NEW ISSUE
BOOK-ENTRY ONLY

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

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2012A Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2012A Bonds, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2012A Bonds is exempt from income taxation in the State of Indiana for all purposes, except the State financial institutions tax. See "TAX MATTERS," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" and APPENDIX C, "FORM OF APPROVING OPINION OF BOND COUNSEL."

PURDUE UNIVERSITY

$44,770,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Facilities System Revenue Bonds, Series 2012A

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

The Trustees of Purdue University (the "Corporation") will issue its Purdue University Student Facilities System Revenue Bonds, Series 2012A (the "Series 2012A Bonds"), pursuant to resolutions adopted by the Board of Trustees of the Corporation and an Indenture of Trust dated as of January 1, 2003, as supplemented and amended to date, and as further supplemented and amended by a Fifteenth Supplemental and Amendatory Indenture dated as of August 1, 2012, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), for the purpose of (i) paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities and parking facilities of the Corporation, (ii) refunding certain of the Corporation's outstanding commercial paper, the proceeds of which were applied to pay such costs, (iii) refunding certain of the Corporation's outstanding student facilities system revenue bonds, and (iv) paying or reimbursing certain costs of issuing the Series 2012A Bonds, all as described in this Official Statement. See "PLAN OF FINANCE."

Interest on the Series 2012A Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2013. The Series 2012A Bonds are issuable only as fully registered bonds, and will be issued in denominations of $5,000 or any integral multiple thereof. The Series 2012A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2012A Bonds will be made in book-entry only form, and purchasers of a beneficial interest in the Series 2012A Bonds will not receive physical delivery of the certificates representing their interests in the Series 2012A Bonds. The principal of and interest on the Series 2012A Bonds will be paid to DTC or its nominee as the registered owner of the Series 2012A Bonds. Disbursement of such payments to owners of beneficial interests in the Series 2012A Bonds will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES 2012A BONDS—Book Entry System."

Certain of the Series 2012A Bonds are subject to redemption prior to maturity, as described herein. See "DESCRIPTION OF SERIES 2012A BONDS–Redemption."

The Series 2012A Bonds are special and limited obligations of the Corporation, secured exclusively by the Pledged Revenues and payable solely from the Pledged Revenues and other Available Funds, all as defined in this Official Statement. The Series 2012A Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2012A Bonds against the State of Indiana or the Corporation, or against the property or funds of the State of Indiana or the Corporation, except to the extent of the Pledged Revenues and other Available Funds. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

A detailed maturity schedule is set forth on the inside cover.

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 2012A Bonds 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 Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by Stuart & Branigin LLP, Lafayette, Indiana, and for the Underwriters by Ice Miller LLP, Indianapolis, Indiana. John S. Vincent & Company LLC is serving as financial advisor to the Corporation. It is anticipated that the Series 2012A Bonds will be available for delivery to DTC on or about September 5, 2012.

Barclays

BofA Merrill Lynch **City Securities Corporation**

Official Statement dated: August 21, 2012

MATURITY SCHEDULE

$44,770,000
The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2012A

Principal Amount	Due July 1	Interest Rate	Price	CUSIP
$2,670,000	2013	2.000%	101.452%	746189TA7
3,275,000	2014	4.000	106.604	746189TB5
3,455,000	2015	4.000	109.943	746189TC3
3,645,000	2016	4.000	112.787	746189TD1
3,855,000	2017	5.000	119.880	746189TE9
4,105,000	2018	4.000	116.187	746189TF6
3,415,000	2019	5.000	123.124	746189TG4
1,170,000	2020	5.000	123.742	746189TH2
1,230,000	2021	5.000	124.516	746189TJ8
1,285,000	2022	4.000	116.878	746189TK5
1,345,000	2023	5.000	124.110*	746189TL3
1,415,000	2024	5.000	122.823*	746189TM1
1,490,000	2025	5.000	122.040*	746189TN9
1,565,000	2026	5.000	121.358*	746189TP4
1,645,000	2027	5.000	120.682*	746189TQ2
1,720,000	2028	4.000	109.072*	746189TR0
1,780,000	2029	3.125	98.132	746189TS8
1,840,000	2030	3.250	98.663	746189TT6
1,900,000	2031	3.250	98.197	746189TU3
1,965,000	2032	3.250	97.564	746189TV1

*Priced to the July 1, 2022, par call.

* Term expires June 30, 2013.
** Dr. Sands will serve as Interim President and Dr. Lechtenberg as Interim Executive Vice President for Academic Affairs and Provost until January 2013. See "Presidential Appointment" in Appendix A.
*** Dr. Carwein will take office September 2012. Until then, Walter Branson, Vice Chancellor for IPFW, will serve as Interim Chancellor.

Trustee
The Bank of New York Mellon Trust Company, N.A.
Indianapolis, Indiana
Bond Counsel
Barnes & Thornburg LLP
Indianapolis, Indiana

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 PART OF, THEIR RESPECTIVE 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.

NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE CORPORATION 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. 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 SINCE THE DATE OF THIS OFFICIAL STATEMENT OR SINCE ANY EARLIER DATE AS OF WHICH INFORMATION IS STATED TO BE GIVEN.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2012A BONDS 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 OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012A BONDS 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 2012A 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 OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES 2012A BONDS FOR SALE.

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, Purdue University 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. Purdue University has fiscal and administrative oversight for the Fort Wayne campus. Indiana University has fiscal and administrative oversight for the Indianapolis campus. The West Lafayette campus is organized academically into ten colleges with undergraduate, masters and doctorate degrees awarded in all colleges. Purdue University's 2012 spring semester headcount enrollment for all campuses exceeded 67,000, excluding the Indianapolis campus. An additional 4,900 Purdue students were enrolled at the Indiana University-Purdue University campus in Indianapolis in Spring 2012. See Appendix A.

PURPOSES OF ISSUE. The Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2012A (the "Series 2012A Bonds"), are being issued to (i) pay or reimburse a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities and parking facilities of the Corporation, (ii) refund certain of the Corporation's outstanding commercial paper, the proceeds of which were applied to pay such costs, (iii) refund certain of the Corporation's outstanding Student Facilities System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), which Series 2003B Bonds are identified in Appendix E (the "Refunded Series 2003B Bonds"), and (iv) pay or reimburse certain costs of issuing the Series 2012A Bonds, all as described in this Official Statement. See "PLAN OF FINANCE."

