NEW ISSUE
BOOK-ENTRY-ONLY

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

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series BB-1 Bonds is excludable from gross income for federal income tax purposes 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 the purpose of computing the federal alternative minimum tax imposed on certain corporations. Such exclusion is conditioned on continuing compliance by the Corporation with the Tax Covenants (as hereinafter defined). Interest on the Series BB-2 Bonds is not excludable from gross income for purposes of federal income tax. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series BB Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM", APPENDIX C-1 and APPENDIX C-2 herein.

PURDUE
UNIVERSITY

$67,615,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Fee Bonds, Series BB
consisting of

$48,630,000	$18,985,000
Tax-Exempt Purdue University Student Fee Bonds, Series BB-1	**Taxable Purdue University Student Fee Bonds, Series BB-2**

Dated: Date of Delivery **Due: July 1, as shown on the inside cover page**

The Trustees of Purdue University (the "Corporation") will issue its Tax-Exempt Purdue University Student Fee Bonds, Series BB-1, dated as of the date of delivery (the "Series BB-1 Bonds"), in the original aggregate principal amount of $48,630,000 and its Taxable Purdue University Student Fee Bonds, Series BB-2, dated as of the date of delivery (the "Series BB-2 Bonds" and, collectively with the Series BB-1 Bonds, the "Series BB Bonds"), in the original aggregate principal amount of $18,985,000. The Series BB Bonds are being issued pursuant to resolutions adopted and actions authorized by the Board of Trustees 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-Ninth Supplemental Indenture dated as of November 15, 2014 (the "Twenty-Ninth 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 for the costs of certain projects, refunding certain prior Student Fee Bonds and certain temporary short-term TECP (defined herein), and paying costs of issuance of the Series BB Bonds. See "PLAN OF FINANCE" and "PLAN OF REFUNDING."

Interest on the Series BB Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2015, 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 BB 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 BB Bonds of each series 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 BB Bonds of each series will be made in book-entry-only form, and purchasers of a beneficial interest in the Series BB Bonds of each series will not receive physical delivery of the certificates representing their interests in the Series BB Bonds of that series. The principal and interest on the Series BB Bonds of each series will be paid to DTC or its nominee as the registered owner of the Series BB Bonds of that series. Disbursement of such payments to owners of beneficial interests in the Series BB Bonds of each series will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES BB BONDS--Book-Entry-Only System."

The Series BB Bonds are subject to redemption prior to maturity, as set forth herein. See "DESCRIPTION OF SERIES BB BONDS -- Redemption".

The Series BB 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 BB 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 BB Bonds of each series against the State of Indiana or 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 certain funds under the Indenture for payment of the Series BB 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* numbers

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series BB 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 BB Bonds of each series will be available for delivery to DTC in New York, New York, on or about January 7, 2015.

MORGAN STANLEY

Loop Capital Markets **City Securities Corporation**

Official Statement dated: December 3, 2014

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

$48,630,000
The Trustees of Purdue University
Tax-Exempt Purdue University Student Fee Bonds, Series BB-1

Due July 1	Principal Amount	Interest Rate	Price	Yield	CUSIP
2015	$3,495,000	2.000%	100.903%	0.130%	746189UJ6
2016	4,225,000	3.000	103.932	0.340	746189UK3
2017	3,475,000	4.000	108.342	0.610	746189UL1
2018	3,330,000	4.000	110.679	0.880	746189UM9
2019	3,295,000	5.000	116.680	1.170	746189UN7
2020	3,465,000	5.000	118.646	1.450	746189UP2
2021	3,045,000	5.000	120.040	1.720	746189UQ0
2022	2,925,000	5.000	121.218	1.940	746189UR8
2023	3,075,000	5.000	122.514	2.090	746189US6
2024	3,225,000	5.000	123.655	2.220	746189UT4
2025	3,380,000	5.000	122.219*	2.370*	746189UU1
2026	3,545,000	5.000	121.273*	2.470*	746189UV9
2027	750,000	5.000	120.615*	2.540*	746189UW7
2028	785,000	5.000	119.869*	2.620*	746189UX5
2029	825,000	3.000	99.070	3.080	746189UY3
2030	845,000	3.000	98.414	3.130	746189UZ0
2031	880,000	3.000	97.704	3.180	746189VA4
2032	905,000	5.000	117.937*	2.830*	746189VB2
2033	2,280,000	5.000	117.483*	2.880*	746189VC0
2034	880,000	5.000	117.030*	2.930*	746189VD8

* Priced to the first optional par call date of July 1, 2024

$18,985,000
The Trustees of Purdue University
Taxable Purdue University Student Fee Bonds, Series BB-2

Due July 1	Principal Amount	Interest Rate	Price	Yield	CUSIP
2015	$1,135,000	0.400%	100.000%	0.400%	746189TW9
2016	865,000	0.889	100.000	0.889	746189TX7
2017	870,000	1.345	100.000	1.345	746189TY5
2018	880,000	1.792	100.000	1.792	746189TZ2
2019	900,000	2.112	100.000	2.112	746189UA5
2020	915,000	2.365	100.000	2.365	746189UB3
2021	940,000	2.645	100.000	2.645	746189UC1
2022	960,000	2.737	100.000	2.737	746189UD9
2023	990,000	2.937	100.000	2.937	746189UE7
2024	1,015,000	3.087	100.000	3.087	746189UF4

$5,625,000 3.537% Term Bonds due July 1, 2029 Price: 100% Yield: 3.537% CUSIP: 746189UG2
$3,890,000 3.808% Term Bonds due July 1, 2032 Price: 100% Yield: 3.808% CUSIP: 746189UH0

THE TRUSTEES OF PURDUE UNIVERSITY

West Lafayette, Indiana

* Term expires June 30, 2015
** See “Executive Leadership Changes”
*** Term to expire no later than June 30, 2016

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 BB 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 BB 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 BB 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 BB 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.

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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, masters and doctorate degrees are awarded in each school. Purdue University's 2014 Fall semester headcount enrollment for all campuses exceeded 68,600, excluding the Indianapolis campus. An additional 5,767 Purdue students attend the Indiana University-Purdue University campus in Indianapolis. See APPENDIX A.

PURPOSES OF ISSUE. The Corporation's Purdue University Student Fee Bonds, Series BB issued in two series designated the "Tax-Exempt Purdue University Student Fee Bonds, Series BB-1" (the "Series BB-1 Bonds") and the "Taxable Purdue University Student Fee Bonds, Series BB-2" (the "Series BB-2 Bonds" and, collectively with the Series BB-1 Bonds, the "Series BB Bonds"), are being issued (i) to finance, refinance, or reimburse the costs of certain capital projects on the 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 BB Bonds. See "PLAN OF FINANCE."

SECURITY. The Series BB Bonds, together with the Purdue University Student Fee Bonds, Series P, Series U, unrefunded Series W, Series X, Series Y, Series Z-1, Series Z-2, and Series AA remaining outstanding after the issuance of the Series BB 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 BB Bonds, the Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreement. The Series BB 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 BB Bonds of either series against the State of Indiana or 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 BB Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE 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 BB 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 BB Bonds. Purchases of the Series BB Bonds of each series by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series BB Bond certificates. See "DESCRIPTION OF SERIES BB BONDS -- Book-Entry-Only System."

DEBT SERVICE COVERAGE. The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2014 and June 30, 2013, and the Maximum Annual Debt Service on all Outstanding Student Fee Bonds, including the Series BB Bonds and the refunding of the Refunded Bonds.

	(in thousands)	
	2014	2013
Student Fees	$727,256	$730,250
Coverage*	13.5 x	13.6 x

* Maximum Annual Debt Service in thousands (FY 2016) ($53,739)

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 Fiscal Year and any other amounts to be paid from Student Fees with respect to such Fiscal Year, in accordance with the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Covenants of the Corporation."

RESERVE FUND. No reserve fund exists for the Series BB Bonds 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 BB 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE STUDENT FEE BONDS -- Issuance of Additional Bonds."

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, as heretofore supplemented, to be further supplemented by a Fifth Supplement to Continuing Disclosure Undertaking Agreement to be dated as of November 15, 2014 (as supplemented, the "Restated Undertaking"), pursuant to which the Corporation will agree to provide (i) on an annual basis to the Municipal

Securities Rulemaking Board ("MSRB") certain annual financial and operating information, and (ii) notice to the MSRB upon the occurrence of certain reportable events more fully described herein. See "CONTINUING DISCLOSURE" herein. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that in the previous five years it has not fully complied with its previous undertakings including, but not limited to, the following instances: (i) In April 2010 Moody's Investors Service, Inc. recalibrated all U.S. municipal ratings to a global scale, changing the Corporation's rating from "Aa1" to "Aaa." No event notice was filed as this was a system-wide recalibration and was not considered by Moody's to be a rating upgrade of the Corporation. (ii) In November 2010 Standard & Poor's upgraded the rating of the Corporation from "AA" to "AA+" in connection with the issuance of the Corporation's Series Z Bonds. No event notice was filed as the rating upgrade was readily available to the marketplace in connection with the concurrent primary offering of the Series Z Bonds. (iii) Annual and event filings in some instances were not attached to all CUSIP numbers assigned to obligations of the Corporation. The Corporation makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances.

OFFICIAL STATEMENT

$67,615,000
The Trustees of Purdue University
Purdue University Student Fee Bonds, Series BB
consisting of

$48,630,000 Tax-Exempt Purdue University Student Fee Bonds, Series BB-1	$18,985,000 Taxable Purdue University Student Fee Bonds, Series BB-2

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 $67,615,000 combined aggregate principal amount of its Purdue University Student Fee Bonds, Series BB consisting of (i) $48,630,000 Tax-Exempt Purdue University Student Fee Bonds, Series BB-1 (the "Series BB-1 Bonds") and (ii) $18,985,000 Taxable Purdue University Student Fee Bonds, Series BB-2 (the "Series BB-2 Bonds" and, collectively with the Series BB-1 Bonds, the "Series BB Bonds").

The Series BB 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-Ninth Supplemental Indenture dated as of November 15, 2014, by and between the Corporation and the Trustee (the "Twenty-Ninth Supplemental Indenture"; the Amended and Restated Indenture, as supplemented by the Twenty-Ninth Supplemental Indenture, is 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 BB 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 BB 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 BB 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 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. The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements. The Series BB 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 BB Bonds against the State of Indiana or 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 certain funds under the Indenture for payment of the Series BB Bonds. The Corporation has no taxing power.

Under the Indenture, the Corporation has issued and has outstanding as of November 19, 2014, $402,090,000 in cumulative aggregate principal amount of its (i) Purdue University Student Fee Bonds, Series P (the "Series P Bonds"); (ii) Purdue University Student Fee Bonds, Series U (the "Series U Bonds"); (iii) Purdue University Student Fee Bonds, Series W* (the "Series W Bonds"); (iv) Purdue University Student Fee Bonds, Series X (the "Series X Bonds"); (v) Purdue University Student Fee Bonds, Series Y (the "Series Y Bonds"); (vi) Tax-Exempt Purdue University Student Fee Bonds, Series Z-1 (the "Series Z-1 Bonds"); (vii) Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option) (the "Series Z-2 Bonds"); and (viii) Purdue University Student Fee Bonds, Series AA (the "Series AA Bonds") (the Bonds referred to in clauses (i) through (viii) 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 BB 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 BB Bonds, together with 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 BB 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 BB Bonds of each series are subject to redemption prior to maturity, as described herein. See "DESCRIPTION OF SERIES BB BONDS -- Redemption".

The Corporation has entered into a Fifth Supplement to the Restated Undertaking for the benefit of the beneficial owners of the Series BB Bonds, obligating itself to provide certain continuing disclosure as described in detail in "CONTINUING DISCLOSURE" herein.

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

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* A portion of which shall be refunded with proceeds of the Series BB-1 Bonds. (See "PLAN OF REFUNDING" herein.)

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 BB BONDS

The Series BB Bonds are being issued for the purposes of (i) financing, refinancing and reimbursing the Corporation for the costs of certain capital improvements, as described under the caption "PLAN OF FINANCE", (ii) refunding certain temporary short-term TECP (as defined herein) which was used to finance a portion of the costs of the Projects, and (iii) refunding the Refunded Bonds, as described under the caption "PLAN OF REFUNDING" and APPENDIX D hereto. A portion of the proceeds of the Series BB Bonds of each series will be used to pay for the costs of issuance of such series of the Series BB Bonds.

DESCRIPTION OF SERIES BB BONDS

General

The Series BB Bonds will be issued in the combined aggregate principal amount of $67,615,000 and will be dated and bear interest from the date of issuance. The Series BB Bonds of each series will bear interest (payable January 1 and July 1 of each year, with the first interest payment being July 1, 2015 (each, an "Interest Payment Date")) 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 BB Bonds of each series will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

The Series BB 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 BB Bonds of each series will be registered on the books of the Corporation kept for that purpose (the "Bond Register") at the corporate trust operations office of the Trustee as Bond Registrar. The principal of the Series BB Bonds of each series is payable upon presentation and surrender thereof at the principal operations office of the Trustee. Interest on the Series BB Bonds of each series is payable on each Interest Payment Date by check mailed on the first Business Day prior to such Interest Payment Date, 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 such Interest Payment Date (each, a "Record Date"), or by wire transfer on the Interest Payment Date to any Registered Owner of $1,000,000 or more in aggregate principal amount who requests the same in writing to the Trustee at least two Business Days prior to such Interest Payment Date.

If payment of any principal of or interest on any Series BB Bond is due on any date which is not a Business Day, such payment may be made on the next Business Day with the same effect as if made on such date.

Redemption

Optional Redemption of Series BB-1 Bonds. The Series BB-1 Bonds maturing on or after July 1, 2025, are subject to redemption prior to maturity at the option of the Corporation at any time on or after July 1, 2024, in whole or in part, in any order of maturity designated by the Corporation (less than all of the Series BB-1 Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at a redemption price of 100% of the principal amount of each Series BB-1 Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Redemption of Series BB-2 Bonds. The Series BB-2 Bonds maturing on July 1, 2029 and July 1, 2032 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity on July 1 of the years and in the 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, 2029		Term Bonds Due July 1, 2032	
Year	Principal Amount	Year	Principal Amount
2025	$1,045,000	2030	$1,250,000
2026	1,085,000	2031	1,295,000
2027	1,125,000	2032*	1,345,000
2028	1,165,000		
2029*	1,205,000		

* 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 Term 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 of Series BB-2 Bonds. The Series BB-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 BB-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 BB-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 BB-2 Bonds are to be redeemed, discounted to the date on which the Series BB-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 fifteen basis points (0.15%), plus accrued interest on the Series BB-2 Bonds to be redeemed to the redemption date.

At the request of the Trustee, the redemption price of the Series BB-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 BB-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 BB-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 BB-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 BB-2 Bond to be redeemed.

"Comparable Treasury Price" means, as applicable, with respect to any redemption date for a particular Series BB-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 BB-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.

Selection of Bonds to be Redeemed. For so long as the Series BB Bonds are registered to DTC or its nominee, if less than all of the Series BB Bonds of either series 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 BB-1 Bonds are no longer registered to DTC or its nominee, the Trustee will select, within each maturity of Series BB-1 Bonds to be redeemed, the Series BB-1 Bonds or portions of Series BB-1 Bonds of such maturity to be redeemed by lot in such manner as the Trustee may determine.

If the Series BB-2 Bonds are no longer registered to DTC or its nominee, any redemption of less than all of a maturity of the Series BB-2 Bonds shall be effected by the Bond Registrar among owners on a pro-rata basis subject to minimum authorized denominations. The particular Series BB-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 BB-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 BB-2 Bonds and if less than all of the Series BB-2 Bonds of a maturity are called for prior redemption, the particular Series BB-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 BB-2 Bonds are registered in book-entry form, the selection for redemption of such Series BB-2 Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Corporation's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Corporation and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Corporation 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 BB-2 Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series BB-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 BB-2 Bonds of a particular maturity among the Beneficial Owners on such a proportional basis.

If the owner of any such Series BB Bond of a denomination greater than $5,000 fails to present such Series BB Bond to the Trustee for payment and exchange, such Series BB Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount called for redemption. In case a Series BB Bond of either series of a denomination larger than $5,000 is to be redeemed, the principal amount not being redeemed must be in a denomination of $5,000 or any integral multiple thereof. Upon surrender of any Series BB Bond of either series for redemption in part only, the Corporation will execute and the Trustee will authenticate and deliver to the registered owner thereof, at the expense of the Corporation, a new Series BB Bond or Series BB Bonds of the same series and of authorized denominations in aggregate principal amount equal to the unredeemed portion of such Series BB Bond surrendered.

Notice of Redemption. Notice of redemption of the Series BB Bonds of either series 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 BB Bond of such series to be redeemed (such Bondholder being DTC or its nominee for so long as the Series BB Bonds of such series 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 such Series BB Bond will not affect the validity of any proceedings for the redemption of other Series BB 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 BB 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 BB Bonds of either series are held in book-entry-only form, the Trustee will mail notices of redemption of such Series BB 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 BB Bonds. If the amount necessary to redeem any Series BB 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 BB Bonds, and such Series BB Bonds will no longer be deemed to be outstanding under the Indenture. Thereafter, such Series BB 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 (a) deliver to the Trustee Series BB Bonds of either series purchased with available moneys of the Corporation and (b) instruct the Trustee to apply the principal amount of such Series BB Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Series BB Bonds of the same series and maturity to be redeemed on such redemption date.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository of the Series BB Bonds. The Series BB Bonds of each series 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 BB Bond certificate will be issued for the Series BB Bonds of that series (designating each maturity thereof and the interest rate for each maturity or within a maturity) 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series BB Bonds of either series under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series BB Bonds on DTC's records. The ownership interest of each actual purchaser of each Series BB Bond of either series ("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 BB Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series BB Bonds, except in the event that use of the book-entry system for the Series BB Bonds is discontinued.

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

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series BB Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series BB Bonds of either series, such as redemptions, tenders, defaults, and proposed amendments to the Series BB Bond documents. For example, Beneficial Owners of the Series BB Bonds of either series may wish to ascertain that the nominee holding such Series BB Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series BB Bonds within an issue 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series BB Bonds of either series unless authorized by a Direct Participant in accordance with DTC's MMI 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 Series BB Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and other payments on the Series BB Bonds of each series 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, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other 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 disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series BB Bonds of either series at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for such Series BB Bonds are required to be printed and delivered.

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

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

Disclaimer

THE INFORMATION PROVIDED ABOVE UNDER "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

The Corporation and the Trustee will have no responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series BB Bonds;

(ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any notice with respect to any Series BB Bond including, without limitation, any notice of redemption;

(iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any amount with respect to the principal of or premium, if any, or interest on any Series BB Bond; or

(iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system described under this caption, the Corporation and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series BB Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of and premium, if any, and interest on the Series BB Bonds of either series;

(ii) giving notices of redemption and other matters with respect to the Series BB Bonds of either series;

(iii) registering transfers with respect to the Series BB Bonds of either series; and

(iv) the selection of Series BB Bonds of either series for redemption.

Payment of Principal and Interest on Series BB Bonds

For so long as the Series BB Bonds of either series are registered in the name of DTC or its nominee or its successor, payments of principal and interest for such series shall be made as described under Book-Entry-Only System above. In the event the Series BB Bonds of either series are no longer registered under a book-entry-only system, such Series BB 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 BB Bonds shall be made as described above under "General."

Interest Account. The Trustee shall establish and maintain, so long as any Series BB Bonds of either series are outstanding, a separate account within the Sinking Fund created by the Indenture known as the Series BB Interest Account with separate subaccounts for the Series BB-1 Bonds and the Series BB-2 Bonds. The Trustee will allocate from amounts in the Sinking Fund to the proper subaccount of the Series BB Interest Account amounts which are sufficient to pay interest on the Outstanding Series BB Bonds of each series as such becomes due. On or before the first day of each January and July (or, if such first day is not a Business Day, then on the first Business Day after such day), the Trustee will deposit in the proper subaccount of the Series BB Interest Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the interest due on the Series BB Bonds of each series on such Interest Payment Date and (b) the amount of money on deposit in the Series BB Interest Account allocable to each series available to pay such interest on the Series BB Bonds of that series. Moneys on deposit in the Series BB Interest Account shall be used by the Trustee to pay interest on the Series BB Bonds of each series on regularly scheduled Interest Payment Dates.

Principal Account. The Trustee shall establish and maintain, so long as any Series BB Bonds of either series are outstanding, a separate account within the Sinking Fund to be known as the Series BB Principal Account with separate subaccounts for the Series BB-1 Bonds and the Series BB-2 Bonds. All payments made by the Corporation in respect to principal of the Series BB Bonds of either series shall be deposited as and when received by the Trustee in the proper subaccount of the Series BB Principal Account. On or before the first day of each July (or, if such first day is not a Business Day, then on the first Business Day after such day), commencing July 1, 2015, the Trustee will deposit in the Series BB Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series BB Bonds maturing on such July 1 and (b) the amount of money then on deposit in the Series BB Principal Account available to pay the principal of the Series BB Bonds. Moneys on deposit in the Series BB Principal Account shall be used by the Trustee to pay the principal of the Series BB Bonds when due.

No Recourse. No recourse shall be had for the payment of the principal of or interest on any of the Series BB 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 BB Bonds

For so long as the Series BB Bonds of either 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, the transfer and exchange procedures shall be as described below under "Revision of Book-Entry-Only System; Replacement Series BB Bonds."

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

The Trustee serves as the Bond Registrar for the Series BB Bonds of each series 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 BB Bonds of either series, or (ii) the Corporation elects to discontinue its use of DTC as a securities depository for the Series BB Bonds of either series and in either case the Corporation does not appoint an alternate securities depository, then the Corporation and/or 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 such Series BB Bonds, as are necessary or appropriate to discontinue use of DTC as a securities depository for such Series BB Bonds and to transfer the ownership of each of such Series BB Bonds to such person or persons, including any other securities depository, as the Owner of such Series BB Bonds may direct in accordance with the Indenture. Upon the occurrence of either event, if ownership of the Series BB Bonds of either series is transferred to the Owners, the Trustee will execute and deliver to the Owners of such Series BB Bonds fully registered replacement Series BB Bonds of the same series ("Replacement Series BB 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 BB Bonds, will be paid by the Corporation.

The principal of the Replacement Series BB Bonds will be payable at the corporate trust operations office of the Trustee and interest on the Replacement Series BB Bonds will be paid 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 BB Bonds" above.

