7	32
84	**Vigo**	127	3	5	135
85	**Wabash**	43	0	2	45
86	**Warren**	45	0	0	45
87	**Warrick**	155	3	2	160
88	**Washington**	29	0	9	38
89	**Wayne**	124	0	52	176
90	**Wells**	83	0	0	83
91	**White**	203	8	14	225
92	**Whitley**	64	512	0	576
	Total	20544	24683	1254	46481

ACKNOWLEDGEMENTS

The following staff members of the Department of Accounting Services, Office of the Comptroller, prepared the 2009-2010 Financial Report and the included financial statements.

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KAY L. PARKER — *Manager of Financial Reporting*

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ANDREA SIEBECKER — *Gift Funds Accountant*

STACY L. UMLAUF — *Chart of Accounts Manager*

LESLIE M. WAMPLER — *Property Accounting Administrator*

MATTHEW D. WESTHUIS — *Assistant Comptroller*

JAMES P. WILEY — *Plant Agency and Auxiliary Funds Accountant*

JOANN WILEY — *Manager of Endowment, Plant, and Auxiliary Funds*

PURDUE UNIVERSITY

An equal access/equal opportunity university

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APPENDIX C-1

FORM OF SERIES Z-1 APPROVING OPINION OF BOND COUNSEL

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November 23, 2010

The Trustees of Purdue University
West Lafayette, Indiana

The Bank of New York Mellon Trust Company,
N.A., as Trustee
Indianapolis, Indiana

Barclays Capital Inc., as representative
of the Underwriter
New York, New York

Re: Tax Exempt Purdue University Student Fee Bonds, Series Z-1 (the "Bonds") issued by The Trustees of Purdue University (the "Corporation") pursuant to an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended, and as further supplemented by a Twenty-Seventh Supplemental Indenture dated as of November 1, 2010 (collectively, the "Indenture") to The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"); Principal amount $68,320,000

Ladies and Gentlemen:

We have examined a transcript of the proceedings had by the Corporation relative to the authorization, issuance and sale of the Bonds to provide funds for the financing, refinancing or reimbursing of the Projects (as defined in the Indenture) and for the refunding of the Refunded Bonds (as defined in the Indenture), as certified by the Secretary or Assistant Secretary of the Corporation, and the Indenture as executed and delivered for the purpose of securing the payment of the Bonds and the interest thereon.

We have relied upon a certified transcript of proceedings and other certificates and representations of the Corporation, including the tax covenants and representations (the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

Based on the foregoing and our review of such other information, papers and documents as we believe necessary or advisable, we are of the opinion that:

(1) The Indenture has been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Corporation, enforceable in accordance with its terms.

(2) The Bonds have been duly authorized, executed and issued and are the valid and binding obligations of the Corporation, enforceable in accordance with their terms.

(3) Under existing laws, judicial decisions, regulations and rulings, the interest on the Bonds is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Bonds from state income taxes.

(4) Under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed as individuals and corporations, but is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum income tax on certain corporations. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

It is to be understood that the rights of the owners of the Bonds, the Corporation and the Trustee and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is also to be understood that the rights of the owners of the Bonds, the Corporation and the Trustee and the enforceability of the Bonds and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

Very truly yours,

APPENDIX C-2

FORM OF SERIES Z-2 APPROVING OPINION OF BOND COUNSEL

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November 23, 2010

The Trustees of Purdue University
West Lafayette, Indiana

The Bank of New York Mellon Trust Company, N.A., as Trustee
Indianapolis, Indiana

Barclays Capital Inc., as representative of the Underwriter
New York, New York

Re: Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds - Direct Pay Option) in the aggregate principal amount of $100,705,000 (the "Series Z-2 Bonds") issued by The Trustees of Purdue University (the "Corporation") pursuant to an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended, and as further supplemented by a Twenty-Seventh Supplemental Indenture dated as of November 1, 2010 (collectively, the "Indenture"), both between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee")

Ladies and Gentlemen:

We have examined a transcript of the proceedings had by the Corporation relative to (i) the authorization, issuance and sale of the Series Z-2 Bonds to provide funds for the financing, refinancing or reimbursing of the Projects (as defined in the Indenture), as certified by the Secretary or the Assistant Secretary of the Corporation, and (ii) the Indenture as executed and delivered for the purpose of securing the payment of the Series Z-2 Bonds and the interest thereon.