SECURITY. The Series 2012A Bonds are being issued under an Indenture of Trust by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date (such Indenture of Trust, as so supplemented and amended, the "Original Indenture"), and as supplemented and amended by a Fifteenth Supplemental and Amendatory Indenture by and between the Corporation and the Trustee, dated as of August 1, 2012 (the "Fifteenth Supplemental Indenture") (the Original Indenture, as so supplemented and amended, the "Indenture"). The Series 2012A Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, including (i) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), $8,870,000 aggregate principal amount of which remain outstanding, (ii) the Series 2003B Bonds, $515,000 aggregate principal amount of which (excluding the Refunded Series 2003B Bonds) will remain outstanding following the issuance of the Series 2012A Bonds, (iii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2004A (the "Series 2004A Bonds"), $17,600,000 aggregate principal amount of which remain outstanding, (iv) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand) (the "Series 2005A Bonds"), $6,020,000 aggregate principal amount of which remain outstanding, (v) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007A (the "Series 2007A Bonds"), $61,865,000 aggregate principal amount of which remain outstanding, (vi) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007B (the "Series 2007B Bonds"), $23,840,000 aggregate principal amount of which remain outstanding, (vii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007C (Adjustable Demand) (the "Series 2007C Bonds"), $25,520,000 aggregate principal amount of which remain outstanding, (viii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), $34,175,000 aggregate principal amount of which remain outstanding, (ix) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009B (the "Series 2009B Bonds"), $39,490,000 aggregate principal amount of which remain outstanding, (x) the Corporation's Purdue University Taxable Student Facilities System Revenue Bonds, Series 2010A (Build America Bonds – Direct Pay Option) (the "Series 2010A Bonds"), $24,985,000 aggregate principal amount of which remain outstanding, and (xi) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2011A (the "Series

2011A Bonds"), $46,805,000 aggregate principal amount of which remain outstanding (the Series 2012A Bonds and such other obligations, including the Series 2003A Bonds, the remaining Series 2003B Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds, the Series 2009A Bonds, the Series 2009B Bonds, the Series 2010A Bonds and the Series 2011A Bonds, together with any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, "First Lien Bonds"), are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and first lien on the Pledged Revenues. The Series 2012A Bonds and all other Bonds (as hereinafter defined) are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Bonds against the Corporation or the State of Indiana, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

PLEDGED REVENUES. Pledged Revenues include: (a) all revenues derived from the operation of the System and any investment income on the Revenue Fund (such revenues and investment income, "Gross Income"), less the sum of (i) all current expenses of operation, maintenance, insurance and repair of the System (such current expenses, "Operation and Maintenance Expenses") and (ii) certain financing costs (such costs, "Financing Expenses") (Gross Income less the sum of Operation and Maintenance Expenses plus Financing Expenses, "Net Income"), (b) any amounts held in the Project Fund and any investment income thereon, and (c) any amounts held in the Sinking Fund and any investment income thereon. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Net Income."

AVAILABLE FUNDS. Available Funds include: (a) the Pledged Revenues; and (b) any other available income or funds of the Corporation, any transfer of which income or funds to the Sinking Fund or any use of which income or funds to pay any principal of or premium, if any, or interest on any Bonds does not violate, conflict with or breach, or constitute a default under, (i) any pledge, assignment, security interest, mortgage, lien, encumbrance, trust, appropriation, restriction or authorization to which such income or funds are subject, or (ii) any law, rule or regulation, any contract, agreement, indenture, lease, guaranty, bond, note or instrument, or any order, writ, judgment or decree to which the Corporation or any of its property is subject. **Generally, under Indiana law, state appropriated funds and mandatory student fees assessed to all students may <u>not</u>, without General Assembly approval, be used to pay debt service on any bonds and, therefore, will <u>not</u> be Available Funds.** See "SECURITY AND SOURCES OF PAYMENT FOR BONDS – Available Funds."

SYSTEM. The System consists of certain dormitories and other housing facilities for single and married students and school personnel, certain food service facilities and certain other facilities. See "FACILITIES AND SYSTEM."

BOOK-ENTRY SYSTEM. The Series 2012A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and all payments of principal and interest 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 2012A Bonds. Purchases of the Series 2012A Bonds by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series 2012A Bond certificates. See "DESCRIPTION OF SERIES 2012A BONDS—Book Entry System."

DEBT SERVICE COVERAGE. The following projected debt service coverage summary is based solely on Net Income for the Fiscal Years ended June 30, 2011, and June 30, 2010 (excluding any other Available Funds), and the projected average of the annual debt service on the Series 2003A Bonds, the Series 2003B Bonds (excluding the Refunded Series 2003B Bonds), the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds, the Series 2009A Bonds, the Series 2009B Bonds, the Series 2010A Bonds, the Series 2011A Bonds and the Series 2012A Bonds (which are the only First Lien Bonds that will be outstanding upon the issuance of the Series 2012A Bonds).

	Fiscal Year Ended June 30	
	2011	2010
Net Income	$36,605,823	$33,605,903
Projected coverage(1)	1.67	1.53

Projected average annual debt service: $21,959,153 (1)

(1) Projected average of annual debt service for Fiscal Years ending June 30, 2013, through and including June 30, 2036, and assuming that the Series 2004A Bonds, the Series 2005A Bonds and the Series 2007C Bonds bear interest at 3.5% per annum. Excludes the Refunded Series 2003B Bonds. Debt service not reduced by any subsidy payments to be received by the Corporation from the U.S. Treasury for any qualified Build America Bonds.

NO RESERVE FUND. No Reserve Fund Requirement exists for the Series 2012A Bonds, and the Series 2012A Bonds will not have access to any Reserve Fund.

ADDITIONAL OBLIGATIONS. The Corporation may issue: (a) First Lien Bonds on a parity with the Series 2012A Bonds and all other outstanding First Lien Bonds; or (b) obligations payable out of any of the Pledged Revenues (but only after making payment of principal of and interest on the First Lien Bonds then due), any lien on any of the Pledged Revenues securing which obligations is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds (any obligations described in (a) or (b) issued under the Indenture, "Bonds"). See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Issuance of First Lien Bonds," --Issuance of Junior Lien Obligations and Credit Facility Obligations" and "—Proposed Amendments."

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 entered into an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as heretofore supplemented, and as further supplemented by a Fifth Supplement to Continuing Disclosure Undertaking Agreement, dated as of August 1, 2012 (collectively, the "Undertaking Agreement"), pursuant to which the Corporation will agree to provide (i) on an annual basis to the Municipal Securities Rulemaking Board ("MSRB"), certain annual financial information, and (ii) notice to MSRB, upon the occurrence of certain events more fully described herein. See "APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT." The Corporation is in compliance with undertakings previously entered into by it pursuant to the Rule.