Upon surrender for transfer or exchange of any of the Series BB Bonds of either series at the corporate trust operations 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 BB Bond or Series BB Bonds of the same series and maturity of authorized denominations for a like aggregate principal amount. Any Series BB Bond or Series BB Bonds of either series may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of any Series BB Bond or Series BB Bonds of the same series and maturity of other authorized denominations. The Trustee will not be required to transfer or exchange any Series BB Bond of either series after notice calling such Series BB Bond or portion thereof for redemption has been mailed or during the period of 15 days prior to the mailing of a notice of redemption of any Series BB Bond of the same series and maturity. No service charge or payment shall be required to be made by the Owner of any Series BB Bond of either series requesting an exchange, registration or transfer of any Series BB Bond of either series, 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 BB Bonds 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 BB 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 or interest on the Series BB 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 BB 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 Purdue University, 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 BB 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 BB Bonds. The pledge of Student Fees for the Series BB Bonds and any other obligations issued on a parity with the Series BB 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 BB Bonds (or any other Student Fee Bonds which are Outstanding). Accordingly, the Series BB 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 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 the Parity Bonds as to principal and interest repayment.

Additional 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 the Maximum Annual Debt Service to become due in the succeeding Fiscal Years for the payment of principal and interest charges on the Outstanding Parity Bonds under the Indenture and on the Parity Bonds then to be authenticated and delivered. In addition, Additional 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. In addition, the Corporation may issue bonds or other evidences of indebtedness, for any of the purposes described above, with a lien which is junior to the Student Fee Bonds in all respects. All computations regarding debt service and Student Fees shall be made by the Treasurer of the Corporation. Compliance with the Indenture will be conclusively evidenced to the Trustee by a certificate of the Treasurer of the Corporation.

Outstanding Student Fee Bonds

The pledge of Student Fees as security for the payment of the Series BB 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 Student Fees:

Obligation	Delivery Date	Final Maturity	Original Amount Issued	Amount Outstanding as of November 19, 2014
Series P Bonds	December 2, 1998	July 1, 2017	$64,255,000	$11,475,000
Series U Bonds	July 20, 2005	July 1, 2022	35,200,000	24,670,000
Series W Bonds*	July 6, 2006	July 1, 2026	41,600,000	29,695,000
Series X Bonds	April 9, 2009	July 1, 2028	106,925,000	85,510,000
Series Y Bonds	March 17, 2010	July 1, 2027	74,130,000	58,255,000
Series Z-1 Bonds	November 23, 2010	July 1, 2024	68,320,000	42,155,000
Series Z-2 Bonds	November 23, 2010	July 1, 2035	100,705,000	99,305,000
Series AA Bonds	August 9, 2012	July 1, 2032	54,555,000	51,025,000

The Act further provides general authorization for the incurrence of indebtedness by the Corporation, for miscellaneous purposes, subject to approvals from the General Assembly (unless, after the issuance thereof, the total amount of outstanding bonds issued by the Corporation without General Assembly approval will not exceed $2,000,000), the Governor, the State Budget Committee and State Budget Agency. As of November 19, 2014, the Corporation has no indebtedness outstanding which does not have General Assembly approval.

The Act also provides for the incurrence of indebtedness by the Corporation to finance qualified energy savings projects, subject to any necessary approvals from the Governor, 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 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, all of which TECP shall be refunded by a portion of the Series BB-1 Bonds (together with other Corporation funds) on or about the date of delivery of the Series BB Bonds. As of November 19, 2014, the Corporation has $3,123,000.00 of TECP outstanding in Series 2010-1 and $9,720,000.00 of TECP outstanding in

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* A portion of which shall be refunded with proceeds of the Series BB-1 Bonds. (See "PLAN OF REFUNDING" herein.)

Series 2012-2. 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, 2014 and June 30, 2013, and the Maximum Annual Debt Service on all Outstanding Student Fee Bonds, including the Series BB Bonds and the refunding of the Refunded Bonds.

	(in thousands)	
	2014	2013
Student Fees	$727,256	$730,250
Coverage*	13.5 x	13.6 x

* Maximum Annual Debt Service in thousands (FY 2016) ($53,739)

ANNUAL DEBT SERVICE REQUIREMENTS

The aggregate Annual Debt Service Requirements for all Student Fee Bonds after issuance of the Series BB Bonds and the refunding of the Refunded Bonds are as follows:

Fiscal Year Ending June 30	Series N Bonds	Series P Bonds	Series U Bonds	Series W Bonds	Series X Bonds	Series Y Bonds	Series Z-1 Bonds	Series Z-2 Bonds*	Series AA Bonds	Series BB-1 Bonds	Series BB-2 Bonds	Total**
2015	$513,750	$5,235,956	$3,915,843	$3,305,893	$8,626,525	$6,127,375	$11,673,175	$5,102,642	$4,105,838	--	--	$48,606,996
2016		5,247,225	3,908,343	1,934,795	8,630,388	6,121,850	9,700,050	6,872,641	4,112,838	$5,547,765	$1,662,731	53,738,624
2017		5,240,238	3,925,988		8,633,263	6,121,713	7,282,550	7,991,337	4,111,738	6,214,825	1,395,599	50,917,248
2018		1,729,231	3,919,143		8,624,888	6,124,900	7,250,550	7,961,127	4,107,638	5,331,950	1,390,903	46,440,329
2019			3,921,176		8,610,138	6,125,150	7,220,175	7,917,521	4,109,588	5,050,850	1,387,168	44,341,765
2020			3,891,056		8,608,263	6,125,650	6,181,550	7,869,999	4,106,463	4,866,875	1,389,779	43,039,634
2021			3,887,425		8,596,475	6,125,900	4,717,050	7,827,524	4,109,688	4,867,875	1,384,455	41,516,391
2022			3,066,394		8,588,538	6,120,525	2,294,675	7,769,873	4,107,663	4,285,125	1,386,204	37,618,996
2023			3,068,488		8,579,981	6,128,775	2,296,300	7,718,778	4,108,288	4,015,875	1,380,634	37,297,119
2024					8,570,019	6,120,150	2,297,550	7,662,587	4,107,538	4,015,875	1,382,959	34,156,677
2025					8,557,863	6,124,150	300,900	8,316,058	4,110,038	4,008,375	1,377,754	32,795,137
2026					8,547,594	6,120,025		8,536,312	4,110,413	3,998,250	1,373,607	32,686,200
2027					8,543,031	5,629,775		8,446,262	4,108,413	3,990,125	1,375,938	32,093,543
2028					8,528,256	5,161,200		8,338,905	4,103,788	1,087,750	1,376,854	28,596,753
2029					8,522,875			8,226,310	4,105,963	1,084,375	1,376,355	23,315,878
2030								8,113,088	4,108,088	1,092,375	1,374,442	14,687,992
2031								8,003,590	4,107,413	1,087,325	1,374,331	14,572,659
2032								5,580,277	4,105,000	1,096,450	1,370,874	12,152,602
2033								5,499,714	4,110,731	1,085,625	1,370,609	12,066,679
2034								5,410,616		2,381,000		7,791,616
2035								5,322,717		902,000		6,224,717
2036								5,225,750				5,225,750

* Not reduced by federal subsidy payments for Build America Bonds.
** Totals may not sum due to rounding.

PLAN OF FINANCE

The Series BB Bonds are being issued (i) to finance, refinance or reimburse the Corporation for the costs of the Projects as described in more detail below, (ii) to refund 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 BB Bonds.

The Projects

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

<u>Student Services and Activity Complex</u>: Proceeds of the Series BB-1 Bonds will be utilized for this project, which will construct a new Student Services and Activities Complex at the North Central campus. The multi-function complex will accommodate student life activities, service learning and leadership centers, wellness programs, collegiate sports and intramural and recreational offerings. Instructional space will be provided for auditorium-size classes, professional seminars and continuing education programs also are included.

<u>Drug Discovery Building</u>: Proceeds of the Series BB-2 Bonds will be allocated to this project. This project will construct a new Drug Discovery facility on the West Lafayette campus, which will be part of the Life and Health Sciences Quad and partially replace existing laboratory space in Wetherill Laboratory. The facility will include state-of-the-art chemistry research space providing proper environmental controls and an animal imaging center, with support space for animal housing, microscopy and tissue culture research.

This project was originally financed from a portion of the proceeds of the Series AA Bonds. The Corporation has duly reallocated such portion of proceeds of the Series AA Bonds to other projects authorized by the Corporation.

<u>Repair and Rehabilitation Projects</u>: Proceeds of the Series BB-1 Bonds will be utilized to finance or refinance a variety of repair and rehabilitation projects on the West Lafayette campus of Purdue University.

<u>Qualified Energy Savings Projects</u>: Proceeds of the Series BB-1 Bonds will be utilized to refinance TECP used to finance a variety of qualified energy savings projects undertaken at various campuses to generate efficiencies in energy and water usage with statutory debt repayment within 10 years.

PLAN OF REFUNDING

Refunding Plan

A portion of the proceeds of the Series BB-1 Bonds, together with other funds of the Corporation, in an aggregate amount sufficient to defease the Refunded Bonds will be transferred by the Trustee to The Bank of New York Mellon Trust Company, N.A. in its capacity as Escrow Trustee (the "Escrow Trustee") under an Escrow Deposit Agreement dated as of November 15, 2014 with the Corporation (the "Escrow Agreement"). Such amounts will be deposited in an escrow fund (the "Escrow Fund") for the Refunded Bonds created under the Escrow Agreement and invested in United States Treasury Securities (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 BB Bonds.

The Refunded Bonds

The Refunded Bonds include all or a portion of 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), described in APPENDIX D hereto (the "Refunded Bonds"), issued to finance a portion of the costs of certain facilities described herein (see "The Prior Projects").

The Prior Projects

The Refunded Projects financed the strategic infrastructure and utilities improvements on the West Lafayette Campus of the University. The project consisted of (i) addressing federally mandated environmental compliance with Boiler Maximum Achievable Control Technology, (ii) upgrading electrical distribution systems at various campus buildings, and (iii) improving the campus storm sewer system.

ESTIMATED SOURCES AND USES OF FUNDS

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

	Series BB-1 Bonds	Series BB-2 Bonds	Total
Sources of Funds:			
Principal Amount	$48,630,000.00	$18,985,000.00	$67,615,000.00
Net Original Issue Premium	7,210,137.15		7,210,137.15
Total Sources of Funds	$55,840,137.15	$18,985,000.00	$74,825,137.15
Uses of Funds:			
Refund Refunded Bonds	$29,140,622.35		$29,140,622.35
Refund TECP for Project Costs	11,844,841.77		11,844,841.77
Student Services and Activity Complex	6,429,273.18		6,429,273.18
Drug Discovery Building		$18,841,871.00	18,841,871.00
Repair and Rehabilitation Projects	8,057,983.75		8,057,983.75
Underwriters' Discount	152,193.70	63,511.11	215,704.81
Costs of Issuance	215,222.40	79,617.89	294,840.29
Total Uses of Funds	$55,840,137.15	$18,985,000.00	$74,825,137.15

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 Student Fee 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 Student Fee Bonds of any series (or multiple series of Student Fee 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 Student Fee 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 Corporation may elect to waive the provisions of clause (iii) above for any one or more series of Student Fee Bonds at the time of delivery thereof and treat such one or more series of Student Fee 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 Student Fee Bonds issued at a discount shall not be considered a balloon maturity unless the original principal amount of such Student Fee Bonds would be considered a balloon maturity. For any Student Fee Bonds with respect to which the Corporation 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 the Indenture, subject to any applicable interest rate floor or cap with respect to such variable rate.

"Business Day" means mean any day other than (i) a Saturday or a Sunday or a legal holiday or a day on which banking institutions in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

"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 Student Fee Bonds when due. Any such insurance policy, guaranty or surety bond or similar instrument shall be noncancellable during the term of the Student Fee 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 Corporation to purchase Student Fee 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 Student Fee 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 Student Fee Bonds which have been duly authenticated, and delivered by the Trustee under the Indenture, except:

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

(b) Student Fee 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 Student Fee Bonds) in the manner and with the type of investments provided in the Indenture; provided that if such Student Fee 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) Student Fee Bonds in lieu of which others have been authenticated under the Indenture.

"Parity Bonds" means the Series P Bonds, Series U Bonds, Series W Bonds, Series X Bonds, Series Y Bonds, Series Z-1 Bonds, Series Z-2 Bonds, Series AA Bonds, Series BB 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.

"Paying Agent" means the Trustee, acting as such pursuant to the Indenture, and any additional paying agent for the Series BB Bonds appointed pursuant to the Indenture, their respective successors and any other corporation which may at any time be substituted in their respective places pursuant to the Indenture.

"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 Corporation's right to receive the same, and all Funds held by the Trustee pursuant to the Indenture.

"Prior Projects" means the projects of the Corporation financed by the Refunded Bonds. Specifically, Prior Projects mean the strategic infrastructure and utilities improvements on the West Lafayette campus**.**

"Projects" or "Project" means the following projects of the Corporation: (i) Student Services and Activity Complex, (ii) Drug Discovery Building, (iii) certain qualified energy savings projects previously financed with interim indebtedness and (iv) various Repair and Rehabilitation Projects.

"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 in the Indenture and in an Indenture supplemental thereto; and (v) which has been designated in writing to the Trustee by an authorized representative of the Corporation 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.

"Rebate Agreement" means the Construction and Rebate Agreement between the Corporation and the Trustee, dated as of November 15, 2014.

"Refunded Bonds" means the outstanding Series W Bonds identified in APPENDIX D hereto.

"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 (including the Outstanding Student Fee Bonds and the Series BB Bonds) 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 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 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, a portion of which will be refunded by the Series BB-1 Bonds.

"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-1 Bonds" means the Tax-Exempt Purdue University Student Fee Bonds, Series Z-1, in the initial aggregate principal amount of Sixty-Eight Million Three Hundred Twenty Thousand Dollars ($68,320,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series Z-2 Bonds" means the Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option), in the initial aggregate principal amount of One Hundred Million Seven Hundred Five Thousand Dollars ($100,705,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series AA Bonds" means the Purdue University Student Fee Bonds, Series AA, in the initial aggregate principal amount of Fifty-Four Million Five Hundred Fifty-Five Thousand Dollars ($54,555,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series BB Bonds" means, collectively, the Series BB-1 Bonds and the Series BB-2 Bonds.

"Series BB-1 Bonds" means the Tax-Exempt Purdue University Student Fee Bonds, Series BB-1, in the initial aggregate principal amount of Forty-Eight Million Six Hundred Thirty Thousand Dollars ($48,630,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series BB-2 Bonds" means the Taxable Purdue University Student Fee Bonds, Series BB-2, in the initial aggregate principal amount of Eighteen Million Nine Hundred Eighty-Five Thousand Dollars ($18,985,000), and any Student Fee Bonds in substitution or replacement therefor.

"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 BB Bonds of either series are Outstanding separate accounts known as the Series BB Principal Account and the Series BB Interest Account, each with subaccounts for the Series BB-1 Bonds and the Series BB-2 Bonds. On or before each interest or principal payment date on the Series P Bonds, the Series U Bonds, the Series W Bonds, the Series X Bonds, the Series Y Bonds, the Series Z-1 Bonds, the Series Z-2 Bonds, the Series AA Bonds, the Series BB 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 Parity Bonds becoming due on such interest or principal payment date (other than Optional Tenders for which a Credit Support Instrument is provided) and any deficiencies then in existence in regard to the Sinking 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 BB Bonds of***

either series, and the Outstanding Student Fee Bonds and the Series BB Bonds of each series 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.

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 BB Project Fund. Pursuant to the Twenty-Ninth Supplemental Indenture, the Corporation will establish a separate fund to be known as the Series BB Project Fund (the

"Series BB Project Fund"), into which a portion of the proceeds of the Series BB Bonds will be deposited to be used by the Corporation for the purpose of funding the costs of the Projects.

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

> TECP Refunding Account. Moneys in the "TECP Refunding Account" will be used to refund a portion of the Corporation's Tax Exempt Commercial Paper, Series 2010-1 and Series 2012-2 on January 7, 2015. Amounts in the TECP Refunding Account are not Pledged Funds and will not be available to pay any principal of or interest on the Series BB Bonds.
>
> Series W Refunding Account: A portion of the proceeds of the Series BB-1 Bonds will deposited in the Series W Refunding Account and transferred immediately by the Trustee to the Escrow Trustee for the purpose of refunding the Refunded Bonds in accordance with the Escrow Agreement.
>
> Project Accounts. A portion of the proceeds of the Series BB Bonds will be deposited into the (i) the "Student Services and Activity Complex Account"; (ii) the "Drug Discovery Building Account"; and (iii) the "R&R Projects Account". Amounts in each such 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 may, at the option of the Corporation, be (i) applied to pay other costs associated with such portion of the Projects, to the extent permitted under federal tax laws and regulations, (ii) transferred to the appropriate subaccount of the Series BB Interest Account of the Sinking Fund to pay interest on the corresponding series of Series BB Bonds, (iii) transferred to the appropriate subaccount of the Series BB Principal Account of the Sinking Fund to pay principal of the corresponding series of Series BB Bonds, (iv) with respect to the Series BB-1 Bonds, deposited in the Rebate Fund, or (v) transferred to an additional project account as provided in the Indenture and the Rebate Agreement.
>
> Moneys on deposit in the Series BB Project Fund and all the accounts thereof (except the TECP Refunding Account, the Series W Refunding Account) 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 appropriate subaccount of the "Earnings Account" (described herein).
>
> 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.
>
> Earnings Account. Amounts in the Series BB-1 Bonds subaccount of the Earnings Account shall, at the option of the Corporation, (i) be used as needed to pay costs of any Project, which is funded by the Series BB-1 Bonds or any other costs

associated with the equipping, landscaping or furnishing of such Project, prior to the completion of construction of such Project; or (ii) if funds are available, be applied to pay construction period interest. After completion of the Projects which are funded by the Series BB-1 Bonds, amounts held in the Series BB-1 Bonds subaccount of the Earnings Account may, at the option of the Corporation, (i) be transferred to the Rebate Fund established pursuant to the Rebate Agreement; (ii) be deposited in the Series BB-1 Bonds subaccount of the Series BB Interest Account of the Sinking Fund, to pay interest on the Series BB-1 Bonds; (iii) be deposited in the Series BB-1 Bonds subaccount of the Series BB Principal Account of the Sinking Fund, to pay principal of the Series BB-1 Bonds; or (iv) be transferred to an additional project account, if any, described in paragraph (c) above.

Amounts in the Series BB-2 Bonds subaccount of the Earnings Account shall, at the option of the Corporation, (i) be used as needed to pay costs of the Drug Discovery Building Project, or any other costs associated with the equipping, landscaping or furnishing of the Drug Discovery Building Project; or (ii) if funds are available, be applied to pay construction period interest. After completion of the Drug Discovery Building Project, amounts held in the Series BB-2 Bonds subaccount of the Earnings Account may, at the option of the Corporation, (i) be deposited in the Series BB-2 Bonds subaccount of the Series BB Interest Account of the Sinking Fund, to pay interest on the Series BB-2 Bonds; or (ii) be deposited in the Series BB-2 Bonds subaccount of the Series BB Principal Account of the Sinking Fund, to pay principal on the Series BB-2 Bonds.

Expense Account. The Corporation will establish a separate account in the Series BB Project Fund to be known as the "Expense Account," with separate subaccounts for the Series BB-1 Bonds and Series BB-2 Bonds, to the credit of which deposits are to be made from the proceeds of the Series BB-1 Bonds and Series BB-2 Bonds. Moneys on deposit in each subaccount of the Expense Account will be applied to pay certain costs of issuing the corresponding applicable series of the Series BB Bonds. Any moneys remaining in each subaccount of the Expense Account on June 15, 2015, will be transferred to the corresponding applicable subaccount of the Series BB Interest Account of the Sinking Fund.

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 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, is 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 Student Fee Bonds then Outstanding.

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 by 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 (iv) 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 BB-1 Bonds:

(a) that it will not permit the facilities financed or refinanced with the proceeds of the Series BB-1 Bonds to be used in such manner as would result in the loss of the exclusion of interest on the Series BB-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), nor will the Corporation act in any other manner which would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series BB-1 Bonds; this covenant is based solely on current law in effect and in existence on the date of delivery of said Series BB-1 Bonds; and

(b) that it will not make any investment or do any other act or thing during the period that any Series BB-1 Bonds are Outstanding which would cause any of the Series BB-1 Bonds or Refunded 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 BB-1 Bonds.

However, it will not be an event of default under the Indenture if the interest on the Series BB-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 BB-1 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. 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; provided, that earnings and other investment income on money in each Account of the Series BB Project Fund will be deposited as described above under "Series BB Project Fund;" and provided 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 is 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 either an order of insolvency or reorganization entered against it or 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.

All rights of action under or in respect of the Indenture will be exercised only by the Trustee and no holder of any Student Fee Bond will have any right to institute any suit, action or proceeding at law or in equity for any remedy under the Indenture or by reason thereof, unless and until the Trustee has received the written request of the holders of not less than 25% in principal amount of the Student Fee Bonds then outstanding (or any provider of a Credit Support Instrument to the extent provided in the applicable supplemental indenture) and has been offered reasonable indemnity and has refused or for 30 days thereafter neglected to institute such suit, action or proceeding. The Trustee may in its discretion and, when duly requested in writing by the holders of at least 25% in principal amount of the Bonds then outstanding (or the provider of a Credit Support Instrument) and furnished indemnity satisfactory to it against expenses, charges and liabilities, will take such appropriate action by judicial proceedings or otherwise in respect of any existing default on the part of the Corporation as the Trustee may deem expedient in the interest of the holders of the Student Fee Bonds outstanding.

The Trustee is appointed the special agent and representative of the holders of Student Fee Bonds and vested with full power in their behalf to effect and enforce the Indenture for their benefit as provided therein. However, the holders of 51% or more 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 first to the payment of principal of and interest on the Student Fee Bonds and the maintenance of the Reserve Fund, then to repay providers of Reserve Fund Credit Instruments, and finally 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 is otherwise 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 pays all expenses and fees of the Trustee and Paying Agent, and (3) the Corporation keeps, performs and observes 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 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 pays or causes to be paid, or makes provisions for payment in accordance with the Indenture, to the holders of all Student Fee Bonds then Outstanding 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 (except for the moneys, Federal Securities and Escrowed Municipals deposited as described in 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.