We have relied upon a certified transcript of proceedings and other certificates and representations of the Corporation, including the tax covenants and representations (the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

Based on the foregoing and our review of such other information, papers and documents as we believe necessary or advisable, we are of the opinion that:

(1) The Indenture has been duly authorized, executed and delivered by the Corporation, and assuming due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Corporation, enforceable in accordance with its terms.

(2) The Series Z-2 Bonds have been duly authorized, executed and issued and are the valid and binding obligations of the Corporation, enforceable in accordance with their terms.

(3) Under statutes, decisions, regulations and rulings existing on this date, the interest on the Series Z-2 Bonds is exempt from income taxation in the State of Indiana.

This opinion relates only to the exemption of interest on the Series Z-2 Bonds from state income taxes.

It is to be understood that the rights of the owners of the Series Z-2 Bonds, the Corporation and the Trustee and the enforceability of the Series Z-2 Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is also to be understood that the rights of the owners of the Series Z-2 Bonds, the Corporation and the Trustee and the enforceability of the Series Z-2 Bonds and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

This opinion is intended to comply with the United States Treasury Department Circular 230, revised and effective as of June 21, 2005. Investors are urged to obtain independent tax advice regarding the Bonds based upon their particular circumstances. This opinion was written to support the promotion or marketing of the Bonds. This opinion was not intended or written to be used, and cannot be used, to avoid federal tax penalties.

Very truly yours,

APPENDIX D

SUBSTANTIALLY FINAL FORM OF AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING AGREEMENT dated as of November 1, 2010 (the "Restated Undertaking") to a Continuing Disclosure Undertaking Agreement made as of July 1, 1996, as previously supplemented and amended (the "Original Agreement"), by The Trustees of Purdue University (the "Obligor") for the purpose of permitting various Underwriters (as hereinafter defined) of the Obligations (as hereinafter defined) issued by the Obligor from time to time to purchase such Obligations in compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "SEC Rule") as amended;

WITNESSETH THAT:

WHEREAS, each Underwriter, by its agreement to purchase any Obligations from time to time, accepts and assents to this Restated Undertaking and the exchange of (i) such agreement for (ii) the promises of Obligor contained herein, and hereby assigns all its rights hereunder, as promisee, to the holders of Obligations or Beneficial Owners (as those terms are hereinafter defined);

NOW, THEREFORE, in consideration of the payment for and acceptance of any Obligation by the Underwriters of such Obligations, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligor hereby promises to each Underwriter of any Obligations as follows:

Section 1. <u>Definitions</u>. The words and terms defined in this Restated Undertaking shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, shall have the meanings assigned to them in the SEC Rule.

(1) "Beneficial Owner" or any Obligation means any owner of a beneficial interest in such Obligation.

(2) "Bondholder" or "holder" or any similar term, when used with reference to an Obligation or Obligations, means any person who shall be the registered owner of any outstanding Obligation.

(3) "Final Official Statement" means, with respect to any Obligations, the final Official Statement relating to such Obligations, including any document or set of documents included by specific reference to such document or documents previously provided to or filed with the Municipal Securities Rulemaking Board ("MSRB").

(4) "Obligated Person" means any person, including the Obligor, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or a part of the obligations on the Obligations (other than providers of municipal bond insurance, letters of

credit, or other liquidity facilities). All Obligated Persons with respect to Obligations currently are identified in Section 4 below.

(5) "Obligations" means the various obligations of The Trustees of Purdue University, as listed on Exhibit A, as the same shall be amended or supplemented from time to time.

(6) "Underwriter" or "Underwriters" means, with respect to any Obligations, the underwriter or underwriters of such Obligations pursuant to the applicable purchase agreement for such Obligation.

Section 2. Obligations; Removal of Counterparty. (a) This Restated Undertaking applies to the Obligations.