PROPOSED AMENDMENTS. The Corporation is seeking the consent and approval of the original purchasers of the Series 2012A Bonds to the execution of certain proposed amendments to the Original Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Issuance of First Lien Bonds," "—Additional Covenants of Corporation—Rates and Charges" and "—Proposed Amendments." UPON THE ISSUANCE OF THE SERIES 2012A BONDS, THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS WILL, BY THEIR PURCHASE THEREOF, BE DEEMED TO HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENTS. WHILE SUCH AMENDMENTS WILL NOT YET BE EFFECTIVE UPON THE ISSUANCE OF THE SERIES 2012A BONDS, SUCH AMENDMENTS WILL BECOME EFFECTIVE ON THE DATE UPON WHICH THE OWNERS OF A MAJORITY IN AGGREGATE PRINCIPAL AMOUNT OF THE BONDS THEN OUTSTANDING, INCLUDING THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS, HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENTS.

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OFFICIAL STATEMENT

$44,770,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Facilities System
Revenue Bonds, Series 2012A

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 its Purdue University Student Facilities System Revenue Bonds, Series 2012A (the "Series 2012A Bonds").

The Series 2012A Bonds are being issued under Indiana Code 21-32-1-1, *et. seq*., 21-32-2-1, *et seq*., 21-35-1-1, *et seq*., 21-35-3-1, *et seq*., and 21-35-5-1, *et seq*., as amended (the "Act"), and pursuant to resolutions adopted by the Board of Trustees of the Corporation (the "Board") and in accordance with the provisions of an Indenture of Trust by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date (the "Original Indenture"), and as further supplemented and amended by a Fifteenth Supplemental and Amendatory Indenture by and between the Corporation and the Trustee, dated as of August 1, 2012 (the "Fifteenth Supplemental Indenture") (the Original Indenture, as supplemented and amended by the Fifteenth Supplemental Indenture, the "Indenture").

The Indenture permits the Corporation to issue: (a) First Lien Bonds on a parity with the Series 2012A Bonds and all other outstanding First Lien Bonds or (b) obligations payable out of any of the Pledged Revenues (but only after making payment of principal of and interest on the First Lien Bonds then due), any lien on any of the Pledged Revenues securing which obligations is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds (any obligations described in (a) or (b) issued under the Indenture, "Bonds"). Certain terms of the Indenture, including provisions for the issuance of additional First Lien Bonds, are described in this Official Statement in the section entitled "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Series 2012A Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, including (i) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), $8,870,000 aggregate principal amount of which remain outstanding, (ii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), $515,000 aggregate principal amount of which (excluding the Refunded Series 2003B Bonds, as hereinafter defined) will remain outstanding following the issuance of the Series 2012A Bonds, (iii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2004A (the "Series 2004A Bonds"), $17,600,000 aggregate principal amount of which remain outstanding, (iv) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand) (the "Series 2005A Bonds"), $6,020,000 aggregate principal amount of which remain outstanding, (v) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007A (the "Series 2007A Bonds"), $61,865,000 aggregate principal amount of which remain outstanding, (vi) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007B (the "Series 2007B Bonds"), $23,840,000 aggregate principal amount of which remain outstanding, (vii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007C (Adjustable Demand) (the "Series 2007C Bonds"), $25,520,000 aggregate principal amount of which remain outstanding, (viii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), $34,175,000 aggregate principal amount of which remain outstanding, (ix) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009B (the "Series 2009B Bonds"), $39,490,000 aggregate principal amount of which remain outstanding, (x) the Corporation's Purdue University Taxable Student Facilities System Revenue Bonds, Series 2010A (Build America Bonds – Direct Pay Option)(the "Series 2010A Bonds"), $24,985,000 aggregate principal amount of which remain outstanding, and (xi) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2011A (the "Series 2011A Bonds"), $46,805,000 aggregate principal amount of which remain outstanding (the Series 2012A Bonds and such other obligations, including the Series 2003A Bonds, the remaining Series 2003B Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds, the Series

2009A Bonds, the Series 2009B Bonds, the Series 2010A Bonds and the Series 2011 A Bonds, together with any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, "First Lien Bonds"), are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and first lien on the Pledged Revenues. The Series 2012A Bonds and all other Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2012A Bonds or any other Bonds against the Corporation or the State of Indiana, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Corporation has covenanted and agreed in the Indenture to pay Net Income to the Trustee on or before each principal or interest payment date (see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Flow of Funds – Sinking Fund") in an amount sufficient to pay the principal of and interest on the Series 2012A Bonds and all other First Lien Bonds due on such date. Such amounts will be deposited in the Sinking Fund.

Certain of the Series 2012A Bonds are subject to redemption prior to maturity, as described herein. See "DESCRIPTION OF SERIES 2012A BONDS–Redemption."

The Corporation has entered into an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as heretofore supplemented, and as further supplemented by a Fifth Supplement to Continuing Disclosure Undertaking Agreement, dated as of August 1, 2012 (the "Undertaking Agreement"), for the benefit of the beneficial owners of the Series 2012A Bonds, obligating the Corporation to provide certain continuing disclosure as described in "APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT."

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

PURPOSE OF SERIES 2012A BONDS

The Series 2012A Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities and parking facilities of the Corporation, (ii) refunding certain of the Corporation's outstanding commercial paper, the proceeds of which were applied to pay such costs, (iii) refunding the Series 2003B Bonds which are identified in Appendix E (the "Refunded Series 2003B Bonds"), and (iv) paying or reimbursing certain costs of issuing the Series 2012A Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

DESCRIPTION OF SERIES 2012A BONDS

General

The Series 2012A Bonds will be issued in the aggregate principal amount of $44,770,000 and will be dated and bear interest from their date of delivery. The Series 2012A Bonds will bear interest, payable January 1 and July 1 of each year, commencing January 1, 2013 (each such date, 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 2012A Bonds will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

Each Series 2012A Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless it is (i) authenticated after the fifteenth day of the month immediately preceding such Interest Payment Date (each fifteenth day of the month immediately preceding an Interest Payment Date, a "Record Date") and on or before the following Interest Payment Date, in which case it will bear interest from such

Interest Payment Date, or (ii) authenticated before the close of business on the Record Date preceding the first Interest Payment Date, in which case it will bear interest from their date of delivery. However, if, at the time of authentication, interest on any Series 2012A Bond is in default, such Series 2012A Bond will bear interest from the date to which interest has been paid.

Certain of the Series 2012A Bonds are subject to redemption prior to maturity, as described herein. See "Redemption."

The Series 2012A Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof (an "Authorized Denomination").

The Series 2012A Bonds will be registered on the books of the Corporation kept for that purpose at the designated corporate trust operations office of the Trustee, as Registrar. The principal of the Series 2012A Bonds is payable when due upon presentation and surrender thereof at the designated corporate trust operations office of the Trustee. Interest on the Series 2012A Bonds is payable when due by check or draft mailed by the Trustee to the registered owners as their names and addresses appear in the Corporation's registration books on the Record Date.