Student Fee Bonds for the payment or redemption of which moneys have been set aside and are held in trust by the Trustee (through irrevocable deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph. Any Student Fee Bonds will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph if (a) in case such Student Fee Bonds are to be redeemed on any date prior to their maturity, the Corporation has given to the Trustee irrevocable instructions to give notice of redemption of such Student Fee Bonds on said date, (b) there has been deposited with the Trustee either moneys in an amount which is sufficient, or non-callable Federal Securities or Escrowed Municipals the principal of and the interest on which when due will provide moneys which, together with other moneys, if any, deposited with the Trustee at the same time, are sufficient, to pay when due the principal of and interest due and to become due on such Student Fee Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Student Fee Bonds do not mature and are not to be redeemed within the next succeeding 60 days, the Corporation has given the Trustee irrevocable instructions to give, as soon as practicable, notice to the holders of such Student Fee Bonds that the deposit required by (b) above has been made with the Trustee and that such Student Fee Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of such Student Fee Bonds. Neither any Federal Securities or Escrowed Municipals nor any moneys so deposited with the Trustee nor any principal or interest payments on any such Federal Securities or Escrowed Municipals will be withdrawn or used for any purposes other than, and will be held in trust for, the payment of the principal of and the interest on such Student Fee Bonds. However, any cash received from such principal or interest payments on such Federal Securities or Escrowed Municipals deposited with the Trustee, (a) to the extent such cash will not be required at any time for such purposes, will be paid over to the Corporation as received by the Trustee, free and clear of any trust, lien or pledged securing such Student Fee Bonds or otherwise existing under the Indenture, and (b) to the extent such cash will be required for such purpose at a later date, will, to the extent practicable, be reinvested in Federal Securities or Escrowed Municipals maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on such Student Fee Bonds on and prior to such redemption date or maturity date thereof, and interest earned from such reinvestments will be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

Supplemental Indentures; Amendments

The Trustee and the Corporation may, from time to time, enter into supplemental indentures for any of the following purposes, without any action by or notice to the holders of any Student Fee Bonds:

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 or to surrender any right or power 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 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 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;

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

10. for any other purpose not prohibited by the 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; or

11. to provide for the terms under which Qualified Swap Agreements may be entered into by the Corporation in connection with any Student Fee Bonds, including the relation of Qualified Swap Receipts and Qualified Swap Payments by the Corporation to the flow of funds set forth in the Indenture applicable to such Student Fee Bonds, and all other necessary or appropriate terms and conditions of such Qualified Swap consistent

with the Indenture; provided, however, that such Qualified Swap Agreement does not have an adverse effect on any rating of the Student Fee Bonds by any nationally recognized rating agency currently rating such Student Fee Bonds, without regard to any other factors which may affect such rating.

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 holder of any Student Fee Bonds 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 described above.

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 BB-1 Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes, 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 the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion relates only to the exclusion from gross income of interest on the Series BB-1 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 (as hereinafter deemed). Failure to comply with the Tax Covenants could cause interest on the Series BB-1 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. Interest on the Series BB-2 Bonds is not excludable from gross income for federal income tax purposes. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series BB Bonds is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Series BB Bonds for State income tax purposes. See APPENDIX C-1 and APPENDIX C-2 for the forms of opinions of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series BB-1 Bonds as a condition to the exclusion from gross income of interest on the Series BB-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 BB-1 Bonds, that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series BB-1 Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series BB-1 Bonds establish procedures under which compliance with the requirements of the Code can be met.

Indiana Code (IC) 6-5.5 imposes a franchise tax on certain taxpayers (as defined in IC 6-5.5) which, in general, include 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 BB Bonds.

Although Bond Counsel will render an opinion that interest on the Series BB-1 Bonds is excludable from gross income under Section 103 of the Code for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series BB-1 Bonds may otherwise affect a Bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon a Bondholder's particular tax status and a Bondholder'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 deemed to have incurred (or continued) indebtedness to purchase or carry the Series BB-1 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series BB Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series BB Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Series BB-1 Bonds maturing on July 1, 2029 through and including July 1, 2031 (collectively, the "Discount Bonds") are less than the principal amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the inside cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described under the caption "TAX MATTERS," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

BOND PREMIUM

The initial public offering prices of the Series BB-1 Bonds maturing on July 1, 2015 through and including July 1, 2028 and maturing on July 1, 2032 through and including July 1, 2034 (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.

LITIGATION

Absence of Litigation Related to the Series BB Bonds

As of the date of delivery the Series BB 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 BB Bonds or the pledging of the Pledged Funds, or in any way contesting, questioning or affecting the validity of any provision of the Series BB Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series BB Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present members of the Board of Trustees or other Corporation officers to their respective offices is being contested.

Other Proceedings

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

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") have given the Series BB Bonds the ratings of "Aaa" and "AA+," respectively. An explanation of the rating by Moody's may be obtained from such agency at 7 World Trade Center 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 55 Water Street, New York, New York, 10004.

The ratings are not a recommendation to buy, sell or hold any of the Series BB Bonds. There is no assurance that the ratings will remain in effect for any given period of time or that a rating will not be revised downward or withdrawn entirely by Moody's or S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price or marketability of the Series BB Bonds.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into an Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010, as previously supplemented and as further supplemented by a Fifth Supplement to Continuing Disclosure Undertaking Agreement, dated as of November 15, 2014 (as supplemented, the "Undertaking"). Each Underwriter, by its agreement to purchase any Series BB Bonds, accepts and assents to the Undertaking and the exchange of (i) such agreement for (ii) the promises of Corporation, and assigns all its rights under the Undertaking to the holders of Series BB Bonds or Beneficial Owners (as such terms are defined in the Undertaking). Beneficial Owners and holders of Bonds (including the Series BB Bonds) are named as third party beneficiaries of the Undertaking.

Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series BB Bonds are Outstanding:

- Audited Financial Statements. To the Municipal Securities Rulemaking Board ("MSRB"), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2015, together with the auditor's report and all notes thereto; and

- Financial Information in Official Statement. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2015, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided under the following headings in this Official Statement (collectively, the "Annual Information"); provided, however, that the updating information may be provided in such format as the Corporation deems appropriate:

  ANNUAL DEBT SERVICE REQUIREMENTS

  (Total Debt Service Column Only)

  APPENDIX A

  — Student Admissions
  — Tuition and Fees
  — Student Enrollment
  — Financial Operations of the Corporation
  — State Appropriations
  — Student Financial Aid
  — Endowment and Similar Funds
  — Related Foundations
  — Fund Raising Activity
  — Grants and Contracts
  — Other Outstanding Indebtedness
  — Physical Property

- Event Notices. In a timely manner within 10 business days after the occurrence thereof, to the MSRB, notice of the occurrence of any of the following events with respect to the Series BB Bonds, in each case (i) in an electronic format as prescribed by MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions, 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 the Series BB Bonds, or other material events affecting the tax status of the Series BB Bonds;
- modifications to the rights of owners of the Series BB Bonds, if material;
- Series BB Bond calls, if material, and tender offers;
- defeasances;
- release, substitution or sale of property securing repayment of the Series BB Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the Corporation;
- the consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, 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
- appointment of a successor or additional trustee or the change of name of a trustee, if material.

Determination of materiality will be made by the Corporation in accordance with the standards established by federal securities laws, as then in existence.

- Failure to Disclose. In a timely manner, to the MSRB, notice of the Corporation's failing to provide the Annual Information as required by the Undertaking.

If any Annual Information or audited financial statements relating to the Corporation referred to above no longer can be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Corporation to the MSRB, along with any other Annual Information or audited financial statements required to be provided under the Undertaking, will satisfy the Undertaking. To the extent available, the

Corporation will 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.

The Corporation has agreed 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 Corporation on the date by which Annual Information is required to be provided under the Undertaking, will not be deemed to be a breach of the Undertaking. The Corporation has further agreed to supplement the Annual Information filing when such data is available.

Dissemination Agent. The Corporation may, at its sole discretion, utilize an agent in connection with the dissemination of any information required to be provided by the Corporation pursuant to the Undertaking.

Remedy. The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking will be for specific performance of the Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or for any other remedy. The Corporation's failure to honor its covenants under the Undertaking will not constitute a breach or default of the Series BB Bonds, the Indenture or any other agreement to which the Corporation is a party.

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking, any holder or beneficial owner of Series BB Bonds may pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. Any challenge to the adequacy of the information provided by the Corporation by the terms of the Undertaking may be pursued only by holders or beneficial owners of not less than 25% in principal amount of Series BB Bonds then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders or beneficial owners of Series BB Bonds supported by reasonable documentation of such claim will be sufficient to evidence standing to pursue the remedy set forth above.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking, a holder or beneficial owner of Series BB Bonds must give notice to the Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty days after the receipt of such notice, or upon earlier response from the Corporation to the notice indicating continued noncompliance, such remedy may be pursued under the Undertaking if and to the extent the Corporation has failed to cure such breach.

If specific performance is granted by any such court, the party seeking such remedy will be entitled to payment of costs by the Corporation and to reimbursement by the Corporation 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 Corporation will 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.

Modification of Undertaking. The Corporation may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series BB Bonds 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 Corporation, or type of business conducted, (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Series BB Bonds, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the Trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of 51% or more of Outstanding Series BB Bonds as required under the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

Prior Compliance. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that in the previous five years it has not fully complied with its previous undertakings including, but not limited to, the following instances: (i) In April 2010 Moody's Investors Service, Inc. recalibrated all U.S. municipal ratings to a global scale, changing the Corporation's rating from "Aa1" to "Aaa." No event notice was filed as this was a system-wide recalibration and was not considered by Moody's to be a rating upgrade of the Corporation; (ii) In November 2010 Standard & Poor's upgraded the rating of the Corporation from "AA" to "AA+" in connection with the issuance of the Corporation's Series Z Bonds. No event notice was filed as the rating upgrade was readily available to the marketplace in connection with the concurrent primary offering of the Series Z Bonds; and (iii) Annual and event filings in some instances were not attached to all CUSIP numbers assigned to obligations of the Corporation.

The Corporation makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series BB Bonds are subject to the approval of Ice Miller LLP, Bond Counsel and Disclosure 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 opinions of Bond Counsel with respect to the Series BB Bonds are attached as APPENDIX C-1 and APPENDIX C-2.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series BB 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 BB 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 BB 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 BB-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 Underwriters on behalf of the Corporation relating to the (a) sufficiency of the anticipated cash flow from the SLGS 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 BB-1 Bonds and on the SLGS considered by Bond Counsel in connection with its opinion that the Series BB-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

Morgan Stanley & Co. LLC, for itself and as the representative of others as shown on the cover page hereof (the "Underwriters"), has agreed to purchase the Series BB Bonds of both series subject to certain conditions precedent, and the Underwriters are obligated to purchase all Series BB Bonds issued at an aggregate purchase price of $74,609,432.34 (representing the aggregate par amount of Series BB Bonds, plus a net original issue premium with respect to the Series BB-1 Bonds of $7,210,137.15, and less the Underwriters' discount of $215,704.81). The Underwriters may offer and sell the Series BB Bonds of either series to certain dealers (including dealers depositing the Series BB 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 Underwriters.

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

Loop Capital Markets, one of the Underwriters of the Series BB Bonds, has entered into distribution agreements (each a "Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS"), Deutsche Bank Securities Inc. ("DBS") and Credit Suisse Securities USA LLC ("CS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement, each of UBSFS, DBS and CS will purchase the Series BB Bonds from Loop Capital Markets at the original issue prices less a negotiated portion of the selling concession applicable to any Series BB Bonds that such firm sells.

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 BB Bonds.

MISCELLANEOUS

During the initial offering period for the Series BB Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the University, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of Morgan Stanley & Co. LLC, 1585 Broadway, New York, NY 10036. APPENDICES A and D have been prepared by the Corporation and APPENDIX B, the Corporation's financial statements, were furnished by the Corporation. APPENDIX C-1 and APPENDIX C-2 have been prepared by Ice Miller LLP, Bond 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/ William E. Sullivan

William E. Sullivan, Treasurer

Dated: December 3, 2014

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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 as one of the 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 68,000 full-time and part-time students and approximately 5,000 faculty and lecturers on its main, regional, and statewide campuses as of Fall 2014. An additional 5,767 Purdue students were enrolled in Fall 2014 at 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. In July 2014, the Calumet and North Central campuses began administration consolidation under a new name, Purdue Northwest. The target for completion of the unification is July 2016.

Academic Colleges and Schools of Purdue University

The University divides its academic year into two semesters and a summer term. 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 – Business; Education; Engineering, Mathematics & Science; Liberal Arts & Social Sciences; Nursing; and Technology.

IPFW - Arts & Sciences; Business; Continuing Studies; Education and Public Policy; Engineering, Technology & Computer Science; Health and Human Services; and Visual & Performing Arts.

North Central - Business; Engineering and Technology; Liberal Arts; Science.

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.

Purdue Moves

In 2013, Purdue's President Mitch Daniels announced a new set of initiatives in to leverage Purdue's strengths as a university and invest in those disciplines with the greatest potential to change the world. Named Purdue Moves, three broad categories define these initiatives:

•Purdue will forge ahead in STEM leadership
- Expand the College of Engineering to meet future engineering challenges
- Transform the College of Technology to focus on demand-driven innovation and entrepreneurship, including creation of the Purdue Polytechnic Institute
- Strengthen computer science development with new hardware and software models

•Purdue will deliver world-changing research
- Invest in drug discovery to change the course of diseases
- Advance plant science research to provide for an increasing world population

•Purdue will be a leader in transformative higher education
- Change the way learning occurs to improve student outcomes
- Engage students with international experiences
- Increase success and value with more affordable on-campus living opportunities for students
- Offer full class opportunities as a year-round university, enabling students to complete academic requirements, study abroad and participate in internships at various times

An overarching theme to these initiatives is affordability and accessibility in higher education. Purdue seeks to improve the cost/value offering by reducing the financial burden on students and their families, increasing scholarships and increasing the value of the Purdue degree. Each area of the University is engaged in moving the University forward, dedicated to offering higher education at its highest proven value.

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.

Thomas E. Spurgeon, *Chairman**
Michael Berghoff, *Vice Chairman*
William E. Sullivan, *Treasurer***
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Janice A. Indrutz, *Corporate Secretary*
Steven R. Schultz, *Legal Counsel*
Thomas B. Parent, *Assistant Legal Counsel*

Principal Administrative Officers of the University

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

Mitchell E. Daniels Jr., *President*
Debasish Dutta, *Executive Vice President for Academic Affairs and Provost***
William E. Sullivan, *Treasurer and Chief Financial Officer***
James S. Almond, *Senior Vice President for Business Services and Assistant Treasurer*
Morgan J. Burke, *Director of Intercollegiate Athletics*
Michael B. Cline, *Vice President for Physical Facilities*
Peggy L. Fish, *Director of Audits*
Suresh Garimella, *Executive Vice President for Research and Partnerships*
Julie K. Griffith, *Vice President for Public Affairs*
Trenten D. Klingerman, *Interim Vice President for Human Resources*
William G. McCartney, *Vice President for Information Technology and Chief Information Officer*
Alysa C. Rollock, *Vice President for Ethics and Compliance*
Steven R. Schultz, *Legal Counsel*
Christine Taylor, *Chief Diversity Officer*

Regional Campus Staff
Thomas L. Keon, *Chancellor, Purdue University Calumet*
James B. Dworkin, *Chancellor, Purdue University North Central****
Vicky L. Carwein, *Chancellor, Indiana University-Purdue University Fort Wayne*

Principal Administrators of the Purdue Research Foundation

Daniel J. Hasler, *President and Chief Entrepreneurial Officer*
Amy Noah, *Vice President for Development*
Scott W. Seidle, *Chief Investment Officer*

* Term expires June 30, 2015
** See "Executive Leadership Changes"
***Term to expire no later than June 30, 2016

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 admissions such that the total undergraduate enrollment on the West Lafayette Campus is approximately 29,300.

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2010-11	30,707	19,993	65.1%	6,347	31.7%	54.5%
2011-12	29,513	20,163	68.3%	6,659	33.0%	57.3%
2012-13	30,903	18,951	61.3%	6,291	33.2%	58.4%
2013-14	30,955	18,684	60.4%	6,283	33.6%	59.2%
2014-15	39,706	23,506	59.2%	6,373	27.1%	55.9%

The freshman applicants at the West Lafayette campus for the fall semesters 2010 through 2014 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1166, 1175, 1186, 1200, and 1213. Approximately 80% of the Fall 2014 freshman class had a high school grade point average between 3.5 and 4.0 and 98% of the Fall 2014 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 2010-11 through 2014-15. Approximately 52% of the total undergraduate and graduate students at the West Lafayette campus and approximately 12% of regional campus students were non-residents of the State of Indiana at Fall 2014.

WEST LAFAYETTE CAMPUS TUITION AND FEES

		FULL-TIME (PER ACADEMIC YEAR)		PART-TIME (PER CREDIT HOUR)	
ACADEMIC YEAR		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2010-11	[1,2]	$9,070	$26,622	$325	$885
2011-12	[1,2,3,4]	9,478	27,646	336	916
2012-13	[1,2,3,4]	9,900	28,702	348	948
2013-14	[1,2,3,4]	9,992	28,794	348	948
2014-15	[1,2,3,4]	10,002	28,804	348	948

[1] Includes the Repair & Rehabilitation (R&R) fee per semester of $151 in Fall 2010, $156 in Fall 2011, $161 in Fall 2012 and thereafter. For purposes of assessing the R&R fee, students are defined as those beginning Summer 2006 and thereafter. All students are assessed the R&R fee effective Fall 2011.
[2] A new Student Success fee of $250 was added to the general service fee for new students beginning in Fall 2009 and has been fully phased in as of Fall 2014.
[3] Includes a Student Fitness and Wellness fee per semester of $46 in Fall 2011, $81 in Fall 2012, and $122 in Fall 2013and thereafter.
[4] International Students enrolling between the Summer of 2011 and Spring of 2012 were charged an additional $518 per semester, and $1,000 per semester thereafter.

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 2010-11 through 2014-15. 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
2010-11	[1,2]	$6,623	$14,961	$6,454	$13,744
2011-12	[1,3]	6,789	15,336	6,616	14,088
2012-13	[1,4]	6,959	15,720	6,781	14,441
2013-14	[1,5]	7,098	16,035	6,917	14,730
2014-15	[1,6]	7,241	16,356	7,055	15,025

FORT WAYNE

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2010-11	[1,2]	$7,272	$17,466	$7,172	$16,241
2011-12	[1,3]	7,454	17,903	7,351	16,646
2012-13	[1,4]	7,640	18,350	7,535	17,063
2013-14	[1,5]	7,793	18,717	7,686	17,404
2014-15	[1,6]	7,949	19,092	7,840	17,752

NORTH CENTRAL

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2010-11	[1,2]	$6,704	$15,960	$6,515	$14,666
2011-12	[1,3]	6,872	16,359	6,678	15,034
2012-13	[1,4]	7,044	16,769	6,845	15,409
2013-14	[1,5]	7,185	17,105	6,982	15,718
2014-15	[1,6]	7,329	17,447	7,121	16,032

[1] For purposes of the R&R fee, assessments were applied to students beginning Summer 2006 and thereafter for North Central and Fall 2006 and thereafter for Calumet and Fort Wayne. All students were assessed the R&R fee effective Fall 2011

[2] Includes the 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.

[3] Includes the R&R fee of $3.35, $3.00 and $2.45 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2011.

[4] Includes the R&R fee of $3.45, $3.10 and $2.50 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2012.

[5] Includes the R&R fee of $3.50, $3.15 and $2.55 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2013.

[6] Includes the R&R fee of $3.55, $3.20 and $2.60 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2014.

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 undergraduate students are residents of Indiana. The student body represents all 50 states and 126 countries. The following table presents the University’s headcount enrollment for the Fall semester of the academic years 2010-11 through 2014-15.

ACADEMIC YEAR	WEST LAFAYETTE CAMPUS FULL-TIME	WEST LAFAYETTE CAMPUS PART-TIME	WEST LAFAYETTE CAMPUS TOTAL	REGIONAL CAMPUSES FULL-TIME	REGIONAL CAMPUSES PART-TIME	REGIONAL CAMPUSES TOTAL	STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL[1]
2010-11	36,392	3,334	39,726	18,083	10,530	28,613	1,355	69,694
2011-12	36,193	3,444	39,637	17,160	12,231	29,391	1,231	70,259
2012-13	35,759	3,497	39,256	16,219	13,654	29,873	1,145	70,274
2013-14	35,213	3,575	38,788	15,960	14,041	30,001	1,018	69,807
2014-15	34,995	3,775	38,770	14,930	13,962	28,892	987	68,649

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

ACADEMIC YEAR	WEST LAFAYETTE UNDERGRADUATE	WEST LAFAYETTE GRADUATE & PROFESSIONAL	WEST LAFAYETTE TOTAL	WEST LAFAYETTE FULL-TIME EQUIVALENT[2]	PURDUE SYSTEM FULL-TIME EQUIVALENT[1, 2]
2010-11	30,836	8,890	39,726	37,959	59,271
2011-12	30,776	8,861	39,637	38,216	58,928
2012-13	30,147	9,109	39,256	37,976	58,706
2013-14	29,440	9,348	38,788	37,401	57,285
2014-15	29,255	9,515	38,770	36,984	56,700

[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] Calculated by dividing total credit hours by 15 for undergraduate, professional and certificate students and by 12 for graduate students.

Faculty and Employees

As of October 15, 2014, the University's faculty and staff aggregate total was 19,745. Of the total faculty, 63% hold tenured/tenure track appointments.

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	41	25	66
Academic Department Heads	90	48	138
Professors	827	134	961
Associate Professors	562	302	864
Assistant Professors	363	120	483
Instructors	0	3	3
Sub-Total of Tenured/Tenure Track Faculty	**1,883**	**632**	**2,515**
Non-Tenure Appointments			
Clinical/Professional	148	47	195
Research Faculty	34	0	34
Visiting Faculty	112	72	184
Post Doctoral	383	2	385
Sub-Total of Non-Tenure Appointments	**677**	**121**	**798**
Continuing Lecturers and Limited-Term Lecturers			
Continuing Lecturers	173	105	278
Limited-Term Lecturers	169	806	975
Sub-Total of Continuing Lecturers and Limited-Term Lecturers	**342**	**911**	**1,253**
Adjunct Faculty			
Adjunct Faculty	395	262	657
Sub-Total of Adjunct Faculty	**395**	**262**	**657**
Graduate Student Staff			
Graduate Assistants	1,803	143	1,946
Fellow Administered as Graduate Assistant	183	0	183
Graduate Lecturers	40	0	40
Graduate Research Assistants	2,412	29	2,441
Graduate Administrative/Professional	239	20	259
Graduate Aides	0	55	55
Sub-Total of Graduate Student Staff	**4,677**	**247**	**4,924**
Staff			
Management	534	113	647
Administrative Staff	1,121	290	1,411
Operations Assistant	448	85	533
Professional Staff	320	12	332
Professional Assistant	1,250	176	1,426
Technical Assistant	262	23	285
Extension Educators	239	0	239
Clerical Staff - Regular	940	271	1,211
Clerical Staff - Temporary	82	51	133
Service Staff - Regular	1,843	264	2,107
Service Staff - Temporary	1,006	268	1,274
Sub-Total of Staff	**8,045**	**1,553**	**9,598**
GRAND TOTAL ALL STAFF	**16,019**	**3,726**	**19,745**

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

Facilities (As of Fall 2014 except as noted)

Academic, Administrative, Athletic and Residential Facilities: The University has 231 principal buildings of 10,000 or more square feet used for academic instruction, research, athletics, residential and administrative functions. These buildings are located on the University's four campuses that comprise 4,540 acres. The University, together with related foundations, also owns 14,697 acres of land used for agricultural purposes throughout the state. (Fall 2013)

Libraries: The Purdue University Libraries system on the West Lafayette campus includes 11 subject-oriented libraries, the Hicks Undergraduate Library and the Virginia Kelly Karnes Archives and Special Collections Research Center. The campus library system consists of 2.1 million printed volumes, over 1.5 million electronic books, 129,525 electronic and print journals, more than 608,000 government documents, and 1,656,833 e-resources, with access to more.