(b) NBD Bank, N.A. (and its successors), Counterparty in the Original Agreement, is hereby removed as Counterparty and released of its duties thereunder. There shall be no Counterparty under this Restated Undertaking.

Section 3. Term. The term of this Restated Undertaking extends from the date of delivery of the Original Agreement by the Obligor to the earlier of (i) the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, all Obligations or (ii) the date all Obligations are defeased under the respective trust indentures.

Section 4. Obligated Persons. (a) The Obligor hereby represents and warrants as of the date hereof that it is the only Obligated Person with respect to the Obligations. If the Obligor is no longer committed by contract or other arrangement to support payment of the Obligations, such person shall no longer be considered an Obligated Person within the meaning of the SEC Rule and the continuing obligation under this Restated Undertaking to provide annual financial information and notices of events shall terminate with respect to such person.

(b) The Obligor has never failed to comply with its obligations under any previous undertaking agreement specified in paragraph (b)(5)(i) of the SEC Rule.

Section 5. Provision of Annual Financial Information. (a) The Obligor hereby undertakes to provide, with respect to any Obligations, the following annual financial information, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed by the MSRB:

(1) To the MSRB, when and if available, the audited financial statements of the Obligor for each fiscal year of the Obligor, beginning with the fiscal year ending June 30, 2011, together with the auditor's report and all notes thereto; and

(2) To the MSRB, within 180 days of the close of each fiscal year of the Obligor, beginning with the fiscal year ending June 30, 2011, annual financial information for the Obligor for such fiscal year, other than the audited financial statements described in (1) above, including (i) unaudited financial statements of the Obligor if audited financial statements are not then available and (ii) operating data (excluding any demographic information or forecasts) of the general type

included under the following headings in a Final Official Statement relating to such Obligations (collectively, the "Annual Information"); provided, however, that the updating information may be provided in such format as the Obligor deems appropriate:

FACILITIES AND SYSTEM
ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS
(or corollary sections) (Estimated Total Debt Service Column Only)
APPENDIX A - Enrollment
APPENDIX A - Student Admissions
APPENDIX A - Tuition and Fees
APPENDIX A - Financial Operations of the Corporation
APPENDIX A - State Appropriations
APPENDIX A - Student Financial Aid
APPENDIX A - Endowment and Similar Funds
APPENDIX A - Related Foundations
APPENDIX A - Fund Raising Activity
APPENDIX A - Grants and Contracts
APPENDIX A - Other Outstanding Indebtedness
APPENDIX A - Physical Property

(b) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 5 no longer can be provided because the operations to which they relate have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the MSRB, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(c) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide any component of Annual Information, because it is not available to the Obligor on the date by which Annual Information is required to be provided hereunder, shall not be deemed to be a breach of this Restated Undertaking. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(d) Annual Information or audited financial statements required to be provided pursuant to this Section 5 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to the MSRB. Any information included by reference shall also be (i) available to the public on MSRB's Internet Web site or (ii) filed with the Securities and Exchange Commission.

Section 6. Accounting Principles. The accounting principles pursuant to which the Obligor's financial statements will be prepared shall be generally accepted accounting principles applicable to public colleges and universities, as in effect from time to time, those described in the auditors' report and the notes accompanying the audited financial statements of the Obligor included in Appendix A to the Final Official Statement or those mandated by State law from time to time, or any other accounting principles which do not, in the determination of the Obligor, materially deviate from any of such accounting principles.

Section 7. Reportable Events. (a) The Obligor undertakes to disclose (in a timely manner within ten (10) business days after occurrence) the occurrence of any of the following events with respect to any Obligations to the MSRB, in each case (i) in an electronic format as prescribed by MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or material events affecting the tax-exempt status of such Obligations;
(7) modifications to the rights of owners of such Obligations, if material;
(8) Obligation calls, if material;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of such Obligations, if material;
(11) rating changes;
(12) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of such Obligations;
(13) tender offers;
(14) bankruptcy, insolvency, receivership or similar event of the Obligor;
(15) the consummation of a merger, consolidation, or acquisition, involving the Obligor, or the sale of all or substantially all of the assets of the Obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
(16) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Determinations of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws, as then in existence.