The person in whose name any Series 2012A Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of any principal of or premium, if any, or interest on any Series 2012A Bond will be made only to or upon order of the registered owner thereof, or the registered owner's legal representative. The Corporation and the Trustee, Registrar and Paying Agent may deem and treat the registered owner of any Series 2012A Bond as the absolute owner of such Series 2012A Bond, whether such Series 2012A Bond is overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Corporation nor the Trustee, Registrar or Paying Agent will be affected by any notice to the contrary.

Redemption

Optional Redemption. The Series 2012A Bonds maturing on or after July 1, 2023, are subject to redemption prior to maturity at the option of the Corporation at any time on or after July 1, 2022, in whole or in part, in any order of maturity as selected by the Corporation (less than all of the Series 2012A Bonds of a single maturity to be selected by lot in any manner selected by the Trustee), at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

Selection of Series 2012A Bonds to be Redeemed. If less than all of the Series 2012A Bonds within a maturity are called for redemption, the Trustee will select the Series 2012A Bonds or portions thereof within a maturity to be redeemed in any manner the Trustee in its sole discretion deems appropriate.

If fewer than all Series 2012A Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2012A Bonds of such maturity and bearing such interest rate to be redeemed will be selected by lot. However, any such redemption must be performed such that all Series 2012A Bonds remaining outstanding will be in authorized denominations. See "Book Entry System."

Notice of Redemption. For so long as the Series 2012A Bonds are registered in the name of DTC or its nominee or its successor, any redemption notice will be given only to DTC or its nominee or successor, as described under "Book Entry System."

Notice of redemption of the Series 2012A Bonds or portions thereof will be given by the Trustee by mailing a copy of the redemption notice by first class mail not less than 30 days nor more than 45 days prior to the date fixed for redemption to the registered owner of each Series 2012A Bond to be redeemed at the address shown on the registration books. In the case of optional redemption of Series 2012A Bonds, notice will also be sent to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2012A Bonds (the sole such depository now being The Depository Trust Company of New York, New York), not less than 30 days nor more than 45 days prior to the date fixed for redemption. Any failure to give any such notice, or any defect therein, with respect to any Series 2012A Bond will not affect the validity of any proceedings for the redemption of any other Series 2012A Bonds. If for any reason it is impossible or impractical to mail such notice of call for redemption in the manner provided, then any mailing in lieu thereof made with the Trustee's approval will constitute sufficient notice.

On and after the redemption date specified in the aforesaid notice, such Series 2012A Bonds, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) will no longer bear interest, will no longer be protected by the Indenture and will no longer be deemed to be Outstanding under 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.

No notice of optional redemption of any Series 2012A Bonds will be effective if sufficient funds have not been deposited in the Redemption Fund on the redemption date pursuant to the Indenture, and such event will not constitute an Event of Default under the Indenture and such Series 2012A Bonds will continue to bear interest until paid at the same rate as if such Series 2012A Bonds had not been called for redemption.

Partial Redemption or Purchase. In case any Series 2012A Bond is of a denomination larger than the minimum Authorized Denomination, all or a portion of such Series 2012A Bond may be redeemed (or purchased), provided that the principal amount not being redeemed (or purchased) is in any Authorized Denomination.

Upon surrender of any Series 2012A Bond for redemption (or purchase) in part only, the Corporation will execute and the Trustee will authenticate and deliver to the registered owner thereof, at the Corporation's expense, a new Series 2012A Bond or Series 2012A Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of such Series 2012A Bond surrendered.

Open Market Purchases. At its option, to be exercised not less than 45 days prior to any redemption date, or such shorter period as is acceptable to the Trustee and Paying Agent, the Corporation may (a) deliver to the Trustee any Series 2012A Bonds purchased with moneys on deposit in the Revenue Fund and available for redemption of such Series 2012A Bonds and (b) instruct the Trustee to apply the principal amount of such Series 2012A Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Series 2012A Bonds of the same maturity to be redeemed on the next succeeding redemption date. The Trustee will so credit each such Series 2012A Bond so delivered.

Redeemed Series 2012A Bonds. If the amount necessary to redeem any Series 2012A Bonds called for redemption has been deposited with the Trustee for that purpose on or before the date specified for redemption, and if the notice described above has been duly given and all proper charges and expenses of the Trustee, Registrar and Paying Agent in connection with such redemption have been paid or provided for, the Corporation will be released from all liability on such Series 2012A Bonds, and such Series 2012A Bonds will no longer be deemed to be outstanding under the Indenture. Thereafter, such Series 2012A Bonds will not be secured by the lien of the Indenture, and the holders thereof may look only to the Trustee for payment thereof.

Payment of Principal and Interest on Series 2012A Bonds

For so long as the Series 2012A Bonds are registered in the name of DTC or its nominee or its successor, payments of principal and interest will be made as described under "Book Entry System." In the event the Series 2012A Bonds are no longer registered under a book-entry only system, payment of the principal of and interest on the Series 2012A Bonds will be made as described above under "General."

Interest Account. The Trustee will establish and maintain, as long as any Series 2012A Bonds are outstanding, a separate account within the Sinking Fund created by the Indenture to be known as the Series 2012A Interest Account. On or before the first day of each January and July (or, if such first day is not a Business Day, on the next succeeding Business Day), the Trustee will deposit in the Series 2012A Interest Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the interest on the Series 2012A Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2012A Interest Account available to pay such interest. The Trustee will use moneys on deposit in the Series 2012A Interest Account to pay the interest on the Series 2012A Bonds whenever such interest is due and payable.

Principal Account. The Trustee will establish and maintain, as long as any Series 2012A Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series 2012A Principal Account. On or before the first day of each July (or, if such first day is not a Business Day, on the next succeeding Business Day), the Trustee will deposit in the Series 2012A Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series 2012A Bonds maturing or subject to mandatory sinking fund redemption on such date and (b) the amount of moneys then on deposit in the Series 2012A Principal Account available to pay such principal. The Trustee will use moneys on deposit in the Series 2012A Principal Account to pay the principal of the Series 2012A Bonds at maturity or upon mandatory sinking fund redemption.

Redemption Account. The Trustee will establish and maintain, as long as any Series 2012A Bonds are outstanding, a separate account within the Redemption Fund to be known as the Series 2012A Account. On or before any day on which any Series 2012A Bonds are subject to optional redemption, the Trustee will deposit in the Series 2012A Account of the Redemption Fund moneys received from the Corporation in an amount equal to the difference, if any, between (a) the redemption price of the Series 2012A Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2012A Account of the Redemption Fund available to pay such redemption price. The Trustee will use moneys on deposit in the Series 2012A Account of the Redemption Fund to pay the optional redemption price of the Series 2012A Bonds whenever such redemption price is due and payable.