Research Facilities: The University has approximately 1.5 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. (Fall 2013)

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 provided 11,904 spaces for students in Fall 2014. The Fort Wayne campus provided 1,204 spaces and the Calumet campus provided 739 spaces for students in Fall 2014. Occupancy on the West Lafayette campus was 99% for Fall 2014. Occupancy was 77% on the Fort Wayne campus and 94% on the Calumet campus for Fall 2014.

The predominant rates for room and board at the West Lafayette campus for the 2014-15 academic year are $10,032 with unlimited meals per week, $9,414 with 13 meals per week, and $7,858 with 8 meals per week. The 2014-15 monthly housing rates at the Fort Wayne campus and Calumet campus will range from $395 to $818 and $548 to $672, respectively.

Athletic Facilities: The University's West Lafayette campus is home to Ross-Ade football stadium which seats 57,236 and Mackey Arena which seats 14,264 for basketball games. Additional facilities include the Birck Boilermaker Golf Complex, Boilermaker Aquatic Center, Holloway Gymnasium, Drew and Brittany Brees Student-Athlete Academic Center, Lambert Fieldhouse, Mollenkopf Athletic Center, Rankin Track and Field, Schwartz Tennis Center, the Northwest Athletic site for baseball and soccer, a softball complex, and a cross country course.

Parking Facilities: The University has nine parking garages on the West Lafayette campus, one on the Calumet campus and three on the Fort Wayne campus. Additional parking capacity is provided by surface lots on all four campuses.

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 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 2014, the University adopted GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". During fiscal year 2013, the University adopted GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements"; GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34"; GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"; and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

The effect of GASB Statement No. 61:

- Changed the presentation of Ross-Ade Foundation from a blended component unit to a discretely presented component unit; Ross-Ade Foundation's net position was approximately $1,611,000 as of June 30, 2013,
- Recognized IPFW Foundation as a discretely presented component unit; IPFW Foundation's net position was approximately $17,951,000 as of June 30, 2013.

The effect of GASB Statement No. 65:

- Changed the presentation of certain items previously required to be reported as assets or liabilities to properly record them as either deferred outflows of resources or deferred inflows of resources, or to recognize certain items that were previously reported as assets or liabilities as outflows of resources (expenses) or inflows of resources (revenues).

The complete financial report for Purdue University is attached as Appendix B hereto.

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

	Fiscal Year Ended June 30 (dollars in thousands)			
	2014	2013	2012*	2011*
Operating Revenues				
Tuition and Fees	$839,367	$834,222	$805,295	$757,072
Less: Scholarship Allowance	(112,111)	(103,972)	(97,499)	(97,240)
Net Tuition and Fees	$727,256	$730,250	$707,796	$659,832
Federal Grants	16,398	14,970	14,331	15,683
County Grants	7,760	8,241	9,012	7,951
Grants and Contracts	344,537	364,697	375,341	366,567
Sales and Services	74,721	73,866	72,526	65,219
Auxiliary Enterprises (Net of Scholarship Allowance of $14,254, $13,895, $12,725, and $13,344 respectively)	254,567	249,379	250,744	232,213
Other Operating Revenues	9,970	8,728	6,822	4,004
GASB 61 Paper Adjustment				4
Total Operating Revenues	**$1,435,209**	**$1,450,131**	**$1,436,572**	**$1,351,469**
Operating Expenses				
Compensation and Benefits	$1,201,478	$1,252,812	$1,220,731	$1,201,083
Supplies and Services	503,556	424,676	418,340	395,617
Depreciation Expense	148,356	135,846	126,284	119,820
Scholarships, Fellowships, and Student Awards	72,291	63,775	68,365	70,173
Total Operating Expenses	**$1,925,681**	**$1,877,109**	**$1,833,720**	**$1,786,693**
Net Operating Loss	**($490,472)**	**($426,978)**	**($397,148)**	**($435,224)**
Non-operating Revenues (Expenses)				
State Appropriations	$392,293	$370,382	$389,078	$385,300
Grants and Contracts	61,534	65,687	73,261	77,973
Private Gifts	85,226	61,009	70,647	67,160
Investment Income	280,979	150,321	16,034	270,794
Interest Expense	(23,142)	(34,535)	(32,843)	(27,665)
Other Non-operating Revenues, Net	6,223	5,575	3,623	6,128
Total Non-operating Revenues before Capital/Endowments	**$803,113**	**$618,439**	**$519,800**	**$779,690**
Capital and Endowments				
State Capital Appropriations	$6,322	$0	$0	$0
Capital Gifts	$16,116	$11,122	$133	$5,287
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	29,075	26,351	20,048	23,817
Gain (Loss) on Retirement of Capital Assets, Net of Proceeds and Insurance Recoveries	257	(1,458)	(6,349)	(4,759)
Total Capital and Endowments	**$51,770**	**$36,015**	**$13,832**	**$24,345**
Increase in Net Assets	**$364,411**	**$227,476**	**$136,484**	**$368,811**
Net Assets, Beginning of Year	**$3,811,958**	**$3,584,482**	**$3,447,998**	**$3,079,187**
Net Assets, End of Year	**$4,176,369**	**$3,811,958**	**$3,584,482**	**$3,447,998**

* Restatement due primarily as a result of the Ross-Ade Foundation changing from a blended component unit to a discretely presented component unit in 2013 as a result of GASB 61. Non-material changes related to consolidation of Student Organization activity is also restated in 2012, but not in previous years.

Student Fees

The "Student Fees" (for purposes of the Corporation's student fee indenture) for the past four years are listed on the previous page in the table labeled "Financial Operations of the Corporation" on the line item "Net Tuition and Fees".

Budgeting

The University's Board of Trustees approves an operating budget for each fiscal year based upon the proposed budget submitted by the President and senior administrative officers of the University. To establish an operating budget, the University takes into consideration appropriations from the State and revenue from all other sources including student fees. On a biennial basis the University submits a request to the Indiana Commission for Higher Education and the State Budget Agency seeking appropriations from the General Assembly. The State appropriations include funding for operations, fee replacement (debt service), capital, repair and rehabilitation and other public service functions. See "State Appropriations".

State Appropriations

To sustain its mission and educational activities, the University receives a portion of revenues from the State of Indiana. Other revenues are derived substantially 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 fiscal years 2010 through 2014, and budgeted for fiscal year 2015 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.

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						
2010	$324,308	$30,567	-	$26,919	- [1]	$381,794
2011	317,986	31,779	-	26,919	$ 9,534 [1]	386,218
2012	312,325	29,009 [2]	-	26,954	-	368,288
2013	312,325	31,069 [3]	-	26,953	-	370,347
2014	318,606	30,146	9,265	34,276	5,750 [5]	398,043
Budgeted						
2015	325,109 [4]	29,637	9,265	34,093	65,600 [5]	463,704

[1] A non-recurring appropriation of $45,474,070 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, $35,131,844 reverted to the State and the balance of $10,342,226 was available for 2010-2011 but not appropriated. An additional $10 million was available to be allocated between Purdue and Indiana University in fiscal year 2011 at the discretion of the State Budget Agency but was not appropriated.
[2] Net of bond proceeds interest income in the amount of approximately $2.8 million, appropriated by the State but not claimed by the University.
[3] Net of interest savings of $272,100 and other savings in the amount of $842,486 appropriated by the State but not claimed by the University.
[4] Indiana's Governor, Mike Pence, announced plans to reduce appropriations to state agencies and universities starting in fiscal year 2015. If State tax collections in fiscal year 2015 meet expectations, the appropriations will be restored. The system-wide impact for Purdue is expected to be approximately $7.2 million. This reduction is not reflected in the table.
[5] Capital appropriations towards construction of West Lafayette Active Learning Center ($50,000,000) and IPFW South Campus Renovations ($21,350,000) will be funded based on the actual timing of the recognition of expenses.

Student Financial Aid

Among Purdue students, there was a 4.11% increase in State Awards and a 6.12% decrease in Federal Pell Grants from 2012-13 to 2013-14. Total grants and scholarships increased by 0.73% compared to an increase of 1.7% in total loans for 2012-13 from the previous year.

The following table summarizes the financial aid provided to students of the University from a limited set of various sources for the 2013-14 Academic Year.

STUDENT FINANCIAL ASSISTANCE[1]

Academic Year 2013-14

	West Lafayette	Regional Campuses	Total
Scholarships and Grants:			
University Scholarships, Grants & Fee Remissions	$78,658,248	$9,778,414	$88,436,662
University Incentive Grant	12,296,129	0	12,296,129
Purdue Opportunity Awards [2]	390,457	0	390,457
Athletic Grant-in-Aid	10,860,122	2,651,555	13,511,677
State Awards	25,742,698	20,290,788	46,033,486
Private Awards	11,922,809	3,671,046	15,593,855
Fellowships	13,126,738	0	13,126,738
Federal Pell Grants	24,998,410	34,012,018	59,010,428
Federal SEOG	1,840,433	514,189	2,354,622
Other Federal Grants	15,715,817	921,949	16,637,766
Total Scholarships and Grants	**$195,551,861**	**$71,839,959**	**$267,391,820**
Loans[3]:			
Federal Stafford Loans	$101,365,625	$88,607,931	$189,973,556
Federal Parent Loans for Undergraduate Students	48,497,913	5,746,061	54,243,974
Federal Graduate PLUS Loans	4,438,872	382,748	4,821,620
Federal Perkins and Health Professions Loans	3,140,793	565,935	3,706,728
Purdue Loans	4,691,156	-	4,691,156
Private Loans	21,465,475	4,323,539	25,789,014
Total Loans	**$183,599,834**	**$99,626,214**	**$283,226,048**
Employment and Employment Related:			
Work-Study Salaries	$1,532,590	$678,025	$2,210,615
Graduate Student Staff Salaries	89,846,408	2,165,752	92,012,160
Other Part-Time University Salaries	19,371,603	4,407,995	23,779,598
Employment Related Fee Remissions	53,086,241	2,089,099	55,175,340
Other Employment Related Awards	2,873,797	-	2,873,797
Total Employment Related	**$166,710,639**	**$9,340,871**	**$176,051,510**
Total Student Financial Assistance	**$545,862,334**	**$180,807,044**	**$726,669,378**

[1] Reported by Academic Year. Data does not tie to Fiscal Year reporting provided in the Financial Report.
[2] Purdue Opportunity Awards have been discontinued. Many recipients have been provided Purdue Promise funds within University Scholarships, Grants & Fee Remissions.
[3] Starting in 2013 financial aid package for non-resident students did not automatically include Parent Plus loans.

Other Post-Employment Benefits (OPEB)

In the financial statements for the year ending June 30, 2014, the University reported Other Post-Employment Benefits (OPEB) annual cost of $7,523,000. The University currently offers participation in its medical plan to retirees (1) who are 55 or older, (2) whose sum of age plus years of service is equal to or greater than 70 and (3) who have at least ten years of service in a benefits eligible position. Beginning July 1, 2014, the requirement to meet the combination of age and years of service to equal 70 or more has been eliminated. 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 providing income continuation payments. Based on date of disability, some additional "auxiliary benefits" may be extended. Prior to January 1, 2013, the program included retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning January 1, 2013, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

See Note 7 to the Financial Statements contained in Appendix B and “Retirement Plans” below 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 fiscal years 2010 through 2014 are shown below. These values are not pledged under the Indenture and do not include endowments separately held by the Corporation valued at $47,508,223 on June 30, 2014. The current spending policy for the endowment is 5.0%, based on a 12-quarter rolling average.

FISCAL YEAR ENDED JUNE 30	ENDOWMENT MARKET VALUE
2010	$ 987,207,372
2011	1,239,002,010
2012	1,194,501,367
2013	1,400,657,554
2014	1,592,824,888

As of October 31, 2014, the unaudited market value of the Corporation’s endowment was $1,534,078,917. The unaudited consolidated market value of the endowment (including Purdue Research Foundation) was $2,411,829,241 (including net additions) as of October 31, 2014.

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 each foundation for the fiscal year ending June 30, 2014 2015 is shown in the following table.

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation	$2,334,739,876	$127,762,927	$40,410,859
Ross-Ade Foundation	129,905,552	6,546,335	6,496,207
The Purdue Foundation, Inc.	3,367,291	48,527,568	48,527,568
Indiana-Purdue Foundation at Fort Wayne	12,677,639	1,684,954	1,991,605
Total	**$2,480,690,358**	**$184,521,784**	**$97,426,239**

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 collaboration between research and development activities of industry and the basic research of the University. The Foundation owns 7,363 acres of land, 6,166 acres of which are leased to the University. See "Transfer of the Development Office and the Office of Investments to Purdue Research Foundation."

Ross-Ade Foundation: The Ross-Ade Foundation was organized in 1923 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 two members of the Board of Trustees of the Corporation and the University President, who serves as President of the Board.

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.

IPFW Foundation: IPFW 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 recently completed a targeted $304 million "Student Access and Success" campaign. The first phase of this campaign provided for the Intercollegiate Athletics program at Purdue, and raised $33.9 million of the $32 million goal as of the close of this portion of the campaign on March 1, 2012. This phase of the campaign supplemented the funding of a Mackey Arena complex renovation and addition with an authorized budget of $99.5 million. The project provided necessary facility upgrades for academic tutoring, athletic training and practice areas, program space, fan amenities, and accessibility for the University's 500+ student-athletes

The second phase of the campaign, Student Access and Success, raised money for student programs, scholarships, and fellowships. At the close of the campaign on June 30, 2014, $308 million was raised, exceeding the $304 million goal.

In addition, the April 30, 2014, Purdue Day of Giving drew in nearly $1 million for Student Affordability and Accessibility. A total of $7.5 million came in on the Day of Giving from more than 6,500 donations.

Overall, Purdue University raised more than $235 million in gifts from more than 65,000 donors and, in the process, set records for first-time donors and student support for the fiscal year that ended June 30, 2014. Both the amount raised and the number of donors are substantial increases over the previous fiscal year.

Planning for fiscal year 2015 includes additional projects related to Purdue Moves initiatives and a second annual Purdue Day of Giving in an effort to continue to broaden Purdue's base of support.

Gift giving is shown below for fiscal years 2010 through 2014.

TOTAL GIFT GIVING BY CATEGORY
(dollars in thousands)

	2014	2013	2012	2011	2010
Cash/Securities *	$119,538	$100,923	$109,364	$121,863	$140,823
Real Estate	4,178	0	70	0	0
Gifts-in-Kind	54,930	50,446	64,890	72,812	62,933
Irrevocable Deferred	4,666	6,003	18,645	7,127	8,422
Revocable Deferred	47,643	91,921	24,213	37,064	29,428
New Pledge Balances*	72,192	30,498	120,170	37,972	30,186
Total Production	**$303,147**	**$279,791**	**$337,352**	**$276,838**	**$271,792**
Less: Prior Year Pledge payments *	-$67,493	-$60,863	-$38,533	-$47,597	-$56,897
Net Production	**$235,654**	**$218,928**	**$298,819**	**$229,241**	**$214,895**

* New pledge balances are recorded at the total pledge amount in the year in which the commitment is made. Payments made on those pledges in subsequent years are processed and recorded as Cash/Securities in the year in which the payments are received, then subtracted as Prior Year Pledge payments to provide annual Net Production.

Grants and Contracts

System-wide sponsored program expenditures for the fiscal year 2014 were $351.1 million, a decrease of $29.5 million, or approximately 8%, below previous year expenditures. Departments with sponsored research program expenditures in excess of $5 million were: Civil Engineering, $35.0 million; Electrical & Computer Engineering, $32.9 million; Mechanical Engineering, $2920.4 million; Biological Sciences, $17.0 million; Computer Sciences, $14.6 million; Chemistry, $13.6 million; Aeronautics & Astronautics, $10.9 million; Physics, $10.8 million; Chemical Engineering, $9.5 million; Agronomy, $9.0 million; Biomedical Engineering, $9.0million; Nutrition Science, $8.7 million; Agricultural & Biological Engineering, $6.1 million; College of Pharmacy, $6.0 million; Human Development and Family Studies, $5.7 million; Botany and Plant Pathology, $5.5 million; Medicinal Chemistry and Molecular Pharmacology, $5.1 million; Forestry and Natural Resources, $5.0 million; and Nuclear Engineer, $5.0 million.

GRANTS AND CONTRACTS BY SOURCE
Fiscal Year Ended June 30
(dollars in thousands[1])

	2014	2013	2012	2011	2010
Federal Sources					
Department of HHS	$44,424	$56,779	$53,949	$60,764	$57,293
National Science Foundation	84,696	91,826	93,839	88,863	72,251
Department of Energy	26,384	30,543	35,582	30,825	28,012
Department of Defense	28,659	35,087	34,492	32,942	32,927
Department of Agriculture	22,172	22,325	23,518	18,966	15,852
Other Federal Agencies	29,299	35,360	39,103	34,194	33,315
Total Federal Sources	**$235,634**	**$271,920**	**$280,484**	**$266,553**	**$239,650**
State of Indiana	17,513	19,855	24,317	25,312	28,873
Business and Foundations	76,187	75,240	75,044	67,305	70,129
Non-Profit Organizations	17,675	11,260	9,781	10,916	10,871
Foreign Government	4,060	2,309	2,519	1,962	1,356
Total Non-Federal Sources	**$115,435**	**$108,664**	**$111,660**	**$105,495**	**$111,229**
Total All Sources	**$351,069**	**$380,584**	**$392,144**	**$372,048**	**$350,879**

[1] Sums may not equal totals due to rounding

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 is summarized in the following table.

Debt Outstanding	Final Maturity	Amount Outstanding as of 11/19/2014	
Bank Notes and Commercial Paper			
Commercial Paper, Series 2010-1	2018	$3,123,000	(3)
Commercial Paper, Series 2012-2	2018	9,720,000	(3)
Bonds Outstanding			
Student Fee Bonds, Series P	2017	11,475,000	(1)
Student Fee Bonds, Series U	2022	24,670,000	(1)
Student Fee Bonds, Series W	2026	29,695,000	(1)
Student Fee Bonds, Series X	2028	85,510,000	(1)
Student Fee Bonds, Series Y	2027	58,255,000	(1)
Student Fee Bonds, Series Z1	2024	42,155,000	(1)
Student Fee Bonds, Series Z2	2035	99,305,000	(1)
Student Fee Bonds, Series AA	2032	51,025,000	(1)
Student Facilities System Revenue Bonds, Series 2004A	2033	17,600,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2005A	2029	6,020,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007A	2029	59,840,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007B	2032	22,345,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007C	2032	25,520,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2009A	2034	32,680,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2009B	2035	37,510,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2010A	2030	22,750,000	(2)(3)(4)
Student Facilities System Revenue Bonds, Series 2011A	2025	41,295,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2012A	2032	38,825,000	(2)(3)
Leasehold Indebtedness			
COPS 1998	2015	895,000	(3)
COPS 2006	2025	35,455,000	(3)
COPS 2009A	2015	2,025,000	(3)
COPS 2009B	2031	42,795,000	(3)(4)
COPS 2011A	2035	32,185,000	(3)(4)
COPS 2014A	2027	21,955,000	(3)
Total Outstanding Indebtedness		**$854,628,000**	

(1) Secured by a pledge of Student Fees.
(2) Secured by a pledge of the Net Income of the designated Auxiliary Enterprise.
(3) Payable from available funds of the Corporation.
(4) Taxable Build America Bonds

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 19,237 acres of land and 470 buildings. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $6.3 billion as of August 30, 2014. The following table sets forth the increase in net plant investment for the five years ended June 30, 2010 through 2014. 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 COST1)	ACCUMULATED DEPRECIATION	NET BOOK VALUE IN PLANT
2010	$ 2,983,743,727	$ 1,271,122,957	$1,712,620,770
2011	3,199,534,972	1,363,558,581	1,835,976,391
2012	3,419,911,763	1,475,574,875	1,944,336,889
2013	3,602,007,093	1,589,082,494	2,012,924,600
2014	3,782,512,325	1,712,859,720	2,069,652,605

[1] Sums may not equal totals due to rounding

Insurance

All Risk Coverage: All facilities of the Corporation are insured under a blanket form property 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 of loss. The Corporation self-insures losses within the $250,000 deductible through its Risk Management reserve fund. The Risk Management Department allocated reserve fund balance was at $6.2 million as of June 30, 2014.

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 $937 million, which is based on values gathered from the annual IPEDS Finance Survey. A $250,000 deductible applies per occurrence and is funded by the Risk Management departmental reserve fund.

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 globally. Except for the airport (covered by a separate $50,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is in the amount of $40,000,000 per occurrence/wrongful act/annual aggregate over a $2,000,000 per occurrence or claim self-insured retention. Losses handled within this retention are financed through the Risk Management Department allocated reserve fund.

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 Center for Student Excellence and Leadership; Third Street Suites; Lyles-Porter Hall; Ralph and Bettye Bailey Hall; a drug discovery facility; the Bindley Bioscience addition; and Harrison Street Parking Garage. Major projects currently under construction on the West Lafayette campus include: strategic infrastructure and utility improvements; a softball stadium; the Active Learning Center; and a variety of repair and rehabilitation projects. Renovations of the South Campus are underway on the Fort Wayne Campus. On the North Central campus, a new student services and activities complex will be constructed with funding from this financing.

The Corporation has 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; the remaining $8.7 million of this authority will be exhausted by this financing. In addition, each campus is authorized to issue up to $15 million in qualified energy savings (QES) projects. Several QES projects are completed or under construction and currently funded in part or in whole under the University's existing tax-exempt commercial paper program (TECP) and will be refunded in this financing. Currently, approximately $5 million of TECP is outstanding for QES projects on four campuses.

Retirement Plans

The Corporation participates in a defined contribution retirement plan for its faculty and administrative-professional staff. The retirement plan provides fully-vested, fully-funded, investment options. Employees are required to make a mandatory contribution equal to 4% of salary combined with the University's contribution of 10% of salary. This plan is administered by Fidelity Investments. The Corporation is current with all payments due to Fidelity Investments.

The clerical and service staff hired prior to September 9, 2013 participates in the Public Employees Retirement Fund ("PERF") of the State of Indiana, which is the defined benefit 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 annual required contribution from the University is established by PERF and may increase or decrease from year to year, depending on factors outside of the University's control. The Corporation is current with all payments due to PERF. All clerical and service staff hired on or after September 9, 2013 participate in a defined contribution retirement plan which is subject to a three year cliff vesting. The University will contribute 4% of employee's salary and make an additional match up to 4% of the employee's salary.