(c) The Obligor may from time to time choose to provide notice of the occurrence of any other event, in addition to those listed above, if such other event is material with respect to any Obligations and should be disclosed (which determination of materiality shall be made by the Obligor in accordance with the standards established by the federal securities laws), but the Obligor does not commit to provide any such notice of the occurrence of any material event except those events set forth above.

Section 8. Notice to Trustee; Form of Filing. (a) The Obligor will give to the trustee of any Obligations a notice of any filing under Sections 5, 7, or 10 hereof with respect to such Obligations or notice of failure to disclose Annual Information which it files or causes to be filed under Sections 5, 7 and 10 hereof with respect to such Obligations, respectively, concurrently with or prior to such filing. Such notice may be made by electronic or facsimile transmission.

(b) If such disclosure is made pursuant to Section 5(a)(1) hereof, such disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in substantially the form of "Exhibit B" hereto. If such disclosure is made pursuant to Section 5(a)(2) hereof, such disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in substantially the form of "Exhibit C" hereto. If such disclosure is made pursuant to Section 7 hereof, such disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in substantially the form of "Exhibit D" hereto.

(c) The Obligor hereby agrees to provide written notice to the MSRB if it is determined, pursuant to Section 4 hereof, that a person is no longer an Obligated Person under this Restated Undertaking. Any party's receipt of any information, statements or notices pursuant to this Section 8 shall impose on such party no duties of examination, disclosure or dissemination with respect to such information or notices.

Section 9. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the SEC Rule and this Restated Undertaking. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to the MSRB. Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Restated Undertaking as set forth in the preamble and Section 11 hereof.

Section 10. Failure to Disclose. If, for any reason, the Obligor fails to provide the Annual Information as required by this Restated Undertaking, the Obligor shall provide notice of such failure in a timely manner to the MSRB.

Section 11. Remedies. (a) The purpose of this Restated Undertaking is to enable the Underwriters to purchase the Obligations from time to time by providing for an undertaking by the Obligor in satisfaction of the SEC Rule. This Restated Undertaking is solely for the benefit of (i) the Underwriters and (ii) the Bondholders and Beneficial Owners of the Obligations, as third party beneficiaries hereunder and as assignees of the Underwriters, and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Restated Undertaking shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money for damages of any kind or in any amount or for any other remedy. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Obligations, the applicable indenture or any other agreement to which the Obligor is a party and shall not give rise to any other rights or remedies.

(b) Subject to paragraph (f) of this Section 11, in the event the Obligor fails to provide any information required of it by the terms of this Restated Undertaking, any Beneficial Owner of Obligations may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such person is a Beneficial Owner of Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (f) of this Section 11, any challenge to the adequacy of the information provided by the Obligor by the terms of this Restated Undertaking may be pursued only by Beneficial Owners of not less than 25% in principal amount of Obligations of any series then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are Beneficial Owners of Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) If specific performance is granted by any such court, the party seeking such remedy shall be entitled to payment of costs by the Obligor and to reimbursement by the Obligor of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Obligor shall be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

(e) Prior to pursuing any remedy for any breach of any obligation under this Restated Undertaking, a Beneficial Owner of Bonds shall give notice to the Obligor, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty (30) days after the receipt of such notice, or upon earlier response from the Obligor to this notice indicating continued noncompliance, such remedy may be pursued under this Restated Undertaking if and to the extent the Obligor has failed to cure such breach.

Section 12. Modification of Restated Undertaking. The Obligor may, from time to time, amend or modify this Restated Undertaking without the consent of or notice to the Underwriters or Bondholders if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Restated Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the Bondholders, as determined either by (A) any person selected by the Obligor that is unaffiliated with the Obligor (including the trustee under the applicable indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of the requisite percentage of Outstanding Obligations of a series at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Restated Undertaking) is permitted by the SEC Rule, as then in effect.

Section 13. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Restated Undertaking and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the law of the State of Indiana.