Payments Due on Saturdays, Sundays and Holidays

In the event that the date of maturity of principal of or interest on any Series 2012A Bonds or the date fixed for redemption of any Series 2012A Bonds is a day other than a Business Day, then payment of interest or principal need not be made on such date, but may be made (without additional interest) on the next succeeding Business Day with the same force and effect as if made on the date of maturity or date fixed for redemption.

Transfer and Exchange of Series 2012A Bonds

For so long as the Series 2012A Bonds are registered in the name of DTC or its nominee or its successor, the transfer and exchange procedures will be as described under "Book Entry System."

Book Entry System

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2012A Bonds. The Series 2012A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2012A Bond certificate will be issued for each maturity of the Series 2012A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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, corporate and municipal debt, 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 2012A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012A Bonds, except in the event that use of the book-entry system for the Series 2012A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A 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 2012A Bonds with DTC and their registration in the name of Cede & Co. or other such DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012A 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 Series 2012A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012A Bond documents. For example, Beneficial Owners of Series 2012A Bonds may wish to ascertain that the nominee holding the Series 2012A Bonds 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 Trustee 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 2012A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012A Bonds, 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 the Series 2012A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on 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 Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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 2012A Bonds 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, Series 2012A Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2012A Bond certificates will be printed and delivered to DTC.

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

Discontinuation of Book-Entry System

In the event that the book-entry system for the Series 2012A Bonds is discontinued, the Trustee would provide for the registration of the Series 2012A Bonds in the name of the Beneficial Owners thereof. The Corporation and the Trustee would treat the person in whose name any Series 2012A Bond is registered as the absolute owner of such Series 2012A Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, except as otherwise described in Appendix D: "SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT," and neither the Corporation nor the Trustee would be bound by any notice or knowledge to the contrary.

Each Series 2012A Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the designated corporate trust operations office of the Trustee, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Trustee. Upon due presentation of any Series 2012A Bonds for transfer or exchange, the Trustee would authenticate and deliver in exchange therefor, within a reasonable time after such presentation, a new Series 2012A Bond or Series 2012A Bonds, registered in the name of the transferee or transferees (in the case of a transfer), or the owner (in the case of an exchange), in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Series 2012A Bond or Series 2012A Bonds so presented. The Corporation or the Trustee would require the owner of any Series 2012A Bonds to pay a sum sufficient to cover any tax, fee or other governmental charge required to be paid in connection with the transfer or exchange of such Series 2012A Bonds. A Series 2012A Bond would not be subject to transfer or exchange after the mailing of notice calling such Series 2012A Bond for redemption has been made, or during a period of 15 days next preceding the mailing of notice for redemption of any Series 2012A Bonds.

SECURITY AND SOURCES OF PAYMENT FOR BONDS

The Series 2012A Bonds and all other First Lien Bonds are special and limited obligations of the Corporation, secured exclusively by a pledge of and first lien on the Pledged Revenues, as provided in the Indenture, and payable solely from the Pledged Revenues and the other Available Funds. The Series 2012A Bonds and all other 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 may be had for the payment of the principal of or interest on the Series 2012A Bonds or any other Bonds against the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The following sections regarding security for the Bonds summarize certain provisions of the Indenture. For a complete summary of the provisions of the Indenture relating to the security for the Series 2012A Bonds and all other First Lien Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

No recourse under or upon any indebtedness, obligation, covenant, agreement or liability contained in the Indenture or any Series 2012A Bonds or other Bonds may be had against any past, present or future officer, trustee, employee, agent or representative of the Corporation. No personal liability whatever will attach to or be incurred by any past, present or future officer, trustee, employee, agent or representative of the Corporation by reason of any of the indebtedness, obligations, covenants, agreements or liabilities contained in the Indenture or any Series 2012A Bonds or other Bonds, or to be implied therefrom.

Net Income

In the Indenture, in order to secure the payment of the Bonds and the performance by the Corporation of its covenants in the Indenture and the Bonds, the Corporation pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the following (the "Pledged Revenues"):

(a) (i) all revenues derived from the operation of the System, including without limitation rents, fees, rates and charges for any use of the System, and any investment income on the Revenue Fund (such revenues and income, "Gross Income"), less

(ii) the sum of

(A) all current expenses of operation, maintenance, insurance and repair of the System, including without limitation general administrative expenses of the Corporation allocable to the System, but excluding depreciation expenses (such current expenses of operation, maintenance, insurance and repair of the System, "Operation and Maintenance Expenses") (the Corporation being permitted, in its discretion, to furnish heat, light, power and other utility services to any or all of the System with or without charge therefor, and, if any such utility services are provided without charge, the cost thereof not being included as "Operation and Maintenance Expenses"); plus

(B) any financing costs related to any Bonds, including without limitation any amounts which are payable to the United States of America with respect to any Bonds under Section 148 of the Code (any such amounts, "Rebatable Amounts"), any fees and expenses related to the computation of any Rebatable Amounts, any fees and expenses related to any letter of credit, line of credit, insurance policy, guaranty, surety bond, bond purchase agreement or other instrument providing for the payment of or guaranteeing the payment of any principal of or interest on any Bonds or any purchase price of any Bonds (any such letter of credit, line of credit, insurance policy, guaranty, surety bond, bond purchase agreement or other instrument, a "Credit Facility"), or any fees and expenses related to any other credit facilities or liquidity facilities for any Bonds (any such financing costs related to any Bonds, "Financing Expenses")

(Gross Income less the sum of Operation and Maintenance Expenses plus Financing Expenses, "Net Income");

(b) any amounts held in the Project Fund and any investment income thereon; and

(c) any amounts held in the Sinking Fund and any investment income thereon.

Available Funds

If at any time the moneys in the Revenue Fund are insufficient to pay the principal of and interest on the First Lien Bonds and pay any Credit Facility Obligations and Optional Maturities, the Corporation will make or cause to be made to the Trustee a transfer of moneys for deposit in the Sinking Fund, in an amount equal to such insufficiency, from the following (the "Available Funds"):

(a) the Pledged Revenues; and

(b) any other available income or funds of the Corporation, any transfer of which income or funds to the Sinking Fund or any use of which income or funds to pay any principal of or premium, if any, or interest on any Bonds does not violate, conflict with or breach, or constitute a default under, (i) any pledge, assignment, security interest, mortgage, lien, encumbrance, trust, appropriation, restriction or authorization to which such income or funds are subject, or (ii) any law, rule or regulation, any contract, agreement, indenture, lease, guaranty, bond, note or instrument or any order, writ, judgment or decree to which the Corporation or any of its property is subject.

Generally, under Indiana law, state appropriated funds and mandatory student fees assessed to all students may not, without General Assembly approval, be used to pay debt service on any bonds and, therefore, will not be Available Funds.

No Reserve Fund

The Series 2012A Bonds will have no claim on any reserve fund. However, the Corporation may issue Bonds at some later date which will have a claim on the Reserve Fund established under the Indenture in the manner prescribed in the Indenture, for which a reserve fund requirement may exist. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Flow of Funds – No Reserve Fund."