The Corporation participates in a supplemental pension program for the University's police officers and firefighters. This plan is a defined benefit plan sponsored by the University which, together with the PERF plan described above, provides for a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. The program is an agent single-employer defined benefit plan administered by TIAA-CREF. The Corporation is current with all payments due to TIAA-CREF.

With respect to the PERF plan, it should be noted that (i) the information included in this pension disclosure relies on information produced by the PERF pension plan and their independent accountants and actuaries, (ii) actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and (iii) actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the PERF pension plan.

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 Retirement Fund, One North Capitol Ave., Suite 001, Indianapolis, IN 46204, or visiting www.in.gov/perf.

See Note 9 to the Financial Statements contained in Appendix B for further information.

Executive Leadership Changes

Effective June 2014 William Sullivan joined Purdue University as Chief Financial Officer and Treasurer. Prior to his appointment at Purdue, Mr. Sullivan served as Chief Financial Officer of Prologis where he was responsible for worldwide corporate finance, including treasury, cash management, financial planning, accounting, tax and investor relations.

Debasish Dutta became Purdue's Executive Vice President for Academic Affairs and Provost in July of 2014. Previously Dr. Dutta was Associate Provost and Dean of the Graduate College at the University of Illinois at Urbana-Champaign, and Edward and Jane Marr Gutgsell Professor of Mechanical Science and Engineering.

Transfer of the Development Office and the Office of Investments to Purdue Research Foundation

Purdue University transferred its fund raising and investment offices to Purdue Research Foundation effective January 1, 2014. The move put Purdue in alignment with its peer institutions. The decision followed a review by Purdue University and Purdue Research Foundation conducted during 2013 with a goal to enhance the Foundation's role as a supporting organization for Purdue. The move provides:

- An avenue to support long-term sustainability as one organization solicits, processes and stewards all gifts.
- Efficiencies through administrative synergies and streamlining of processes within the University Development Office and the Office of Investments.
- Positive outcomes that include the consolidation of the development and investment functions to create a singular focus on raising funds and maximizing returns on investments.

The move is consistent with other initiatives of the Foundation, which is a private, nonprofit entity created to advance the mission of Purdue. Established in 1930, the Foundation currently accepts gifts, administers trusts, funds scholarships and grants, and acquires property on behalf of Purdue. Services provided by the Foundation benefit the University's academic endeavors and support economic development initiatives.

Review of Indiana University-Purdue University Fort Wayne Fiscal Oversight

In August 2014, Policy Analytics, LLC presented the "IPFW Roles and Governance Report" to the Northeast Indiana Regional Partnership "to determine the most appropriate role for IPFW within the community and to analyze whether the current governance structures were the most educationally productive." One of the recommendations of the report was to shift fiscal oversight of the Fort Wayne campus to Indiana University. Purdue University and Indiana University have begun preliminary conversations to assess the recommendation. The full report is available at http://www.neindiana.com/docs/21st-century-talent/ipfw-roles-and-governance-study.pdf?sfvrsn=2

Forward Looking Statements

Certain information contained in this document and in the financial report accompanying this document contains "forward looking statements" based on current expectations, estimates, forecasts and projections about and assumptions made by the University. These forward-looking statements may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," and "seeks" or the negatives of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially. These risks and uncertainties include demographic changes, demand for higher education services of the University, competition with other higher education institutions and general domestic economic conditions including economic conditions of the State of Indiana. The University disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

APPENDIX B

FINANCIAL REPORT OF
THE CORPORATION FOR THE FISCAL YEAR
ENDED JUNE 30, 2014

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REPORT OF THE TREASURER

This report presents Purdue University's financial statements for the fiscal years ended June 30, 2014 and 2013. We provide this information on our financial position and the results of operations 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 their report, which is an unmodified opinion, appears on pages 5 and 6.

At perhaps no other moment in history has Purdue been more focused on aggressive action to benefit the state, Hoosier students and Indiana families. Through a series of initiatives known as the Purdue Moves, the university is poised to offer higher education at the highest proven value. Through these initiatives, the campus is finding efficiencies, generating savings, reducing the financial burden on students and investing in initiatives that are most likely to generate jobs and attract new businesses to the Hoosier economy. These initiatives are at the heart of our budget planning.

The first of the Purdue Moves describes our efforts to enhance Purdue's STEM leadership by expanding the College of Engineering, transforming the College of Technology into a Purdue Polytechnic Institute, and growing Purdue's Computer Science program. To compete in the future as the U.S. economy becomes even more technology-based, Indiana will need more STEM-trained residents and more STEM employers. Purdue's investments in STEM leadership support both the supply and demand sides of Indiana's STEM economy.

World Changing Research is the second area of emphasis in the Purdue Moves. In the last fiscal year, our faculty and students started 24 businesses that are based on Purdue research. This is more than double the previous school record and four times the Big Ten five-year average. Likewise, Purdue researchers in the past year obliterated the previous school record for the number of U.S. and global patents issued in a fiscal year. The goal of Purdue's World Changing Research initiative is to continue the kind of vital research that is both important to our state and helpful to society.

Purdue's strength in research extends to investigations into how students best learn. The result is the third area of emphasis, developing a transformative education. Purdue is challenging traditional teaching methods and developing new ways to incorporate active, engaged learning into the classroom. Purdue is the national leader in the development of student-centered courses that are empirically proven to better generate confidence and competence in the curriculum.

Finally, while we develop each of these areas, we remain dedicated to affordability and accessibility. Purdue's commitment to freeze tuition for at least three years means that four-year graduates from the class of 2016 will be the first in 40 years to enjoy one base tuition rate throughout their entire undergraduate experience.

Of course, the future remains uncertain, but by implementing prudent financial strategies and planning for what might lie ahead, we will meet challenges head-on and flourish as a result. I encourage you to read our financial statements so that you get a deeper and closer look at the finances of the University and see firsthand how we are realizing our resource stewardship goal. We welcome your continued interest in this great university.

Sincerely,

William E. Sullivan

Treasurer and Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014 and 2013

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 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 information reported.

The following discussion and analysis provides an overview of the financial position and activities of the University for the Fiscal Years ended June 30, 2014 and 2013 with comparative financial information for Fiscal Year 2012. 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.
- ***Statements of Net Position*** present the assets, liabilities, and net position of the University at a point in time (June 30, 2014 and 2013). Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors, and investors; whether the University has any deferred inflows or outflows other than assets or liabilities; and a picture of net position and its availability for expenditure by the University.
- ***Statements of Revenues, Expenses, and Changes in Net Position*** present the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities, during a period of time (the Fiscal Years ended June 30, 2014 and 2013). Their purpose is to assess the University's operating and nonoperating activities.
- ***Statements of Cash Flows*** present cash receipts and payments of the University during a period of time (the Fiscal Years ended June 30, 2014 and 2013). Their 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 enable the user to review 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 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 http://www.purdue.edu/datadigest/).

Financial Highlights

Statement of Net Position

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

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

	2014	2013	2012
Current Assets	$642,052	$686,626	$639,547
Capital Assets	2,072,125	2,012,925	1,944,336
Other Assets	2,701,680	2,389,315	2,224,312
Total Assets	$5,415,857	$5,088,866	$4,808,195
Deferred Outflows of Resources	$7,227	$8,011	$8,686
Current Liabilities	355,176	350,987	$337,022
Noncurrent Liabilities	891,527	933,914	895,354
Total Liabilities	$1,246,703	$1,284,901	$1,232,376
Deferred Inflows of Resources	12	18	23
Net Investment in Capital Assets	$1,166,479	$1,139,118	$1,094,127
Restricted - Nonexpendable	548,952	508,524	472,579
Restricted - Expendable	977,855	796,503	715,954
Unrestricted	1,483,083	1,367,813	1,301,822
Total Net Position	**$4,176,369**	**$3,811,958**	**$3,584,482**

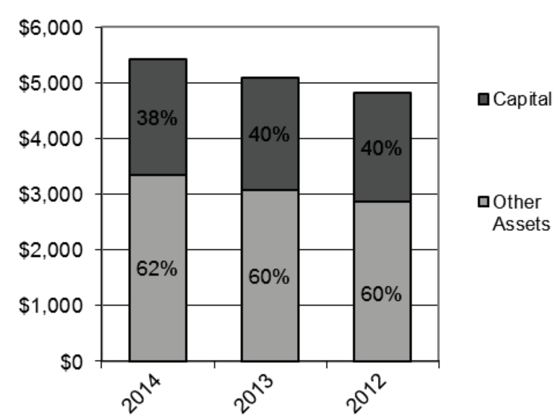
Current assets include those that may be used to support current operations, such as cash and cash equivalents, account and certain other receivables, and inventories. Noncurrent assets include capital assets, certain pledges receivable, and investments. As of June 30, 2014 and 2013, total assets were approximately $5,415,857,000 and $5,088,866,000, respectively, an increase of $326,991,000, or 6.4%, and $280,671,000, or 5.8%, for Fiscal Years 2014 and 2013, respectively. The overall growth in assets is attributed to increases in investments and capital assets.

Figure 1 depicts the portion of total assets that were capital. More information about capital assets is provided in the Capital Asset and Debt Administration section.

Figure 1

Capital vs. Other Assets

(Dollars in Millions)



Current assets decreased approximately $44,574,000 and increased approximately $47,079,000 as of June 30, 2014 and 2013, respectively. As of June 30, 2014 and 2013, cash and cash equivalents were approximately $379,414,000 and $436,164,000, respectively, a decrease of $56,750,000 and an increase of $12,237,000, respectively. As detailed in the Capital Asset and Debt Administration section, the University has an active capital financing program which has resulted in invested bond proceeds of $43,332,000 and $85,229,000 as of June 30, 2014 and

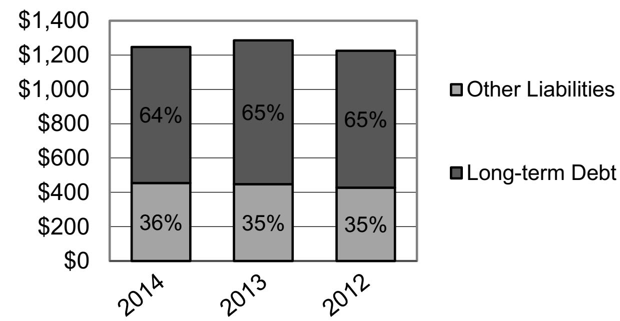
2013, respectively. As of June 30, 2014 and 2013, the remaining $336,082,000 and $350,935,000, respectively, of cash and cash equivalents are available for operations.

As of June 30, 2014 and 2013, noncurrent assets increased $371,565,000, or 8.4%, and $233,592,000, or 5.6% respectively. Noncurrent investments increased approximately $302,337,000 in Fiscal Year 2014 compared to the $170,662,000 increase in Fiscal Year 2013. The increase in fiscal year 2014 and 2013 was primarily driven by fluctuations in the market for these securities. Please reference a more detailed discussion in the Statement of Revenues, Expenses and Changes in Net Position section.

Figure 2

Long-term Debt vs. Other Liabilities

(Dollars in Millions)



Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned 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 $1,246,703,000 and $1,284,901,000 on June 30, 2014 and 2013, respectively.

Figure 2 depicts the portion of long-term debt (noncurrent) relative to total liabilities.

Bonds, leases and notes payable decreased by $37,739,000 in Fiscal Year 2014 and increased by $46,138,000 in Fiscal Year 2013, respectively. A discussion of the University's capital financing activities appears in the Debt and Financing Activities section below as well as in Note 6.

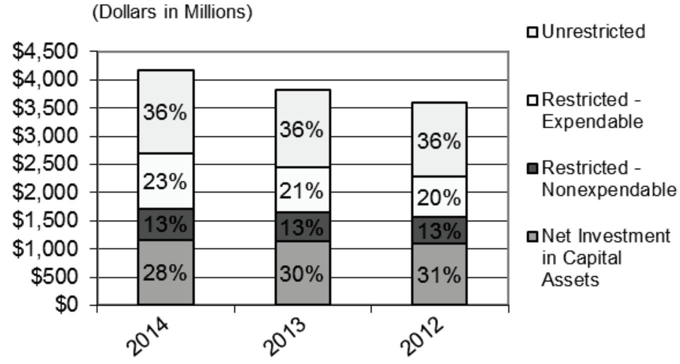
Net position is classified into four categories:

- Net investment in capital assets represents the University's investment in capital assets such as movable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.
- 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 funds that have purpose restrictions imposed by third parties. Examples include but are not limited to scholarship funds and contract and grant funds.
- Unrestricted funds have no third-party restrictions, although management routinely designates the majority of these funds for a particular purpose. It is management's practice to designate unrestricted net position for specific purposes at the close of each fiscal year.

Figure 3

Composition of Net Position

(Dollars in Millions)



Total net position for the University was $4,176,369,000 and $3,811,958,000 as of June 30, 2014 and 2013, respectively. Figure 3 provides a comparison between fiscal years as well as the composition of net position.

Net investment in capital assets increased $27,361,000 and $44,991,000 in Fiscal Years 2014 and 2013, respectively. For the periods ended June 30, 2014 and 2013, the University added capital assets of $208,256,000 and $206,047,000, respectively, offset by annual depreciation of $148,356,000 and $135,846,000, respectively. See additional details in the Capital Asset and Debt Administration section.

Restricted-nonexpendable increased $40,428,000 and $35,945,000 in Fiscal Years 2014 and 2013, respectively primarily resulting from contributions to endowments and investment performance during the fiscal years.

In the Fiscal Year ended June 30, 2014, restricted-expendable increased $181,352,000 compared to an increase of $80,549,000 in the prior year. These increases were principally driven by the change in net appreciation of the University investments.

Consistent with operational results (detailed in the Statement of Revenues, Expenses, and Changes in Net Position section), unrestricted funds increased $115,270,000 and $65,991,000 for the Fiscal Years ending 2014 and 2013, respectively.

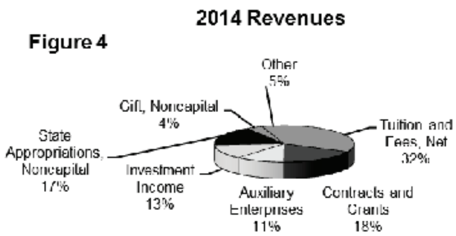
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

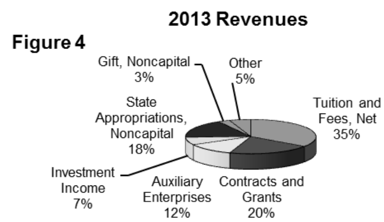
A summarized comparison of the University's revenues, expenses and changes in net position follows in Table 2.

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

	2014	2013	2012
Operating Revenues			
Tuition and Fees, Net	$727,256	$730,250	$707,796
Grants and Contracts	344,537	364,697	375,341
Auxiliary Enterprises, Net	254,567	249,379	250,744
Other Operating Revenues	108,849	105,805	102,691
Total Operating Revenues	$1,435,209	$1,450,131	$1,436,572
Operating Expenses			
Depreciation	$148,356	$135,846	$126,284
Other Operating Expense	1,777,325	1,741,263	1,707,436
Total Operating Expenses	$1,925,681	$1,877,109	$1,833,720
Operating Loss	($490,472)	($426,978)	($397,148)
Nonoperating Revenue	$803,113	$618,439	$519,800
Capital and Endowments	51,770	36,015	13,832
Total Nonoperating Revenues	$854,883	$654,454	$533,632
Increase in Net Position	$364,411	$227,476	$136,484
Net position, Beginning of Year	3,811,958	3,584,482	3,447,998
Net position, End of Year	**$4,176,369**	**$3,811,958**	**$3,584,482**

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. 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 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 2014 and 2013. Overall, for the Fiscal Years ended June 30, 2014 and 2013, the University had a net increase in net position of $364,411,000 and $227,476,000, respectively.



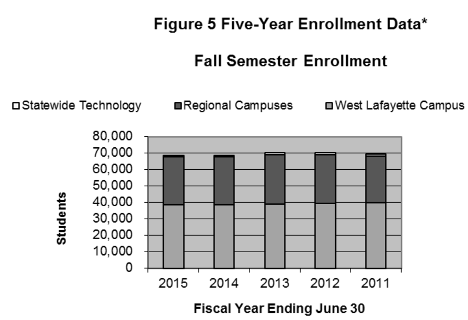


Total operating revenues decreased $14,922,000, or 1.0% from $1,450,131,000 in Fiscal Year 2013 to $1,435,209,000 in Fiscal Year 2014. There was an increase of $13,559,000 from Fiscal Year 2012 to Fiscal Year 2013. Net tuition and fee revenue decreased $2,994,000 and increased $22,454,000 in Fiscal Years 2014 and 2013, respectively. The decrease in Fiscal Year 2014 primarily results from a decrease in enrollment, and tuition and fees remaining flat. The increase in Fiscal Year 2013 primarily resulted from a student fee rate increase of approximately 3.5% for West Lafayette and the Regional campuses. Enrollment decreased across all campuses by 58 and 1,567 in Fiscal Years 2014 and 2013, respectively. Enrollment patterns for the past five years are illustrated in Figure 5.

Operating grant and contract revenue decreased $20,160,000 and $10,644,000 in Fiscal Years 2014 and 2013, respectively. The decrease in Fiscal Year 2014 is principally due to the expiration of the American Recovery and Reinvestment Act (ARRA) and lower awards received during the period.

Auxiliary Enterprise revenue increased $5,188,000 and decreased $1,365,000 in Fiscal Years 2014 and 2013, respectively.

Total operating expenses increased from $1,877,109,000 in Fiscal Year ended June 30, 2013 to $1,925,681,000 in Fiscal Year ended June 30, 2014. Details are described in Note 8.



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

Nonoperating revenues (net of expenses) increased $184,674,000 in Fiscal Year 2014 and $98,639,000 in Fiscal Year 2013. In Fiscal Year 2014, the primary reason for the change was an increase in investment income of approximately $130,658,000. In Fiscal Year 2013, the primary reason for the change was an increase in investment income of approximately $134,287,000. The University endowments net investment performance was 15.8% and 11.8% for Fiscal Years ended June 30, 2014 and 2013, respectively. The University's endowment was invested 44.5% in public equities, 12.7% in fixed income and 42.8% in private investments. The portfolio composition did not materially change from prior years.

Capital and Endowments income increased $15,755,000 or 43.7% over the previous year from $36,015,000 in Fiscal Year 2013 to $51,770,000 in Fiscal Year 2014. Capital gifts increased $4,994,000 and $10,989,000 in Fiscal

Years 2014 and 2013, respectively. Private Gifts for Endowments increased $2,724,000 and $6,303,000 as of June 30, 2014 and 2013, respectively.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides a means to assess the financial health of the University by providing 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 to determine 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)

	2014	2013	2012
Cash Used by Operating Activities	($321,369)	($293,488)	($274,627)
Cash Provided by Noncapital Financing Activities	577,382	532,179	559,613
Cash Used by Investing Activities	(50,525)	(39,130)	(66,486)
Cash Used by Capital and Related Financing Activities	(262,238)	(187,324)	(304,765)
Net Increase (Decrease) in Cash and Cash Equivalents	($56,750)	$12,237	($86,265)
Cash and Cash Equivalents, Beginning of Year	436,164	423,927	510,192
Cash and Cash Equivalents, End of Year	**$379,414**	**$436,164**	**$423,927**

The fluctuation in noncapital financing activities reflects the nonoperating revenue changes described above. The use of cash in investing activities reflects an increase in investment portfolio. The fluctuation in 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 outlined in the Capital Asset and Debt Administration section.

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 (over $20 Million) completed during Fiscal Years 2014 and 2013 are listed in Table 4 (dollars in thousands). Significant projects (over $20 Million) in progress and projects planned but not started as of June 30, 2014 are listed in Table 5 (dollars in thousands).

Table 4. Major Projects Completed

Projects Completed in 2014	**Project Budget**
CSEL Center for Student Excellence & Leadership	$28,100
DDRF Drug Discovery Facility - 2012	28,694
HHSR Health Human Science Facility	38,000
Total Major Projects Completed	$94,794

Projects Completed in 2013	**Project Budget**
Herrick Laboratory Replacement, Phase I	$23,500
Lilly Hall West Wing Renovations	28,550
Mackey Complex Renovation & Addition	99,500
Windsor Residence Halls Renovation	59,600
Total Major Projects Completed	**$211,150**

Table 5. Major Construction Projects in Progress and Authorized But Not Started

Projects in Progress and Authorized But Not Started	Project Budget
Active Learning Center	$79,000
Flex Lab	54,000
Fort Wayne South Campus Renovations Phase I	21,350
Honors College	90,000
North Central Student Service and Activity Complex	33,428
Vawter Field Housing	37,397
Wade Production Distribution	33,100
Total Major Projects in Progress and Authorized But Not Started	**$348,275**

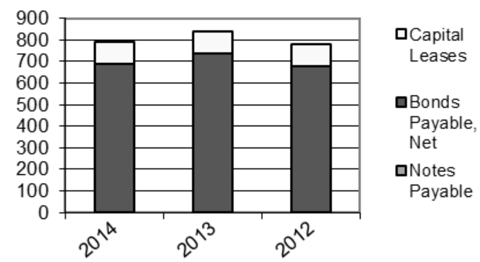
Debt and Financing Activities

Bonds, Leases and Notes (Net) obligations totaled $948,958,000 and $986,697,000 as of June 30, 2014 and 2013, respectively. These obligations are approximately 76% and 77% of the total liabilities of the University at Fiscal Year end 2014 and 2013, respectively. The University's debt portfolio as of June 30, 2014 consisted of $99,633,000 of variable rate instruments or 10.5% compared to $849,325,000 in fixed rate obligations. The University's debt portfolio as of June 30, 2013 consisted of $89,704,000 of variable rate instruments or 9.0%, compared to $896,993,000 in fixed rate obligations. Figure 6 compares the composition of long-term debt (noncurrent portion) by fiscal year. For additional details see Note 6.

Figure 6

Composition of Long Term Debt

(Dollars in Millions)



As of June 30, 2014 and 2013, the University had a credit rating of Aaa from Moody's Investors Service. Purdue's Standard & Poor's rating for fixed rate debt was AA+ as of June 30, 2014 and 2013. 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 from Moody's of VMIG-1/P-1 and by Standard & Poor's of A-1+.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Entering the second year of the 2013-2015 biennial period, fiscal year 2015 state operating appropriations for the University remained flat at fiscal year 2014 levels. Repair and rehabilitation has also been partially funded by the state at $18.5 million for the biennium. Academic year 2014-2015 tuition for Indiana residents and nonresident students will remain flat at the West Lafayette campus for the second year in a row. Tuition rates at each of the regional campuses will increase 2.0% for Indiana residents and nonresident students. Each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget. Efforts to support student affordability and accessibility are a priority at all of the campuses.