Section 14. Severability Clause. In case any provision in this Restated Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 15. Successors and Assigns. All covenants and agreements in this Restated Undertaking made by the Obligor shall bind its successors, whether so expressed or not.

Section 16. Notices. All notices required to be given to the Obligor under this Restated Undertaking shall be made at the following address:

If to the Obligor: The Trustees of Purdue University
Hovde Hall of Administration
West Lafayette, Indiana 47907
Attention: Assistant Treasurer

IN WITNESS WHEREOF, the Obligor has caused this Restated Undertaking to be executed as of the 1st day of November, 2010.

THE TRUSTEES OF PURDUE UNIVERSITY,
as Obligor

By: ____________________________________
A.V. Diaz, Treasurer

EXHIBIT A

OBLIGATIONS

Proforma after Issuance of Series Z Bonds

Bonds Outstanding	Final Maturity
Student Fee Bonds, Series H	January 1, 2012*
Student Fee Bonds, Series K	January 1, 2012*
Student Fee Bonds, Series L	January 1, 2012*
Student Fee Bonds, Series N	July 1, 2014
Student Fee Bonds, Series O	January 1, 2012*
Student Fee Bonds, Series P	July 1, 2017
Student Fee Bonds, Series R	July 1, 2012*
Student Fee Bonds, Series U	July 1, 2022
Student Fee Bonds, Series W	July 1, 2026
Student Fee Bonds, Series X	July 1, 2028
Student Fee Bonds, Series Y	July 1, 2027
Student Fee Bonds, Series Z	July 1, 2035
Student Facilities System Revenue Bonds, Series 2003A	July 1, 2014
Student Facilities System Revenue Bonds, Series 2003B	July 1, 2018
Student Facilities System Revenue Bonds, Series 2004A	July 1, 2033
Student Facilities System Revenue Bonds, Series 2005A	July 1, 2029
Student Facilities System Revenue Bonds, Series 2007A	July 1, 2029
Student Facilities System Revenue Bonds, Series 2007B	July 1, 2032
Student Facilities System Revenue Bonds, Series 2007C	July 1, 2032
Student Facilities System Revenue Bonds, Series 2009A	July 1, 2034
Student Facilities System Revenue Bonds, Series 2009B	July 1, 2035
Leasehold Indebtedness	
Parking Facilities (COPs 1998)	July 1, 2015
Parking Facilities and Ross-Ade Stadium Renovation (COPs 2006)	July 1, 2027
Mackey Arena COPs 2009A (tax-exempt)	July 1, 2015
Mackey Arena COPs 2009B (taxable Build America Bonds)	July 1, 2031

* Final call date in lieu of maturity

EXHIBIT B

CERTIFICATE RE: AUDITED FINANCIAL STATEMENTS

The undersigned, on behalf of The Trustees of Purdue University, as Obligor under the Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010 (the "Restated Undertaking") hereby certifies that the enclosed herewith are the audited financial statements which are required to be provided pursuant to Section 5(a)(1) of the Restated Undertaking.

Dated: _________________

THE TRUSTEES OF PURDUE UNIVERSITY,
as Obligor

By: _______________________________________

Name: ____________________________________

Title: _____________________________________

EXHIBIT C

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of The Trustees of Purdue University, as Obligor under the Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010 (the "Restated Undertaking") hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Restated Undertaking) which is required to be provided pursuant to Section 5(a)(2) of the Restated Undertaking.

Dated: _________________

THE TRUSTEES OF PURDUE UNIVERSITY,
as Obligor

By: ___________________________________

Name: ________________________________

Title: _________________________________

EXHIBIT D

CERTIFICATE RE: REPORTABLE EVENT DISCLOSURE

The undersigned, on behalf of The Trustees of Purdue University, as Obligor under the Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010 (the "Restated Undertaking") hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a reportable event which is required to be provided pursuant to Section 7 of the Restated Undertaking.

Dated: ________________

THE TRUSTEES OF PURDUE UNIVERSITY,
as Obligor

By: ____________________________________

Name: __________________________________

Title: ___________________________________

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