Issuance of First Lien Bonds, Junior Lien Obligations and Credit Facility Obligations; Proposed Amendment

The Corporation may issue First Lien Bonds, Junior Lien Obligations and Credit Facility Obligations upon the terms and subject to the conditions set forth in the Indenture. The Original Indenture provides that additional First Lien Bonds may be issued upon the satisfaction of certain conditions, including satisfaction of certain pro forma debt service coverage tests, described under "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Issuance of First Lien Bonds." However, the Corporation is seeking the consent and approval of the original purchasers of the Series 2012A Bonds to the execution of a proposed amendment to the Original Indenture, which amendment would, from and after the date such amendment becomes effective, permit any First Lien Bonds to be issued, without satisfaction of such conditions, if the Corporation certifies that, to the best of its knowledge, the Corporation is in compliance with all covenants contained in the Indenture and is not in default in the performance or observance of any of the terms or provisions thereof. UPON THE ISSUANCE OF THE SERIES 2012A BONDS, THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS WILL, BY THEIR PURCHASE THEREOF, BE DEEMED TO HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENT. WHILE SUCH AMENDMENT WILL NOT YET BE EFFECTIVE UPON THE ISSUANCE OF THE SERIES 2012A BONDS, SUCH AMENDMENT WILL BECOME EFFECTIVE ON THE DATE UPON WHICH THE OWNERS OF A MAJORITY IN AGGREGATE PRINCIPAL AMOUNT OF THE BONDS THEN OUTSTANDING, INCLUDING THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS, HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENT. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Issuance of First Lien Bonds," "—Issuance of Junior Lien Obligations and Credit Facility Obligations" and "—Proposed Amendments."

Rate Covenant; Proposed Amendment

In the Original Indenture, the Corporation is obligated to comply with certain covenants regarding the adoption of annual budgets and the establishment, monitoring, adjustment and collection of rents, fees, rates and other charges for the System, described under "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Additional Covenants of Corporation—Rates and Charges." However, the Corporation is seeking the consent and approval of the original purchasers of the Series 2012A Bonds to the execution of a proposed amendment to the Original Indenture, which amendment would, from and after the date such amendment becomes effective, delete in their entirety all of such covenants. UPON THE ISSUANCE OF THE SERIES 2012A BONDS, THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS WILL, BY THEIR PURCHASE THEREOF, BE DEEMED TO HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENT. WHILE SUCH AMENDMENT WILL NOT YET BE EFFECTIVE UPON THE ISSUANCE OF THE SERIES 2012A BONDS, SUCH AMENDMENT WILL BECOME EFFECTIVE ON THE DATE UPON WHICH THE OWNERS OF A MAJORITY IN AGGREGATE PRINCIPAL AMOUNT OF THE BONDS THEN OUTSTANDING, INCLUDING THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS, HAVE CONSENTED TO AND APPROVED SUCH AMENDMENT. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Additional Covenants of Corporation—Rates and Charges" and "—Proposed Amendment."

DEBT SERVICE COVERAGE

The following projected debt service coverage summary is based solely on Net Income for the Fiscal Years ended June 30, 2011, and June 30, 2010 (excluding any other Available Funds), and the average of the annual debt service on the Series 2003A Bonds, the Series 2003B Bonds (excluding the Refunded Series 2003B Bonds), the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds, the Series 2009A Bonds, the Series 2009B Bonds, the Series 2010A Bonds, the Series 2011A Bonds and the Series 2012A Bonds (which are the only First Lien Bonds that will be outstanding upon issuance of the Series 2012A Bonds).

	Fiscal Year Ended June 30	
	2011	2010
Net Income	$36,605,823	$33,605,903
Projected coverage(1)	1.67	1.53

Projected average annual debt service: $21,959,153(1)

(1) Projected average of annual debt service for Fiscal Years ending June 30, 2013, through and including June 30, 2036, assuming that the Series 2004A Bonds, the Series 2005A Bonds and the Series 2007C Bonds bear interest at 3.5% per annum. Excludes the Refunded Series 2003B Bonds. Debt service not reduced by any subsidy payments to be received by the Corporation from the U.S. Treasury for any qualified Build America Bonds.

ANNUAL DEBT SERVICE REQUIREMENT

The projected annual debt service requirement for the Series 2012A Bonds and the other Bonds that will be outstanding upon issuance of the Series 2012A Bonds (excluding the Refunded Series 2003B Bonds) is as follows:

		2012A Bonds		
Fiscal Year ended June 30	Outstanding Debt Service[1] [2]	Principal[1]	Interest	Total Debt Service[1] [2]
2013	$24,186,284		$ 596,220	$24,782,503
2014	25,438,475	$2,670,000	1,823,638	29,932,112
2015	24,871,786	3,275,000	1,731,438	29,878,224
2016	21,425,620	3,455,000	1,596,838	26,477,458
2017	21,383,325	3,645,000	1,454,838	26,483,162
2018	21,456,231	3,855,000	1,285,563	26,596,793
2019	21,673,599	4,105,000	1,107,088	26,885,686
2020	22,426,576	3,415,000	939,613	26,781,189
2021	22,498,156	1,170,000	824,988	24,493,144
2022	22,500,922	1,230,000	764,988	24,495,910
2023	22,599,287	1,285,000	708,538	24,592,824
2024	22,602,903	1,345,000	649,213	24,597,116
2025	22,587,294	1,415,000	580,213	24,582,507
2026	22,547,626	1,490,000	507,588	24,545,213
2027	22,708,663	1,565,000	431,213	24,704,875
2028	22,708,034	1,645,000	350,963	24,703,996
2029	22,694,676	1,720,000	275,438	24,690,114
2030	19,283,401	1,780,000	213,225	21,276,626
2031	15,431,780	1,840,000	155,513	17,427,293
2032	14,445,039	1,900,000	94,738	16,439,776
2033	14,347,682	1,965,000	31,931	16,344,613
2034	9,629,045	--	--	9,629,045
2035	4,439,875	--	--	4,439,875
2036	2,239,625	--	--	2,239,625
TOTAL	$466,125,903	$44,770,000	$16,123,776	$527,019,679

[1] Principal matures on the preceding July 1.

[2] Assumes the Series 2004A Bonds, Series 2005A Bonds and Series 2007C Bonds bear interest at 3.50% per annum. Excludes the Refunded Series 2003B Bonds. Debt service not reduced by any subsidy payments to be received by the Corporation from the U.S. Treasury for any qualified Build America Bonds.