The University has submitted its 2015-2017 legislative request to the state, based on instructions issued from the Indiana Commission for Higher Education (ICHE) and the Indiana State Budget Agency. Operating Appropriations will be based on a performance funding formula, with values to be recommended by ICHE. The formula is based on a series of metrics, many of them student-based: overall degree completion, at-risk student degree completion, high impact degree completion, student persistence incentive, on-time graduation rate metric, and an institution-defined productivity metric. Any adjustments for growth in dual credit offerings will be considered by ICHE outside of the funding formula. The January 2015 legislative session will set Purdue's operating appropriations for the next biennium.

Enrollment at all Purdue campuses was 68,649* for the fall semester of the 2014-2015 academic year. Enrollment at the West Lafayette campus was 38,770, nearly steady from the fall semester of the prior academic year. First-year students totaled 6,373. Purdue is experiencing record-high retention and graduation rates due to a university-wide commitment to student success. The first-year retention rate at the West Lafayette campus is at 92.6 percent compared to 91.0 percent last year, and the second-year retention rate is at 86.1 percent, up from last year's 84.3 percent. Both the four-year and six-year graduation rates increased to 49.2 percent and 73.8 percent from 46.8 percent and 70.7 percent, respectively. This is also the eighth consecutive year that first-year students have posted an increase in test scores and preparedness, representing all-time highs in test scores and grade point averages. The class average SAT scores increased 16 points to a combined 1789 on the critical reading, math and writing sections. In eight years, the cumulative point gain for incoming students' SAT scores is 105.

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

Purdue University
Statement of Net Position
As of June 30
(Dollars in Thousands)

		2014		2013
Assets and Deferred Outflows of Resources:				
Current Assets:				
Cash and Cash Equivalents	$	379,414	$	436,164
Investments		112,700		82,970
Accounts Receivable, Net of Allowance for Uncollectible Amounts		83,669		85,270
Pledges Receivable, Net of Allowance for Uncollectible Amounts		26,944		27,931
Notes & Bonds Receivable, Net of Allowance for Uncollectible Amoun		12,551		4,909
Other Assets		26,774		49,382
Total Current Assets	$	642,052	$	686,626
Noncurrent Assets:				
Investments		2,607,608		2,305,271
Pledges Receivable, Net of Allowance for Uncollectible Amounts		29,030		20,680
Notes Receivable, Net of Allowance for Uncollectible Amounts		53,996		53,068
Interest in Charitable Remainder Trusts		11,046		10,296
Capital Assets, Net of Accumulated Depreciation		2,072,125		2,012,925
Total Noncurrent Assets		4,773,805		4,402,240
Total Assets	$	5,415,857	$	5,088,866
Deferred Outflows of Resources	$	7,227	$	8,011
Liabilities and Deferred Inflows of Resources:				
Current Liabilities:				
Accounts Payable and Accrued Expenses		109,307		97,371
Unearned Revenue		37,338		41,304
Deposits Held in Custody for Others		25,194		35,429
Accrued Compensated Absences		26,361		26,856
Bonds (Net), Leases and Notes Payable		156,976		150,027
Total Current Liabilities		355,176		350,987
Noncurrent Liabilities:				
Accrued Compensated Absences		30,996		33,789
Other Post Employment Benefits		38,568		36,179
Other Retirement Benefits		1,898		
Funds Held in Trust for Others		8,153		7,344
Advances from Federal Government		19,930		19,932
Bonds (Net), Leases and Notes Payable		791,982		836,670
Total Noncurrent Liabilities		891,527		933,914
Total Liabilities	$	1,246,703	$	1,284,901
Deferred Inflows of Resources	$	12	$	18
Net Position:				
Net Investment in Capital Assets	$	1,166,479	$	1,139,118
Restricted				
Nonexpendable				
Instruction and Research		279,578		258,684
Student Aid		247,332		227,767
Other		22,042		22,073
Total Nonexpendable	$	548,952	$	508,524
Expendable				
Instruction, Research and Public Service		167,275		150,740
Student Aid		97,021		86,411
Construction		83,016		45,207
Other		630,543		514,145
Total Expendable		977,855		796,503
Unrestricted		1,483,083		1,367,813
Total Net Position	**$**	**4,176,369**	**$**	**3,811,958**

See Accompanying Notes to the Financial Statements.

Purdue University
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30
(Dollars in Thousands)

	2014	2013
Operating Revenues		
Tuition and Fees (Net of Scholarship Allowance of $112,112 and $103,972 Respectively pledged, see note 6)	$ 727,256	$ 730,250
Federal Grants	16,398	14,970
County Grants	7,760	8,241
Grants and Contracts	344,537	364,697
Sales and Services	74,721	73,866
Auxiliary Enterprises (Net of Scholarship Allowance of $14,254 and $13,895 Respectively pledged, see note 6)	254,567	249,379
Other Operating Revenues	9,970	8,728
Total Operating Revenues	$ 1,435,209	$ 1,450,131
Operating Expenses		
Instruction	646,683	613,664
Research	235,007	236,388
Extension and Public Service	148,081	143,453
Academic Support	135,762	146,293
Student Services	45,985	48,712
General Administration and Institutional Support	163,006	150,529
Physical Plant Operations and Maintenance	149,236	136,233
Depreciation	148,356	135,846
Student Aid	72,291	63,775
Auxiliary Enterprises	181,274	202,216
Total Operating Expenses	$ 1,925,681	$ 1,877,109
Net Operating Loss	(490,472)	(426,978)
Nonoperating Revenues (Expenses)		
State Appropriations	392,293	370,382
Grants and Contracts	61,534	65,687
Private Gifts	85,226	61,009
Investment Income	280,979	150,321
Interest Expense	(23,142)	(34,535)
Other Nonoperating Revenues, Net of Nonoperating Expenses of $346 and $778, respectively	6,223	5,575
Total Nonoperating Revenues before Capital and Endowments	$ 803,113	$ 618,439
Capital and Endowments		
State Capital Appropriations	6,322	-
Capital Gifts	16,116	11,122
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	29,075	26,351
Gain (Loss) on Retirement of Capital Assets, net of proceeds and insurance recoveries	257	(1,458)
Total Capital and Endowments	$ 51,770	$ 36,015
Total Nonoperating Revenues	854,883	654,454
INCREASE IN NET POSITION	$ 364,411	$ 227,476
Net Position, Beginning of Year	3,811,958	3,584,482
Net Position, End of Year	$ 4,176,369	$ 3,811,958

See Accompanying Notes to the Financial Statements.

Purdue University

Statement of Cash Flows
For the Year Ended June 30
(Dollars in Thousands)

	2014	2013
Cash Flows From Operating Activities		
Tuition and Fees, Net of Scholarship Allowances	$ 731,848	$ 729,925
Federal Grants	16,398	14,970
County Grants	7,760	8,241
Grants and Contracts	342,137	372,847
Sales and Services	76,680	71,987
Auxiliary Enterprises, Net of Scholarship Allowances	252,463	249,654
Other Operating Revenues	(8,140)	11,016
Compensation and Benefits	(1,200,387)	(1,245,517)
Supplies and Services	(468,751)	(441,032)
Scholarships, Fellowships and Student Awards	(71,931)	(64,288)
Student Loans Issued	(8,411)	(10,221)
Student Loans Collected	8,965	8,930
Cash Used by Operating Activities	$ (321,369)	$ (293,488)
Cash Flows From Noncapital Financing Activities		
State Appropriations	392,293	370,382
Grants and Contracts	61,534	65,687
Gifts for Other than Capital Purposes	113,798	89,641
Funds Held in Trust for Others	3,534	894
Other Nonoperating Revenues, Net	6,223	5,575
Cash Provided by Noncapital Financing Activities	$ 577,382	$ 532,179
Cash Flows From Investing Activities		
Purchases of Investments	(3,105,503)	(2,939,414)
Proceeds from Sales and Maturities of Investments	3,014,968	2,862,043
Interest and Dividends on Investments, Net	40,010	38,241
Cash Used by Investing Activities	$ (50,525)	$ (39,130)
Cash Flows From Capital and Related Financing Activities		
Debt Repayment	(74,565)	(63,074)
Capital Debt Proceeds	35,455	114,856
Interest Expense	(40,821)	(38,164)
Capital Gifts Received	8,356	11,511
State Appropriations for Capital Projects	6,322	-
Construction or Purchase of Capital Assets	(196,985)	(212,453)
Cash Used by Capital and Related Financing Activities	$ (262,238)	$ (187,324)
Net Increase (Decrease) in Cash and Cash Equivalents	(56,750)	12,237
Cash and Cash Equivalents, Beginning of Year	436,164	423,927
Cash and Cash Equivalents, End of Year	$ 379,414	$ 436,164

Purdue University

Statement of Cash Flows
Reconciliation of Cash Used for Operating Activities (Indirect Method)
For the Year Ended June 30
(Dollars in Thousands)

Reconciliation of net operating loss to net cash used by operating activities:

	2014	2013
Operating Loss	$ (490,472)	$ (426,978)
Depreciation Expense	148,356	135,846
Noncash investing, capital, and financing activities	792	140
Changes in Assets and Liabilities:		
Accounts Receivable	(1,830)	5,444
Notes Receivable	96	(1,295)
Other Assets	21,255	(19,504)
Accrued Compensated Absences	999	6,443
Accounts Payable	14,255	5,138
Deferred Revenue	(16,168)	1,270
Deposits Held in Custody for Others	1,350	-
Advances from Federal Government	(2)	8
Cash Used by Operating Activities	$ (321,369)	$ (293,488)

See Accompanying Notes to the Financial Statements.

Component Units

Consolidated Statement of Financial Position

	As of June 30	
	2014	2013
	(Dollars in Thousands)	
Assets:		
Cash and Cash Equivalents	$ 6,913	$ 16,954
Accounts Receivable, Net	33,015	25,976
Other Assets	5	30
Investments	2,608,744	890,484
Pledges Receivable, Net	-	-
Lease Purchase Agreements	122,191	127,897
Notes Receivable, Net	12,323	3,643
Interest in Charitable Perpetual Trusts	16,016	14,592
Capital Assets, Net of Accumulated Depreciation	166,074	162,680
Total Assets	**$ 2,965,281**	**$ 1,242,256**
Liabilities:		
Accounts Payable and Accrued Expenses	$ 26,875	$ 22,463
Due on Split Interest Agreements	58,290	53,157
Deposits Held in Custody for Others	1,668,966	53,706
Bonds (Net), Leases and Notes Payable	213,862	218,181
Other Liabilities	21,112	21,526
Total Liabilities	**$ 1,989,105**	**$ 369,033**
Net Assets:		
Temporarily Restricted Restricted	$ 708,982	$ 619,726
Permanently Restricted	139,096	135,050
Unrestricted	128,098	118,447
Total Net Assets	**$ 976,176**	**$ 873,223**

Component Units

Consolidated Statement of Activities

	For the Year Ended June 30	
	2014	**2013**
	(Dollars in Thousands)	
Revenue and Support		
Amount Received for Purdue University Research Projects	$ 2,380	$ 250
Less Payments to Purdue University	(2,380)	(250)
Administrative Fee on Research Projects	-	-
Contributions	$ 17,484	$ 21,996
Income on Investments	20,737	19,541
Net Unrealized and Realized Gains	132,153	84,176
Decrease in Value of Split Interest Agreements	(9,044)	(6,044)
Increase in Interests in Perpetual Trusts	1,424	791
Rents	11,954	14,226
Royalties	6,963	6,313
Other	17,278	5,150
Total Revenue and Support	**$ 198,949**	**$ 146,149**
Expenses and Losses		
Expenses for the Benefit of Purdue University		
Contributions to Purdue University	$ 20,050	$ 20,937
Patent and Royalty	6,281	5,968
Grants	12,589	12,690
Services for Purdue University	340	265
Development Office	750	748
Other	2,266	2,873
Total Expenses for the Benefit of Purdue University	**$ 42,276**	**$ 43,481**
Administrative and Other Expenses		
Salaries and Benefits	$ 18,062	$ 10,465
Property Management	12,529	28,598
Professional Fees	3,874	3,542
Supplies	718	587
Interest	8,744	9,249
Research park	1,384	671
Other	8,409	5,601
Total Administrative and Other Expenses	**$ 53,720**	**$ 58,713**
Change in Net Assets	$ 102,953	$ 43,955
Net Assets, Beginning of Period	873,223	825,297
Change in Reporting Entity	-	3,971
Net Assets, End of Period	**$ 976,176**	**$ 873,223**

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 28 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:

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34" define the financial reporting entity as an entity that consists of the primary government and all of its component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government 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 purpose of the foundation was to provide charitable, educational, and scientific support to the University, including the solicitation, receipt, and acceptance of gifts, donations, and bequests of funds and other property for the benefit of the University. The University is the sole beneficiary of the Purdue Foundation and the governing body is substantively the same as the University's. As a result, the Purdue Foundation is reported as a blended component unit of the University. The Purdue Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: The Purdue Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906.

As additionally required by GASB Statement No. 39, 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. All of the current discretely presented component units report 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 foundation's financial information in the University's financial report for these differences.

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, invest, 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. The economic resources received or held by PRF are entirely, or almost entirely, for the direct benefit of the University; however, the University does not appoint the voting majority of PRF's Board of Directors. As a result, PRF is reported as a discretely presented component unit. PRF is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. PRF includes several wholly owned subsidiary LLC corporations, all of which support the purposes of PRF and the University. PRF also 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. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906-4182.

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. The Ross-Ade Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even If it does not provide services directly to it. The University also appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906-4182.

Indiana-Purdue Fort Wayne (IPFW) Foundation was created in 1958 to promote the educational purposes of Indiana University-Purdue University Fort Wayne. The IPFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The IPFW Foundation provides services entirely to the University or otherwise exclusively benefits the University even if it doesn't provide services directly to it; however, the University does not appoint the voting majority of the IPFW Foundation's Board of Directors. As a result, the IPFW Foundation is reported as a discretely presented component unit. The IPFW Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: IPFW Foundation, c/o Matt Whitney, 2101 E. Coliseum Boulevard, KT G06, Fort Wayne, IN 46805-1499.

The University has an association with Indiana University-Purdue University Indianapolis for which it is not financially accountable nor has primary access to the resources. Accordingly, this organization has not been included in the University's financial statements.

RELATIONSHIP TO THE STATE OF INDIANA:

As one of seven public universities in the state, the University is a component unit of the state of Indiana. The University receives funding from the state for operations, repair and maintenance, and debt service. A segment of 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, 2014 and 2013.

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 2014, the University adopted GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." During fiscal year 2013, the University adopted GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements;" GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34'' GASB Statement No. 62, ''Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements'' and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

The effect of GASB Statement No. 61:

Changed the presentation of Ross-Ade Foundation from a blended component unit to a discretely presented component unit; Ross-Ade Foundation's net position was approximately $1,611,000 as of June 30, 2013.

Recognized IPFW Foundation as a discretely presented component unit; IPFW Foundation's net position was approximately $17,951,000 as of June 30, 2013.

The effect of GASB Statement No. 65:

Changed the presentation of certain items previously required to be reported as assets or liabilities to properly record them as either deferred outflows of resources or deferred inflows of resources, or to recognize certain items that were previously reported as assets or liabilities as outflows of resources (expenses) or inflows of resources (revenues).

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.

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, unspent debt proceeds, 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.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market price as of June 30, 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 at 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 and Bonds Receivable. Notes and Bonds receivable consist of student loan repayments due the University net of allowance for doubtful accounts and other receivables as well as bond proceeds receivable as of the fiscal year end.

Inventories. Inventories principally consist of consumable supplies and items held for resale or recharge within the University, and are valued using a variety of methods, including first in first out (FIFO), weighted average and moving average, depending upon the type of inventory. Agricultural commodities are reported using the consumption method, measured by physical count and valued at market.

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 Trusts and Contracts. The University and Purdue Research Foundation act as trustees for certain endowments and trust funds, for which they or others have beneficiary interests. In addition, the University and PRF have beneficiary interests in insurance contracts and gift annuity programs.

Various revocable and irrevocable trusts established for the benefit of the University, PRF, the former Purdue Alumni Foundation, and affiliates exist where PRF acts as trustee, commonly referred to as the PRF Trust Funds. 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 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. 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.

PRF records its interest in a charitable perpetual trust (for which a bank acts as trustee) at the fair value of the trust's assets. The increase in the estimated present value of future cash flows of PRF's interest in the charitable perpetual trust is recorded as an increase to permanently restricted net assets in PRF's consolidated statements of activities.

The University receives certain charitable contributions from donors, which in accordance with the donor's wishes, are used for annual premium payments toward insurance contracts for which the University is a beneficiary.

The endowment funds are invested under an investment agency agreement between Purdue University and the Purdue Research Foundation. These endowment funds are managed in accordance with donor restrictions consistent with the University's endowments. The assets held in trust are equal to the fair market value of the endowment principal plus, or less, any undistributed earnings.

PRF holds life income funds for beneficiaries of a gift annuity program. These funds generally pay lifetime income to the beneficiaries, after which the principal is made available to the University in accordance with donor intentions. All life income funds are recorded at fair value net of related liabilities for the present value of estimated future payments due to beneficiaries.

Capital Assets. Capital assets are stated at cost or fair market value at date of gift. Items are capitalized when their value exceeds the threshold shown in the following table and its 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 following table. 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 capitalized when valued over $500,000 and 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 library collections and 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.

Property Class	Threshold	Useful Life
Land	$100,000	Not depreciated
Land Improvements	$100,000	5-25 years
Infrastructure	$100,000	5-25 years
Buildings and Related Components	$100,000	10–50 years
Moveable Equipment (including fabricated equipment)	$5,000	More than one year
Intangible Assets (software)	$500,000	7 years

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 up to 320 hours. For all classes of employees, accrued 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 a portion of their accrued sick leave. 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.

Unearned Revenue. Unearned revenue consists of 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. Liabilities to other beneficiaries related to the Charitable Trusts or endowments where the University serves as trustee for the component unit or related party.

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

- **Net invested in capital assets:** Resources resulting from capital acquisition or construction, net of accumulated depreciation and net of related debt. To the extent that 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 position 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 position that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net position are presented: instruction, research, and public service; student aid; construction; and other. A significant portion of the "other" category is related to donor-restricted funds that are undistributed gains on endowments or funds functioning as endowments.
- **Unrestricted:** Net position 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 position for academic and capital purposes.

Intra-University Transactions. Intra-University 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 non-operating 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 functional classifications in the Statement of Revenues, Expenses, and Changes in Net Position. Natural classification reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.
- **Non-operating 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. Non-operating 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, 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 gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $931,000 and $903,000 was recognized during the years ending June 30, 2014 and 2013, respectively.

Use of Estimates. To prepare the financial statements in conformity with generally accepted accounting principles, 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, 2014 and 2013, the bank balance of the University's deposits (demand deposit accounts) was approximately $90,909,000 and $90,582,000, respectively. Federal depository insurance covered $250,000, and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

University 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 December 15, 2012, authorize the treasurer of the Trustees to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed by two separate policies, the Cash Management Investment Policy (CMIP) and the Endowment Investment Policy (EIP), both of which are approved by the Trustees. The University had the following investments (dollars in thousands):

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Investment Type	June 30, 2014	June 30, 2013
Corporate Bonds	$1,968	$1,030
Investment Held by State Treasurer	340	340
US Equity	37,544	29,497
Public Real Estate	1,628	1,573
US Agencies	10	15
Venture Capital/Private Equity	1,795	1,804
BOND PROCEEDS INVESTED:		
Mutual Funds and Cash	43,332	85,229
CMIP:		
Asset-Backed Securities	41,287	28,347
Corporate Bonds	368,556	328,509
Mortgage-Backed Securities	218,785	251,958
US Agencies	106,988	108,660
US Treasuries and Securities	367,647	327,315
Mutual Funds and Cash	212,387	168,938
EIP:		
Emerging Markets	107,299	90,786
Fixed Income	107,730	164,170
International Equity	219,143	173,512
US Equity	375,303	336,254
Marketable Alternatives	361,657	294,409
Private Natural Resources	79,360	53,918
Public Natural Resources	7,182	39,491
Private Real Estate	47,031	36,683
Public Real Estate	38,366	37,195
Venture Capital/Private Equity	170,974	101,689
Mutual Funds and Cash	92,501	72,501
Total	**$3,008,813**	**$2,733,823**

Investment values included accumulated unrealized gains of $339,959,000 and $193,492,000 as of June 30, 2014 and 2013, respectively. Investment income included unrealized gains of $146,467,000 and $69,722,000 during the year ended June 30, 2014 and 2013, respectively.

PRF Investments. PRF investments are managed under the EIP, which is also approved by the PRF Trustees. The fair value of investments at June 30, 2014 and 2013, which includes the University's investment in the Purdue Investment Pool, is as follows (dollars in thousands):

Investment Type	June 30, 2014	June 30, 2013
Short-Term Investments	$47	$42
U.S. Equity	17,576	16,833
Fixed Income	5,220	5,697
Venture Capital	149	88
Pooled Funds:		
Short-Term Investments	120,474	27,926
U.S. Equity	579,248	144,419
International Equity	340,164	75,608
Fixed Income	251,320	94,686
Funds Invested with University	12,500	13,200
Emerging Markets	166,555	85,793
Public Real Estate	62,079	18,623
Private Real Estate	73,003	28,220
Public Natural Resources	11,148	14,925
Private Natural Resources	123,186	39,569
Hedge Funds	561,380	190,814
Venture Capital/Private Equity	265,393	115,857
Total	**$2,589,442**	**$872,300**

Investment Policies, Interest Rate, and Credit Risks. As noted above, investments are managed by two separate policies:

The Cash Management Investment Policy outlining the parameters for all investments exclusive of endowment funds was approved on April 11, 2008. Authorized investments include obligations of the United States (U.S.) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, including corporate bonds and bank loans (minimum credit quality of BB-/Ba3); and inclusion in investments managed under the University's endowment investment policy. As of June 30, 2014 and 2013, the University had $339,532,000 and $306,876,000 of CMIP investments invested in and shown as EIP in these note disclosures.

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. Bonds rated BBB or lower will not exceed 20% of the portfolio. Funds not required to meet cash needs will be invested over a longer-term horizon.

The Endowment Investment Policy outlining the parameters for endowment investments was approved on April 13, 2012. Authorized investments include equity, fixed income, and alternative investments, including co-mingled investments. The overall policy objective is to generate real returns greater than its spending rate over the long term. The policy sets forth a diversified approach by and within the asset classes with the balanced goal of maximizing return and preserving purchasing power. Moreover, a single manager or affiliated groups of managers will not represent more than 10% of the total endowment's market value. As a partial hedge against prolonged economic contraction, the University has adopted a target allocation of 15% for fixed income.

Portfolios will be invested in securities that result in a weighted average credit quality rating of at least AA or better with no single fixed-income manager having more than 10% of its portfolio in obligations rated less than BBB or its equivalent by Moody's or Standard & Poor's. Any commercial paper in the portfolio must be rated A-1/P-1 by each rating service rating said credit. Any Banker's acceptances and certificates of deposits in the portfolio must be issued by banks having a Keefe Bruyette & Woods rating of A, A/B, or B.

In addition, separately held, 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 had the following fixed-income investments and maturities (dollars in thousands):

June 30, 2014	**Maturity**				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Corporate Bonds	$1,968	$0	$0	$0	$1,968
US Agencies	5	5	-	-	10
CMIP:					
Asset-Backed Securities	16,724	20,052	3,432	1,079	41,287
Corporate Bonds	30,190	226,553	83,231	28,582	368,556
Mortgage-Backed Securities	6,586	32,969	53,899	125,332	218,786
US Agencies	3,662	63,589	20,496	19,240	106,987
US Treasuries and Securities	145,466	215,062	1,172	5,947	367,647
EIP:					
Fixed Income	26,175	56,665	51,888	30,803	165,531
Total	$230,776	$614,895	$214,118	$210,983	$1,270,772

June 30, 2013	**Maturity**				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Corporate Bonds	$1,030	$0	$0	$0	$1,030
US Agencies	5	10	-	-	15
CMIP:					
Asset-Backed Securities	-	12,267	14,283	1,797	28,347
Corporate Bonds	21,355	211,999	67,656	27,499	328,509
Mortgage-Backed Securities	-	44,145	92,644	115,169	251,958
US Agencies	35,419	66,392	-	6,849	108,660
US Treasuries and Securities	53,982	251,244	20,815	1,274	327,315
EIP:					
Fixed Income	64,810	58,956	20,761	18,931	163,458
Total	$176,601	$645,013	$216,159	$171,519	$1,209,292

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

In accordance with the CMIP, the University manages its exposure to changes in fair values by limiting the weighted average maturity of its investment portfolio to between 2 and 5 years.

The EIP, as a long-term pool of capital, has a fixed income policy target of 15% but does not limit the maturity of the individual holdings as a means to manage interest rate risk.

The distribution of fixed-income investments by credit ratings is summarized below (dollars in thousands):

	June 30, 2014	% of Total	June 30, 2013	% of Total
Separately Held:				
A	$10	0.51%	$15	1.44%
BAA	1,968	99.49%	1,030	98.56%
	1,978	100.00%	1,045	100.00%
CMIP:				
A	135,142	12.25%	147,247	14.09%
AA	55,829	5.06%	35,597	3.41%
AAA	691,515	62.68%	677,676	64.86%
B	556	0.05%	515	0.05%
BA	16,229	1.47%	10,917	1.04%
BAA	145,319	13.17%	103,869	9.94%
CAA	745	0.07%	699	0.07%
Unrated	57,928	5.25%	68,269	6.54%
	1,103,263	100.00%	1,044,789	100.00%
EIP:				
A	31,741	19.18%	38,523	23.57%
AA	32,074	19.38%	20,493	12.54%
AAA	70,632	42.67%	71,488	43.73%
BA+	2,115	1.28%	3,050	1.87%
BAA	17,776	10.74%	15,107	9.24%
Unrated	11,193	6.76%	14,797	9.05%
	165,531	100.00%	163,458	100.00%
Total Fixed Income Investments	$1,270,772		$1,209,292	

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, 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.

Historically, the investment pool managed in accordance with the EIP was a shared investment pool managed by University personnel and the underlying investment instruments were held in the University's or PRF's name based on their ownership basis in the pool. Effective January 1, 2014, the Trustees transferred the investment function from the University to PRF, including the supporting personnel. With this change, the Trustees approved the movement of the investments to an EIP investment pool that is held in PRF's name. The transfer of the underlying investment vehicles from the University's name to PRF's name will occur over the course of 2014 based on the contractual terms of the underlying investment vehicles. As of June 30, 2014, 87.19% of the EIP investment pool had been transferred to PRF.

As of June 30, 2014, all separately held and CMIP investments were held in University accounts at the University's custodial banks with the exception of private placements and investments in limited partnerships, which totaled approximately $659,022,000 and $340,000 held in the state's name.

As of June 30, 2013, all investments were held in University accounts at the University's custodial banks with the exception of private placements and investments in limited partnerships which totaled approximately $492,013,000 and $340,000 held in the state's name.

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 University. Please refer to the Investment Type table for the University's exposure to international investments. In addition to those investments, the University estimates its international exposure in its EIP alternative investments was approximately $103,923,000 and $66,261,000 as of June 30, 2014 and 2013, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of June 30, 2014 and 2013, consistent with policy limits, no single issuer, with the exception of U.S. Treasury and Agencies, held more than 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 Endowment Investment Pool (EIP) purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the EIP. The approved spending policy distributed 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, 2014 and 2013, accumulated market appreciation of the EIP pool was approximately $588,811,000 and $438,087,000, respectively. Of this amount, 40.71% and 38.80% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2014 and 2013, 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 Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.

Interest in Charitable Trusts and Contracts. As of June 30, 2014 and 2013, the PRF EIP investment pool includes the following PRF trust assets (dollars in thousands).

	Assets at Fair Value		Beneficiary Interest	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
University	$ 22,670	$ 20,812	$ 11,046	$ 10,312
PRF	48,653	44,893	18,585	15,041
Related Parties	8	7	1	2
Other Affiliates	231	215	93	78
Total	$ 71,562	$ 65,927	$ 29,725	$ 25,433

As of June 30, 2014 and 2013, the University EIP investment pool includes the following endowment assets (dollars in thousands), which are offset by Funds Held in Trust obligations to the other beneficiaries (Note 7).

	Assets at Fair Value	
	June 30, 2014	June 30, 2013
IPFW Foundation	$ 374	$ 322
Related Parties	7,779	7,022
Total	$ 8,153	$ 7,344

The University also has beneficiary interest in insurance contracts of $756,000 and $711,000, respectively, as of June 30, 2014 and 2013.

NOTE 3 — ACCOUNTS, PLEDGES, AND NOTES RECEIVABLES

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

	June 30, 2014	June 30, 2013
Grants and Contracts	$50,396	$46,502
Student and General	22,736	28,387
Other Accrued Revenues	15,094	14,418
Less: Allowance for Doubtful Accounts	(4,557)	(4,037)
Total Accounts Receivable, Net	**$83,669**	**$85,270**
Pledges Receivable	$58,191	$50,651
Less: Allowance for Doubtful Pledges	(2,217)	(2,040)
Net Pledges Receivables	55,974	48,611
Less: Noncurrent Portion	(29,030)	(20,680)
Pledges Receivable, Current Portion	**$26,944**	**$27,931**
Perkins Loans	$26,334	$27,068
Institutional Loans	21,053	20,828
Other Student Loans and Bonds Receivable	19,684	11,041
Less: Allowance for Doubtful Loans	(524)	(960)
Net Notes and Bonds Receivable	$66,547	$57,977
Less: Noncurrent Portion	(53,996)	(53,068)
Notes and Bonds Receivable, Current Portion	**$12,551**	**$4,909**

NOTE 4 — CAPITAL ASSETS

Capital asset activity is summarized below (dollars in thousands). Interest that qualified for interest capitalization was approximately $20,272,000 and $11,565,000 during the years ended June 30, 2014 and 2013, respectively.

Capital Assets Activity	**Balance July 1, 2013**	**Additions**	**Retirements**	**Transfers**	**Balance June 30, 2014**
Capital Assets, Not Being Depreciated:					
Land	$28,179	$-	$-	$-	$28,179
Construction in Progress	215,560	54,836	-	(140,255)	130,141
Total, Capital Assets, Not Being Depreciated	$243,739	$54,836	$-	($140,255)	$158,320
Capital Assets, Being Depreciated:					
Land Improvements	69,410	1,959	-	1,677	73,046
Infrastructure	80,401	11,448	-	13,159	105,008
Buildings	2,656,040	100,795	226	124,880	2,881,489
Equipment	494,056	39,211	25,053	539	508,753
Software	58,362	7	-	-	58,369
Total, Capital Assets, Being Depreciated	$3,358,269	$153,420	$25,279	$140,255	$3,626,665
Less Accumulated Depreciation:					
Land Improvements	56,802	2,272	-	-	59,074
Infrastructure	40,882	5,786	-	-	46,668
Buildings	1,123,915	97,509	143	-	1,221,281
Equipment	328,032	40,819	24,436	-	344,415
Software	39,452	1,970	-	-	41,422
Total Accumulated Depreciation	$1,589,083	$148,356	$24,579	$-	$1,712,860
Total Capital Assets, Net of Accumulated Depreciation	**$2,012,925**	**$59,900**	**$700**	**$-**	**$2,072,125**

Capital Assets Activity	**Balance July 1, 2012**	**Additions**	**Retirements**	**Transfers**	**Balance June 30, 2013**
Capital Assets, Not Being Depreciated:					
Land	$28,179	$-	$-	$-	$28,179
Construction in Progress	305,902	90,072	-	(180,414)	215,560
Total, Capital Assets, Not Being Depreciated	$334,081	$90,072	$-	($180,414)	$243,739
Capital Assets, Being Depreciated:					
Land Improvements	69,161	1	-	248	69,410
Infrastructure	76,914	181	-	3,306	80,401
Buildings	2,394,916	86,961	2,586	176,749	2,656,040
Equipment	486,477	28,832	21,364	111	494,056
Software	58,362	-	-	-	58,362
Total, Capital Assets, Being Depreciated	$3,085,830	$115,975	$23,950	$180,414	$3,358,269
Less Accumulated Depreciation:					
Land Improvements	54,453	2,349	-	-	56,802
Infrastructure	36,081	4,801	-	-	40,882
Buildings	1,040,968	85,275	2,328	-	1,123,915
Equipment	311,126	36,916	20,010	-	328,032
Software	32,947	6,505	-	-	39,452
Total Accumulated Depreciation	$1,475,575	$135,846	$22,338	$-	$1,589,083
Total Capital Assets, Net of Accumulated Depreciation	**$1,944,336**	**$70,201**	**$1,612**	**$-**	**$2,012,925**

NOTE 5 —ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	June 30, 2014	June 30, 2013
Construction Payables	$17,334	$18,655
Accrued Insurance Liabilities	22,329	22,475
Interest Payable	16,914	17,913
Accrued Salaries and Wages	7,870	7,613
Vendor and Other Payables	44,860	30,715
Total Accounts Payable	**$109,307**	**$97,371**

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 $2,000,000 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 approximately $8,000,000 as of June 30, 2014 and 2013.

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, 2014 and 2013, the University reflected approximately $793,000 and $154,000, 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, 2014	June 30, 2013
Beginning Liability	$22,475	$26,943
Claims Incurred	125,672	137,586
Claims Payments	(125,818)	(142,054)
Ending Liability	**$22,329**	**$22,475**

NOTE 6 — DEBT RELATED TO CAPITAL ASSETS

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

Debt Related Liabilities	**Balance July 1, 2013**	**Increases**	**Decreases**	**Balance June 30, 2014**	**Current Portion**
Commercial Paper	$7,456	$13,500	$2,648	$18,308	$18,308
Notes Payable	795		85	710	93
Leases Payable to Affiliated Foundations	138,039	21,955	15,026	144,968	39,417
Bonds Payable			-		
Student Facilities System Revenue Bonds	352,730		20,583	$332,147	$67,168
Student Fee Bonds	487,677		34,852	$452,825	$31,990
Total Bonds Payable	840,407	-	55,435	784,972	$99,158
Total Debt Related Liabilities	**$986,697**	**$35,455**	**$73,194**	**$948,958**	**$156,976**

Debt Related Liabilities	**Balance July 1, 2012**	**Increases**	**Decreases**	**Balance June 30, 2013**	**Current Portion**
Commercial Paper	$23,785	$1,500	$17,829	$7,456	$7,456
Notes Payable	875	-	80	795	86
Leases Payable to Affiliated Foundations	141,317	1,000	4,278	138,039	38,619
Bonds Payable					-
Student Facilities System Revenue Bonds	318,713	49,669	15,652	352,730	69,700
Student Fee Bonds	447,207	62,687	22,217	487,677	34,166
Total Bonds Payable	765,920	112,356	37,869	840,407	103,866
Total Debt Related Liabilities	**$931,897**	**$114,856**	**$60,056**	**$986,697**	**$150,027**

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman Sachs Company. This agreement authorized a maximum outstanding at any time 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, 2014 and 2013, the balance outstanding was $18,308,000 and $7,456,000, respectively.

Notes Payable. As of June 30, 2014 and 2013, the balance of notes outstanding was approximately $710,000 and $795,000, respectively, representing financing for various activities.

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 $710,000 and $795,000 as of June 30, 2014 and 2013, respectively. The current portion of this note was approximately $93,000 and $86,000 as of June 30, 2014 and 2013, respectively. The interest rate for the note was fixed at 8.00% as of June 30, 2014 and 2013.

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

Issue		Issue Date	Interest Rates	Final Maturity Date	Outstanding June 30, 2014	Outstanding June 30, 2013	Current Outstanding June 30, 2014
Certificates of Participation with Ross-Ade:							
	Series 1998	1998	5.25%	2015	$895	$1,745	$895
	Series 2006	2025	4.00 - 5.25%	2027	35,455	46,830	2,935
	Series 2009A	2009	2.50 - 4.00%	2015	2,025	3,975	2,025
	Series 2009B	2009	4.07 - 5.96%	2031	42,795	42,795	-
	Series 2011A	2011	0.07%*	2035	32,185	32,185	32,185
	Series 2014A	2014	2.66%	2027	21,955	-	-
Leases with Purdue Research Foundation:							
	Academic Learning Center	2012	2.00 - 5.00%	2030	6,235	6,430	300
	Remo Property	2011	6.38%	2015	57	112	57
	Kaplan	2012	5.63%	2022	841	923	86
Leases with Indiana Purdue Fort Wayne Foundation:							
	Child Care Center	2011	6.20%	2016	225	327	109
					$142,668	$135,322	$38,592
Net unamortized premiums and costs					2,300	2,717	825
Total					**$144,968**	**$138,039**	**$39,417**

**Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2014.*

The Certificates of Participation are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. During the fiscal years June 30, 2014 and 2013, the University included approximately $32,185,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A). As a requirement of the Treasury ruling, which granted tax exemption to the lender on the interest paid by the Ross-Ade Foundation, the University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University.

As of June 30, 2014 and 2013, long-term debt included amounts relating to properties with a net book value (net of accumulated depreciation) of approximately $154,209,000 and $173,883,000, respectively, leased from either the Ross-Ade Foundation, Purdue Research Foundation, or the Indiana-Purdue Fort Wayne Foundation.

On September 1, 2011, the University entered into a $615,000 lease agreement with the Indiana-Purdue Fort Wayne Foundation for a child care center near the Fort Wayne campus. The fair value of the building was treated as a capital lease with a value of $515,000.

On December 21, 2012, the University entered into a $1,335,000 lease agreement with Purdue Research Foundation for the real estate commonly known as Kaplan Commons near the Calumet campus. The fair value of the building was treated as a capital lease with the value of $1,000,000.

Bonds Payable. As of June 30, 2014 and 2013, the balance of bonds payable was approximately $784,972,000 and $834,339,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

Issuance and Description			Issue Date	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2014	Total Outstanding June 30, 2013	Current Outstanding June 30, 2014
Student Facilities System Revenue Bonds:								
	Series 2003A	Used to refund Dormitory System Revenue Bond Series 1993 and 2000, refund commercial paper, and renovate a West Lafayette student housing facility	2003		2013	-	$8,870	-
	Series 2003B	Used to finance construction of Fort Wayne student housing facilities	2003		2013	-	515	-
	Series 2004A	Used to finance construction of Calumet student housing and parking garage facilities	2004	0.05%*	2033	17,600	17,600	17,600
	Series 2005A	Used to finance construction and renovation of West Lafayette housing and food service facilities	2005	0.07% *	2029	6,020	6,020	6,020
	Series 2007A	Used to refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	5.00-5.25%	2029	61,865	61,865	2,025
	Series 2007B	Used to finance construction of the new West Lafayette dining court and Fort Wayne student housing facility	2007	4.00-5.00%	2032	23,110	23,840	765
	Series 2007C	Used to renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility	2007	0.07% *	2032	25,520	25,520	25,520
	Series 2009A	Used to finance construction of new West Lafayette and Calumet student housing, renovate a West Lafayette student housing facility, and refund a portion of commercial paper	2009	5.00%	2034	33,495	34,175	815
	Series 2009B	Used to finance Fort Wayne and West Lafayette student housing facilities, and refund a portion of commercial paper	2009	4.00-5.00%	2035	38,520	39,490	1,010
	Series 2010A	Taxable Build America Bonds used to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper	2010	2.36-5.96%	2030	23,875	24,985	1,125
	Series 2011A	Used to refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C	2011	3.75-5.00%	2025	44,100	46,805	2,805
	Series 2012A	Used to finance construction for the West Lafayette student housing and parking facilities, and to refund a portion of Student Facilities System Revenue Bond Series 2003B and a portion of commercial paper	2012	3.75-5.00%	2032	42,100	44,770	3,275
						$316,205	$334,455	$60,960
Net unamortized premiums and costs						15,942	18,275	6,208
Total Student Facilities System Revenue Bonds						**$332,147**	**$352,730**	**$67,168**

**Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2014.*

Issuance and Description			Issue Date	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2014	Total Outstanding June 30, 2013	Current Outstanding June 30, 2014
Student Fee Bonds:								
	Series N	Used to refund Student Fee Bond Series B and D	1998	5.50%	2014	$500	$4,510	$500
	Series P	Used to refund Stu(	1998	5.25%	2017	15,990	20,295	4,515
	Series U	Used to refund a portion of Student Fee Bond Series Q	2005	3.85-5.25%	2022	27,355	29,945	2,685
	Series W	Used to finance West Lafayette strategic infrastructure and utilities improvements	2006	5.00-5.25%	2026	31,515	33,265	1,820
	Series X	Used to finance the construction of the West Lafayette Health and Human Sciences facility, add a wing to the West Lafayette Mechanical Engineering Building, West Lafayette power improvements, construct the Fort Wayne Student Services and Library Complex, for repair and rehabilitation projects, and to refund a portion of commercial paper	2009	5.00-5.50%	2028	89,615	93,530	4,105
	Series Y	Used to refund Student Fee Bond Series S, T, and V	2010	4.00-5.00%	2027	61,490	64,590	3,235
	Series Z-1	Used to finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects as well as refund Student Fee Bond Series H, K, L, O, and a portion of Series R and a portion of commercial paper	2010	4.00-5.00%	2024	51,490	60,465	9,335
	Series Z-2	Taxable Build America Bonds used to finance a portion of the construction of the West Lafayette Student Fitness and Wellness Center and the Fort Wayne Parking Garage, and a portion of West Lafayette Repair & Rehabilitation projects	2010	1.39-5.33%	2035	100,010	100,705	705
	Series AA	Used to finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Drug Discovery Facility, Health and Human Sciences Facility, and Repair & Rehabilitation projects on the West Lafayette campus	2012	3.00-5.00%	2032	52,810	54,555	1,785
						$430,775	$461,860	$28,685
Net unamortized premiums and costs						22,050	25,817	3,305
Total Student Fee Bonds						**$452,825**	**$487,677**	**$31,990**

The Student Facilities System Revenue Bonds are secured by a pledge of auxiliary net income and all other available funds, except student fees and state appropriations. As of June 30, 2014 and 2013, total net pledged income was approximately $18,793,000 and $11,161,000, respectively.

Student Fee Bonds are secured by a pledge of mandatory student fees. Mandatory student fees (net of scholarship allowance) were approximately $727,256,000 and $730,250,000 during the years ended June 30, 2014 and 2013, respectively.

As of both June 30, 2014 and 2013, the University had approximately $49,140,000 included in Current Liabilities related to variable-rate Student Facility System Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C). These bonds are 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 University may direct a change in the type of interest rate borne by the variable-rate debt including variable-rate COPs and Series 2011A, 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 debt is converted in whole or in part to a fixed rate, the interest rate on the debt so converted may not be subsequently changed to an adjustable rate.

The variable-rate bonds, and certificates of participation, 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 these bonds at a price equal to 100 % of the principal amount by adjusting the interest rate.

The University is provided a 24-hour notice if the remarketing agent is unable to resell any debt that is put to the University. In such a case, the University is required to provide the funds to satisfy the repurchase of the debt 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 variable rate bonds or certificates of participation.

On Feb. 20, 2014, the University issued $21,955,000 of Certificates of Participation Series 2014A to fund the construction of a softball field at the West Lafayette campus, to pay for allowable construction period interest and cost of issuance, and to refund a portion of Certificates of Participation Series 2006. As a result of the refunding, the University estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $1,680,789. The refunding resulted in an estimated economic gain (difference between the present value of the debt service payment on the old and new debt) of approximately $1,388,980.

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
2015	$65,739	$38,261	$104,000
2016	$48,482	36,011	84,493
2017	$48,645	33,798	82,443
2018	$47,274	31,645	78,919
2019	$47,889	29,395	77,284
2020-2024	$238,102	112,345	350,447
2025-2029	$241,620	54,603	296,223
2030-2034	$147,580	16,197	163,777
2035-2039	$23,335	642	23,977
	$908,666	$352,897	$1,261,563
Net unamortized premiums and costs	40,292	-	40,292
Total	$948,958	$352,897	$1,301,855

Defeased Bond Issues. The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US 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 in the accompanying financial statements.

	Final Maturity/	Amount Outstanding	
Description of Bonds	**Call Date**	**June 30, 2014**	**June 30, 2013**
Student Fee and Facilities:			
Student Facilities System Revenue Bonds, Series 2003A	7/1/2013	$0	48,345
Student Facilities System Revenue Bonds, Series 2003B	7/1/2013	0	21,600

Operating Leases. The University has entered into various operating leases for facilities. The scheduled payments related to these operating leases for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year		Lease Payments
	2015	2,698
	2016	1,863
	2017	1,534
	2018	925
Total Future Minimum Payments		7,020

Note 7— OTHER DEBT INFORMATION

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

Long-term Liabilities	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
Accrued Compensated Absences	$60,645	$23,568	$26,856	$57,357	$26,361
Other Post Employment Benefits	36,179	7,523	5,134	38,568	-
Funds Held in Trust for Others	7,344	6,534	5,725	8,153	-
Advances from Federal Governm	19,932	-	2	19,930	-
Total	**$124,100**	**$37,625**	**$37,717**	**$124,008**	**$26,361**

Long-term Liabilities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Accrued Compensated Absences	$59,687	$27,122	$26,164	$60,645	$26,856
Other Post Employment Benefits	30,694	11,675	6,190	36,179	-
Funds Held in Trust for Others	6,896	10,639	10,191	7,344	-
Advances from Federal Governm	19,924	19	11	19,932	-
Total	**$117,201**	**$49,455**	**$42,556**	**$124,100**	**$26,856**

Other Post-Employment Benefits. The University offers medical insurance for those retirees who are 55 or older whose age and years of service are equal to or are greater than 70 and have at least 10 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.