Note: Totals may not add as a result of rounding

FACILITIES AND SYSTEM

General

The Student Facilities System (the “System”) may include any University facility permitted under the Acts. As of the date of this Official Statement, the facilities consist of certain student residence, dining and other facilities located on the University's West Lafayette, Fort Wayne and Calumet campuses.

The System dates back to 1927, when the basic operating concepts and principles followed today were formulated. In addition to providing food and shelter, the System is expected to be financially self-supporting and to enrich the resident students’ total educational experience. In order to ensure the continued viability of the System, the facilities are designed to be operated and managed in an efficient and business-like manner. The senior financial officer of the Corporation is charged with the System's management, including fiscal affairs, facilities maintenance, residence counseling, educational and student personnel programs.

Currently, the System is owned and generally operated by the Corporation and is comprised of 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 11,617 spaces for students in 2011-2012. There are 8,840 undergraduate residence hall room and board spaces, 791 graduate housing spaces, 1,159 single student spaces in apartments with food contract options, and 827 married student spaces in apartments. The Fort Wayne and Calumet campuses provided 1,204 and 744 spaces, respectively, for students in 2011-2012.

Management

The student housing facilities on the West Lafayette campus are managed by a central administrative office under the direction of the Associate Vice President for Housing and Food Services. The Associate Vice President is assisted by the Executive Director of University Residences. The overall management of each facility is delegated to a General Manager whose professional staff is responsible for fiscal affairs, housing, maintenance, student services and counseling. Each facility, except graduate housing and family housing, has formed self-governing student and social organizations offering student representation in the overall operation of the unit. Food services are administered by University management.

The student housing facilities on the Fort Wayne campus are managed by American Campus Communities ("ACC"). American Campus Communities combines physical plant and financial management with residence life and student development values, designed so that each community may be a well-maintained, well-operated, academically-oriented living and learning center. Management of the Calumet housing facilities are administered by University management.

West Lafayette Campus Facilities

Single Student Housing. Currently 8,840 single undergraduate students can be housed in twelve traditional residence halls. All of these halls are multi-storied facilities containing lounges, recreation rooms and mail room facilities. Two additional facilities available to single undergraduate students are apartment complexes located on campus that that can house 1,159 students. Optional board service is available through the dining services in any of the halls or apartments. Construction of all five phases of Windsor Hall are complete, as well as the West Wing of First Street Towers, formerly known as Replacement Student Housing. A new 300-bed housing project called Vawter Field Housing is currently in the planning phase with construction to begin in the Summer of 2012

Graduate Housing. Approximately 791 spaces are available in one housing unit for graduate students. Facilities include laundry, recreation rooms and post office services. The graduate housing contracts are for room only. Food service is available on a cash basis in any of the dining locations.

Married Student Housing Complex. There are 827 spaces in married student housing apartments within walking distance of the main campus. Currently, 683 are for married students and 144 are for single graduate students. The spaces consist of unfurnished apartments in one- and two-bedroom types. Rent includes all utilities, including basic telephone service. Depending on University needs, two bedroom apartments are available as one married space or three single spaces.

Dining Facilities: There are five operating dining court locations: Earhart Hall, Hillenbrand Hall, Windsor Hall, the Fred and Mary Ford Dining Court, and Wiley Dining Court. In addition, the System has two mini-mart and two grill operations.

Regional Campus Facilities

Fort Wayne Student Housing. There are 1,204 spaces consisting of thirteen apartment buildings with two freestanding commons buildings. The housing complex is linked to the main campus by a pedestrian bridge. The furnished apartments are one-, two-, and four-bedroom types with shared or private baths. The buildings include recreation rooms and computer learning centers. The first phase of housing on the Fort Wayne campus was constructed in 2003 with a second phase constructed in 2007 and a third phase completed in Fall of 2010.

Calumet Student Housing. There are 744 spaces available in two free standing buildings. The buildings consist of apartments, each with four private bedrooms and two shared baths. The apartment suites have a kitchen/dining room and a living room. The first apartment facility was opened to students in the Fall of 2005 and sits on University property in close proximity to the Physical Education and Recreation Building. A second phase was completed in Fall of 2009.

Current System Housing Facilities	**Initial Construction**	**Fall 2011 Total Spaces Available**
Franklin Levering Cary Quadrangle	1927	1,166
Windsor Residence Halls	1934	547
Hilltop Apartments	1944	899
Virginia C. Meredith Residence Hall	1952	596
Richard Owen Residence Hall	1957	708
Married Student Housing Complex	1957	827
Newton Booth Tarkington Residence Hall	1958	708
Harvey W. Wiley Residence Hall	1958	748
John T. McCutcheon Residence Hall	1963	748
Amelia Earhart Residence Hall	1964	790
Purdue Village - Undergraduate	1957	260
Benjamin Harrison Residence Hall	1966	814
George A. Hawkins Graduate House	1968	791
Eleanor B. Shreve Residence Hall	1970	860
Hillenbrand Residence Hall	1993	799
First Street Towers	2007	356
Fort Wayne Student Housing Complex, I	2003	568
Fort Wayne Student Housing Complex, II	2007	188
Fort Wayne Student Housing, Complex, III	2009	448
Calumet Student Housing, Phase I	2004	370
Calumet Student Housing, Phase II	2008	374
Total		13,565

The Corporation has an ongoing capital improvement program to provide for the renovation and maintenance of the facilities. Expenditures relating to the program are expected to be funded from the System's reserves.

System Occupancy

The following table is a breakdown of the type of residence facility available and the occupancy percentage for the past five years by campus.

			Fiscal Year		
	2011-12	**2010-11**	**2009-10**	**2008-09**	**2007-08**
West Lafayette Student Facilities					
Single Students					
Spaces Available	10,790	10,773	10,927	10,807	10,736
Spaces Occupied	10,462	10,450	10,497	10,537	10,513
Occupancy Percentage	97.0%	97.0%	96.1%	97.5%	97.9%
Married Student Housing Complex					
Spaces Available	827	817	889	757	821
Spaces Occupied	714	719	766	681	720
Occupancy Percentage	86.3%	88.0%	86.2%	90.0%	87.7%
West Lafayette Occupancy Percentage	96.2%	96.4%	95.3%	97.0%	97.2%
Regional Campus Student Facilities					
Fort Wayne Student Housing Complex					
Spaces Available	1,204	1,204	756	756	756
Spaces Occupied	1,021	1,094	756	756	756
Occupancy Percentage	84.8%	90.9%	100.0%	100.0%	100.0%
Calumet Student Housing Complex					
Spaces Available	744	744	744	370	370
Spaces Occupied	596	606	589	370	370
Occupancy Percentage	80.1%	81.5%	79.2%	100.0%	100.0%

Note: Single student space occupancy is based upon average daily occupancy during the academic year and apartment space occupancy is based upon average daily occupancy over a twelve-month period.