During the year ended June 30, 2011, the Trustees approved a voluntary retirement incentive program for employees 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. For both the years ended June 30, 2014 and 2013, there were 513 and 509, employees, respectively, participating in the voluntary retirement incentive program. For the years ending June 30, 2014 and 2013, the University had an outstanding liability associated with the health reimbursement accounts of approximately $4,347,000 and $6,762,000, respectively.

Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional “auxiliary benefits” may be extended. Prior to January 1, 2013, the program included retirement benefit payments, medical, and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning on or after January 1, 2013, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

The post-retirement medical plans are single-employer plans administered by the University, as authorized by the 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, 2014	For Fiscal Year Ending June 30, 2013
Normal cost	$3,095	$5,639
Amortization of the Unfunded Actuarial Accrued Liability	5,840	6,819
Total Annual Required Contribution (End of	**$8,935**	**$12,458**

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%
June 30, 2011	$14,755	$6,138	42%
June 30, 2012	$11,463	$8,032	70%
June 30, 2013	$11,675	$6,190	53%
June 30, 2014	$7,523	$5,134	68%

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	-	$72,948	$72,948	0%
January 1, 2009	-	$76,492	$76,492	0%
January 1, 2009*	-	$97,703	$97,703	0%
January 1, 2011**	-	$89,872	$89,872	0%
January 1, 2013	-	$72,335	$72,335	0%

* Updated to include the estimated effect of the Retirement Incentive Program

** Updated to incorporate new claim estimates and reduced disability rates based on historical trends

***Updated to include actuarial experience loss, valuation assumption changes and plan amendments

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 Contributi on Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Year (g)
January 1, 2007	June 30, 2008	$11,014	-	-	$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
January 1, 2009	June 30, 2011	$15,060	$932	($1,237)	$14,755	$6,138	$8,617	$27,263
January 1, 2011	June 30, 2012	$12,158	$1,363	($2,058)	$11,463	$8,032	$3,431	$30,694
January 1, 2011	June 30, 2013	$12,458	$1,535	($2,318)	$11,675	$6,190	$5,485	$36,179
January 1, 2013	June 30, 2014	$8,935	$1,447	($2,859)	$7,523	$5,134	$2,389	$38,568

Valuation Date			January 1, 2013
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		4%
	Projected payroll increases		3%
	Health care cost trend rate:		
		Medical	7.5% graded to 5% over 5 years
		Prescription Drugs	7.5% graded to 5% over 5 years
		Vision	3%
		Administrative Costs	3%

Plan membership:		January 1, 2013
	Current retirees and surviving spouses	314
	Current disabled	189
	Current active members	11,981
	Total	12,484

Note 8 — OPERATING EXPENSES BY NATURAL CLASSIFICATION

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

June 30, 2014

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	$552,781	$93,902			$646,683
Research	158,597	76,410			235,007
Extension and Public Service	83,160	64,921			148,081
Academic Support	87,968	47,794			135,762
Student Services	39,017	6,968			45,985
General Administration and Institutional Support	107,851	55,155			163,006
Physical Plant Operations and Maintenance	79,940	69,296			149,236
Depreciation			148,356		148,356
Student Aid				72,291	72,291
Auxiliary Enterprises	92,164	89,110			181,274
Total	**$1,201,478**	**$503,556**	**$148,356**	**$72,291**	**$1,925,681**

June 30, 2013

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	$548,063	$65,601			$613,664
Research	166,446	69,942			236,388
Extension and Public Service	76,857	66,596			143,453
Academic Support	97,729	48,564			146,293
Student Services	38,279	10,433			48,712
General Administration and Institutional Support	117,919	32,610			150,529
Physical Plant Operations and Maintenance	82,535	53,698			136,233
Depreciation	-	-	135,846		135,846
Student Aid	-	-		63,775	63,775
Auxiliary Enterprises	124,984	77,232			202,216
Total	**$1,252,812**	**$424,676**	**$135,846**	**$63,775**	**$1,877,109**

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, 2014 and 2013, the University's contribution to FICA was approximately $52,405,000 and $52,324,000, respectively.

Defined-Contribution Plans. Certain employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the Trustees. Funds in all defined contribution plans are immediately vested.

Faculty and Administrative/Professional Staff. Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined-contribution plans. Faculty and management personnel participate immediately upon employment; all others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined-contribution retirement plan administered through Fidelity Investments. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined-contribution plan also participate in the Purdue University 401(a) Profit-Sharing Plan administered through Fidelity Investments. This plan requires a mandatory employee contribution of 4% of their salary.

For the years ended June 30, 2014 and 2013, there were 6,973 and 6,763 employees, respectively, participating in the plans with annual pay equal to approximately $556,325,000 and $507,239,000, respectively. For the years ended June 30, 2014 and 2013, the University made contributions totaling approximately $55,868,000 and $55,397,000, respectively, to these plans.

Clerical, Service, and Operations/Technical Assistants. Clerical, service, and operations/technical assistants hired on or after September 9, 2013, and employed at least half time participate in the nonexempt employees' defined-contribution plan. Benefits-eligible employees in this category participate immediately upon date of employment. The University provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined-contribution retirement plan administered through Fidelity Investments. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pre-tax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched.

For the year ended June 30, 2014, there were 385 employees participating in the plan with annual pay equal to approximately $4,338,000. For the year ended June 30, 2014, the University made base contributions totaling approximately $140,000 and matching contributions totaling approximately $89,000 to the plan.

Defined-Benefit Plans. Certain employees of the University participate in defined-benefit plans administered by other agencies. Actuarial information related to the University's portion of these plans is disclosed in the Required Supplementary Information (RSI) at the back of the Financial Report.

PERF. Regular clerical and service staff; employed at least half time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF), a retirement program administered by Indiana Public Retirement System (INPRS), 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: a pension and an annuity savings plan. The University was required to contribute 9.7% of the employee's salary. The employee had the option of contributing 3% of the employee's salary, and the University elected to make these contributions on their behalf. Employees were eligible to participate in this plan immediately upon employment and are fully vested in the defined-benefit plan after 10 years of employment. 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: Indiana Public Retirement System, One N. Capitol Ave., Suite 001, Indianapolis, IN 46204-2223; or by visiting www.in.gov/perf.

For the years ended June 30, 2014 and 2013, there were 4,651 and 5,081 Purdue employees, respectively, participating in PERF. The University made contributions to this plan totaling approximately $19,746,000 and $18,486,000 for the years ending June 30, 2014 and 2013, respectively.

The employer contributions required by the funding policy at actuarial determined rates are sufficient to fund the pension benefits when they become due. The amortization method and period are level dollar closed over 30 years. The actuarial cost method is entry age normal (level percent of payroll) cost. The employer-required contribution is determined using an asset smoothing method. The actuarial assumptions included: (a) 6.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25%-4.5% per year, and (c) 1% per year cost-of-living adjustments.

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. 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. Financial reports related to this plan may be obtained by writing to: Abby Daniels, Public Records Officer; Purdue University, Hovde Hall, 610 Purdue Mall, West Lafayette, IN 47907-2040.

For the years ending June 30, 2014 and 2013, there were 101 and 104 employees, respectively, participating in Police/Fire. The University made contributions to this plan totaling approximately $1,260,000 and $1,125,000 for the years ending June 30, 2014 and 2013, respectively.

The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2013. The actuarial valuation was the projected unit credit actuarial cost method over 30 years. The actuarial assumptions included: (a) 6.25% investment rate of return, (b) projected salary increases of 3% per year, and (c) 3% per year cost-of-living adjustments.

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

Plan	Annual Required Contribution	Interest on Net Pension Obligation	Adjustment to Annual Required Contribution	Annual Pension Cost	Contributions Made 2, 3	Increase (Decrease) in Net Pension Obligation	Net Pension Obligation, Beginning of Year	Net Pension Obligation, End of Year	Percentage of APC Contributed
PERF									
June 30, 2013 - 1	$ 13,894	$ 138	$ 160	$ 13,872	$ 14,017	$ (145)	$ 2,042	$ 1,897	101%
June 30, 2012	15,885	(177)	(203)	15,911	11,345	4,567	(2,525)	2,042	71%
June 30, 2011	15,270	(564)	(649)	15,355	9,825	5,530	(8,054)	(2,525)	64%
Police/Fire									
July 1, 2013 - 1	780	70	180	1,030	1,307	(277)	176	(101)	127%
July 1, 2012	767	85	435	1,286	1,166	120	56	176	91%
July 1, 2011	726	79	377	1,182	976	206	(150)	56	83%

1 Actuarial data for 2014 was not available at the time of this report.

2 PERF information includes the pension but not the savings plan component.

3 Police/Fire contributions include interest earnings.

Cooperative Extension Service. As of June 30, 2014 and 2013, there were 14 and 18 staff members, respectively, with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System. The University contributed $94,000 and $115,000 during the years ended June 30, 2014 and 2013, respectively, to this plan.

Note 10 — DISCRETELY PRESENTED COMPONENT UNITS

Summary financial information as of and for the years ended June 30, 2014 and 2013, for the University's discretely presented component units are presented in the tables below.

Discretely Presented Component Unit Statement of Financial Position (dollars in thousands)

As of June 30, 2014	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	$4,593	$2,144	$176	$6,913
Accounts Receivable, Net	32,985	-	30	33,015
Other Assets	-	2	3	5
Investments	2,598,365	-	10,379	2,608,744
Pledges Receivable, Net	-	-	-	-
Lease Purchase Agreements	-	121,910	281	122,191
Notes Receivable, Net	11,244	1,079	-	12,323
Interest in Charitable Perpetual Trusts	16,016	-	-	16,016
Capital Assets, Net of Accumulated Depreciation	153,757	4,770	7,547	166,074
Total Assets	**$2,816,960**	**$129,905**	**$18,416**	**$2,965,281**
Liabilities:				
Accounts Payable and Accrued Expenses	$25,708	$1,134	$33	$26,875
Due on Split Interest Agreements	58,290	-	-	58,290
Deposits Held in Custody for Others	1,668,966	-	-	1,668,966
Bonds (Net), Leases and Notes Payable	86,752	127,110	-	213,862
Other Liabilities	21,112	-	-	21,112
Total Liabilities	**$1,860,828**	**$128,244**	**$33**	**$1,989,105**
Net Assets:				
Temporarily Restricted	$703,155	$1,661	$4,166	$708,982
Permanently Restricted	131,799	-	7,297	139,096
Unrestricted	121,178	-	6,920	128,098
Total Net Assets	**$956,132**	**$1,661**	**$18,383**	**$976,176**

Discretely Presented Component Unit Statement of Financial Position (dollars in thousands)

As of June 30, 2013

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	$15,531	$1,163	$260	$16,954
Accounts Receivable, Net	25,841	9	126	25,976
Other Assets	-	3	27	30
Investments	880,890	-	9,594	890,484
Pledges Receivable, Net	-	-	-	-
Lease Purchase Agreements	-	127,530	367	127,897
Notes Receivable, Net	2,564	1,079	-	3,643
Interest in Charitable Perpetual Trusts	14,592	-	-	14,592
Capital Assets, Net of Accumulated Depreciation	154,870	151	7,659	162,680
Total Assets	**$1,094,288**	**$129,935**	**$18,033**	**$1,242,256**
Liabilities:				
Accounts Payable and Accrued Expenses	$22,427	$2	$34	$22,463
Due on Split Interest Agreements	53,157	-	-	53,157
Deposits Held in Custody for Others	53,706	-	-	53,706
Bonds (Net), Leases and Notes Payable	89,812	128,322	47	218,181
Other Liabilities	21,525	-	1	21,526
Total Liabilities	**$240,627**	**$128,324**	**$82**	**$369,033**
Net Assets:				
Temporarily Restricted	$614,036	$1,611	$4,079	$619,726
Permanently Restricted	128,458	-	6,592	135,050
Unrestricted	111,167	-	7,280	118,447
Total Net Assets	**$853,661**	**$1,611**	**$17,951**	**$873,223**

Discretely Presented Component Unit Statement of Activities (dollars in thousands)

For the Year Ended June 30, 2014

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	$2,380	$-	$-	$2,380
Less Payments to Purdue University	(2,380)	-	-	(2,380)
Administrative Fee on Research Projects	-	-	-	-
Contributions	$14,651	$1,728	$1,105	$17,484
Income on Investments	15,492	4,810	435	20,737
Net Unrealized and Realized Gains	131,415	-	738	132,153
Change in Value of Split Interest Agreements	(9,044)	-	-	(9,044)
Increase in Interests in Perpetual Trusts	1,424	-	-	1,424
Rents	11,820	8	126	11,954
Royalties	6,963	-	-	6,963
Other	17,259	-	19	17,278
Total Revenue and Support	**$189,980**	**$6,546**	**$2,423**	**$198,949**
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	$18,244	$-	$1,806	$20,050
Patent and Royalty	6,281	-	-	6,281
Grants	12,589	-	-	12,589
Services for Purdue University	340	-	-	340
Development Office	750	-	-	750
Other	2,206	-	60	2,266
Total Expenses for the Benefit of Purdue University	**$40,410**	**$-**	**$1,866**	**$42,276**
Administrative and Other Expenses				
Salaries and Benefits	$18,062	$-	$-	$18,062
Property Management	10,413	2,004	112	12,529
Professional Fees	3,874	-	-	3,874
Supplies	718	-	-	718
Interest	4,269	4,474	1	8,744
Research Park	1,384	-	-	1,384
Other	8,379	18	12	8,409
Total Administrative and Other Expenses	**$47,099**	**$6,496**	**$125**	**$53,720**
Change in Net Assets	$102,471	$50	$432	$102,953
Net Assets, Beginning of Period	853,661	1,611	$17,951	873,223
Change in Reporting Entity	-	-	-	-
Net Assets, End of Period	**$956,132**	**$1,661**	**$18,383**	**$976,176**

Discretely Presented Component Unit Statement of Activities (dollars in thousands)

For the Year Ended June 30, 2013	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	$250	$-	$-	$250
Less Payments to Purdue University	(250)	-	-	(250)
Administrative Fee on Research Projects	-	-	-	-
Contributions	$19,743	$1,257	$996	$21,996
Income on Investments	13,907	5,175	459	19,541
Net Unrealized and Realized Gains	83,806	-	370	84,176
Change in Value of Split Interest Agreements	(6,044)	-	-	(6,044)
Increase in Interests in Perpetual Trusts	791	-	-	791
Rents	14,067	8	151	14,226
Royalties	6,313	-	-	6,313
Other	5,056	-	94	5,150
Total Revenue and Support	**$137,639**	**$6,440**	**$2,070**	**$146,149**
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	$19,675	$-	$1,262	$20,937
Patent and Royalty	5,968	-	-	5,968
Grants	12,690	-	-	12,690
Services for Purdue University	265	-	-	265
Development Office	748	-	-	748
Other	2,755	-	118	2,873
Total Expenses for the Benefit of Purdue University	**$42,101**	**$-**	**$1,380**	**$43,481**
Administrative and Other Expenses				
Salaries and Benefits	$10,465	$-	$-	$10,465
Property Management	9,546	18,940	112	28,598
Professional Fees	3,542	-	-	3,542
Supplies	587	-	-	587
Interest	4,431	4,814	4	9,249
Research Park	671	-	-	671
Other	5,563	18	20	5,601
Total Administrative and Other Expenses	**$34,805**	**$23,772**	**$136**	**$58,713**
Change in Net Assets	$60,733	($17,332)	$554	$43,955
Net Assets, Beginning of Period	788,957	18,943	17,397	825,297
Change in Reporting Entity	3,971	-	-	3,971
Net Assets, End of Period	**$853,661**	**$1,611**	**$17,951**	**$873,223**

In addition to items in Note 6, Debt Related to Capital Assets, PRF provided grants, contracts, and gifts to the University totaling approximately $32,539,000 and $34,263,000 as of June 30, 2014 and 2013, 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, 2014 and 2013, contractual obligations for capital construction projects were approximately $42,386,000 and $81,311,000, 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 or higher than the price at which the University is committed to buy. This would reduce or increase the value of the contract. The University could sell the forward contract at a loss or gain 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 if the counterparty fails to deliver the quantity at the guaranteed price at the specified time resulting in the University having 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, 2014 and 2013, the University had the following unfunded commitments: approximately $55,194,000 and $69,303,000, respectively, to approximately 55 private equity/venture capital managers; approximately $30,513,000 and $21,918,000, respectively, to approximately 20 private real estate managers; approximately $31,437,000 and $48,899,000, respectively, to approximately 25 natural resource managers; and approximately $77,000 and $100,000, respectively, to the Indiana Future Fund. These amounts are not included as liabilities in the accompanying Statement of Net Position. Outstanding commitments are estimated to be paid based on the capital calls from the individual managers, subject to change due to market conditions. Currently the University estimates its potential obligation for the next four fiscal years to be $29,305,000 per year.

Note 12 — SUBSEQUENT EVENTS

Effective July 1, 2014, the Purdue Foundation was reorganized into Purdue International Inc. (PII). PII will continue to support Purdue with a particular focus on facilitating the University's International education, research, and exchange activities. PII is retaining its tax-exempt 501(c)(3) status with the Internal Revenue Service. PII transferred and assigned to Purdue Research Foundation all of the rights, title, and interest in and to the trade name "Purdue Foundation," including — without limitation — all trademarks, service marks, and trade names associated with Purdue Foundation and any contracts, trusts, and gift instruments in existence as of the effective date July 1, 2014.

As discussed in Note 2, the University changed its management and ownership of its endowment investment pool from the University to Purdue Research Foundation effective January 1, 2014, but the legal title transfer of the underlying vehicles are occurring in accordance with the investment vehicle contractual terms and will not be finalized until fiscal year June 30, 2015. As of September 30, 2014, 94.48% of the EIP investment pool is held in PRF and not in the University's name.

Required Supplemental Information
Retirement Plans--Schedule of Funding Progress
Fiscal Year Ended June 30, 2014
(Dollar Amounts in Thousands)

Plan	Acturial Valuation Date*	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)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Benefit)
PERF**											
	2004	71,410	67,177	(4,233)	106.3%	87,723	-4.8%	4,140	6,845	165.3%	(7,254)
	2005	81,955	83,618	1,663	98.0%	94,557	1.8%	3,863	4,725	122.3%	(8,116)
	2006	177,925	181,268	3,343	98.2%	127,808	2.6%	5,137	5,806	113.0%	(8,785)
	2007	190,984	187,822	(3,162)	101.7%	131,341	-2.4%	7,829	6,976	89.1%	(7,932)
	2008	204,286	207,956	3,670	98.2%	138,063	2.7%	7,859	8,361	106.4%	(8,434)
	2009	182,104	209,699	27,595	86.8%	146,097	18.9%	9,059	8,978	99.1%	(8,353)
	2010	154,960	230,080	75,120	67.4%	149,890	50.1%	9,779	9,480	96.9%	(8,054)
	2011	120,151	212,795	92,644	56.5%	137,714	67.3%	15,355	9,826	64.0%	(2,525)
	2012	107,679	227,419	119,740	47.3%	145,682	82.2%	15,911	11,345	71.3%	2,042
	2013	98,131	190,072	91,941	51.6%	145,682	63.1%	13,872	14,017	101.0%	1,897
Police/Fire											
	7/1/2004	15,007	17,618	2,611	85.2%	4,538	57.5%	917	818	103.4%	(226)
	7/1/2005	16,209	18,724	2,515	86.6%	4,675	53.8%	822	825	100.4%	(228)
	7/1/2006	17,595	19,074	1,479	92.2%	4,595	32.2%	623	846	135.8%	(452)
	7/1/2007	19,679	19,984	305	98.5%	4,854	6.3%	528	645	122.2%	(569)
	7/1/2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	573	83.6%	(457)
	7/1/2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	670	74.5%	(228)
	7/1/2010	20,163	23,131	2,968	87.2%	5,582	53.2%	956	878	91.8%	(150)
	7/1/2011	22,560	26,385	3,825	85.5%	5,677	67.4%	1,182	976	82.6%	56
	7/1/2012	23,438	27,329	3,891	85.8%	5,648	68.9%	1,286	1,166	90.7%	176
	7/1/2013	25,809	27,780	1,971	92.9%	5,611	35.1%	1,030	1,307	126.9%	(101)

*Data for 2014 not available from actuaries at date of issuance
**University Portion Only

See accompanying notes to the financial statements

APPENDIX C-1

FORM OF APPROVING OPINION OF BOND COUNSEL FOR SERIES BB-1 BONDS

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January 7, 2015

The Trustees of Purdue University
West Lafayette, Indiana

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

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

Re: Purdue University Student Fee Bonds, Series BB-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-Ninth Supplemental Indenture dated as of November 15, 2014 (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 $48,630,000

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 of the Project (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 on individuals and corporations, but is taken into account in determining alternative minimum tax imposed 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 APPROVING OPINION OF BOND COUNSEL FOR SERIES BB-2 BONDS

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January 7, 2015

The Trustees of Purdue University
West Lafayette, Indiana

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

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

Re: Purdue University Student Fee Bonds, Series BB-2 (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-Ninth Supplemental Indenture dated as of November 15, 2014 (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 $18,985,000

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 of the Project (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.

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 D

REFUNDED BONDS

The Refunded Bonds consist of The Trustees of Purdue University, Purdue University Student Fee Bonds, Series W, issued July 6, 2006, identified below (the "Refunded Bonds"):

Maturity Date	Principal	Interest Rate	CUSIP
July 1, 2016	$1,970,000	4.250%	746189HS1
July 1, 2017	135,000	4.300	746189HT9
July 1, 2017	1,920,000	5.000	746189HU6
July 1, 2018	105,000	4.375	746189HV4
July 1, 2018	2,055,000	5.000	746189HW2
July 1, 2019	15,000	4.375	746189HX0
July 1, 2019	2,250,000	5.000	746189HY8
July 1, 2020	40,000	4.400	746189HZ5
July 1, 2022	10,000	4.500	746189JA8
July 1, 2022	7,445,000	5.000	746189JB6
July 1, 2023	250,000	4.500	746189JC4
July 1, 2024	500,000	4.500	746189JD2
July 1, 2024	4,895,000	5.000	746189JE0
July 1, 2026	145,000	4.500	746189JF7
July 1, 2026	6,065,000	5.000	746189JG5

The Refunded Bonds will be called for redemption prior to maturity, at a redemption price equal to 100% of the principal thereof, on January 1, 2016.

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PURDUE
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