Housing Rental Rates

The University operates its academic programs on a two semester and summer module basis. The following table gives the minimum and maximum rates by type of facility.

	Fiscal Year				
	2012-13[(1)]	2011-12	2010-11	2009-10	2008-09
West Lafayette:					
Single Room and Board Units[(2)]					
Minimum Academic Year Rate	$7,076	$6,936	$6,682	$6,502	$6,118
Maximum Academic Year Rate	15,806	15,686	15,576	14,550	12,886
Married Student Housing Complex[(2)]					
Minimum Monthly Rate	$628	$616	$610	$582	$550
Maximum Monthly Rate	767	752	745	717	680
Graduate Housing[(2)]					
Minimum Monthly Rate	$421	$405	$397	$375	$350
Maximum Monthly Rate	750	735	720	696	655
Fort Wayne Student Housing Complex[(2)]					
Minimum Monthly 12-Month Rate[(3)]	$399	$399	$399	$451	$438
Maximum Monthly 12-Month Rate	776	753	728	700	667
Calumet Student Housing [(2)]					
Minimum Monthly 12-Month Rate	$517	$504	$490	$468	$448
Maximum Monthly 12-Month Rate	602	587	570	544	448

(1) The West Lafayette, Fort Wayne and Calumet housing rates for 2012-13 were approved by the Board of Trustees on December 18, 2011.
(2) Married Student Housing Complex rates are effective July 1, and all others rates are effective with the start of the fall semester in August.
(3) In August 2010 the third phase of housing came on line with a new unit configuration that has a lower monthly 12-month rate than any of the unit configurations offered in the previous years.

Food Service Rates

Within the System, the West Lafayette food service operations include traditional food services (5 locations), mini-mart operations (2 locations), and grill operations (2 locations). Currently the food service operations offer the five meal plans outlined below.

	Fiscal Year				
	2012-13[(1)]	2011-12	2010-11	2009-10	2008-09
20 Meal Plan[(2)]	$5,674	$5,554	$5,444	$5,220	$4,970
15 Meal Plan [(3)]	5,286	5,174	5,072	4,864	4,632
12 Meal Plan[(4)]	4,996	4,890	4,794	4,598	4,378
Boiler Block Plan[(4)]	4,708	4,608	4,518	4,330	4,124
10 Meal Plan [(2)]	4,584	4,488	4,400	4,220	4,018

(1) The food service rates for 2012-13 were approved by the Board of Trustees on December 18, 2011.
(2) Includes $250 discretionary dining dollars.
(3) Includes $350 discretionary dining dollars.
(4) Includes $450 discretionary dining dollars.

The West Lafayette campus began consolidating food service operations in the Fall of 2000 and reduced the number of locations from eleven to five by the Fall of 2008.

Financial Information

The following are the Statements of Revenues, Expenses and Changes in Net Assets for the Purdue University Student Facility System as of June 30, 2011, 2010 and 2009. This information should be used in conjunction with the financial statements and the notes to the University's statements contained in Appendix B.

FINANCIAL OPERATIONS OF THE SYSTEM
Statement of Revenues, Expenses and Changes in Net Assets
Fiscal Year ended June 30 (Unaudited)

	2011	**2010**	**2009**
Operating Revenues			
Housing, Net	$63,808,923	$56,727,094	$52,458,013
Food Service	50,743,994	48,529,865	46,631,459
Other Operating Revenues	2,300,758	2,299,888	2,483,072
Total Operating Revenues	$116,853,675	$107,556,847	$101,572,544
Operating Expenses			
Depreciation[1]	$16,060,286	$15,545,761	$10,729,952
Operating Expenses	82,132,572	75,489,243	75,489,619
Total Operating Expenses	$98,192,859	$91,035,004	$86,219,571
Operating Income	$18,660,817	$16,521,843	$15,352,973
Non-operating Revenues (Expenses)			
Investment Income	$1,884,720	$1,538,299	$1,529,236
Interest Expense	(5,131,951)	(6,625,244)	(7,557,716)
Other	2,326	(151,466)	(1,518)
Total Non-operating Revenues (Expenses), Net	($3,244,904)	($5,238,411)	($6,029,998)
Increase in Net Assets	$15,415,912	$11,283,432	$9,322,975

(1) Operation and Maintenance Expenses, as defined in the Indenture, exclude depreciation expenses.

Historical Debt Service Coverage

The historical debt service coverage calculation is the division of Net Income by the principal and interest paid during each respective fiscal year.

	2011	2010	2009
Operating Income	$18,660,817	$16,521,843	$15,352,973
Investment Income	1,884,720	1,538,299	1,529,236
Total Operating Income	$20,545,537	$18,060,142	$16,882,209
Depreciation[1]	16,060,286	15,545,761	10,729,952
Net Income	$36,605,823	$33,605,903	$27,612,161
Principal and interest paid	$18,246,075	$16,102,160	$13,290,545
Debt Service Coverage[2]	2.01	2.09	2.08

(1) Operation and Maintenance Expenses, as defined in the Indenture, exclude depreciation expenses.
(2) Net Income divided by principal and interest paid. Debt service not reduced by subsidy payments received by the Corporation from the U.S. Treasury for qualified Build America Bonds.

Capital Plans

The System currently has ongoing renovations and new construction projects on the West Lafayette, Fort Wayne and Calumet campuses.

West Lafayette Campus. The renovation of the Windsor Residence Halls complex was authorized for $53.0 million and began in May 2007. The authorization was subsequently increased to $59.6 million in 2010. The renovations of all five phases of this project are complete. First Street Towers, a new high-rise residence hall with high-end modern amenities, welcomed students in Fall 2009. Construction is complete on a third building, known as First Street Towers West Wing, which will provide up to 174 single rooms in Fall 2012. Planning has begun on a new 300-bed housing project with construction to begin in the Summer of 2012. This project is called Vawter Field Housing and will be located next to the Student Center for Learning and Excellence to be constructed adjacent to the housing project. Several repair and maintenance projects to the housing facilities on the West Lafayette campus are also underway. These projects are included in "*Major Construction Projects*" below and are expected to be financed with both debt financing and internal funds.

University decisions relating to its strategic plan, enrollment management and resident versus non-resident mix will affect the revenue of the System. During fiscal year 2002, the University announced plans to create Discovery Park, an academic research facility that will occupy approximately half the acreage originally used by the System's married students housing complex. A total of 600 spaces are projected to be demolished over a multi-year period to provide for this growth. Since 2002, 268 spaces have been demolished to clear land for Discovery Park, a new childcare facility and a community center.

Regional Campuses. The System includes three housing facilities on the Fort Wayne campus, providing 1,204 beds, including a newly constructed third phase which opened in Fall 2010. The Calumet campus has student housing providing 744 beds. Both campuses perform routine maintenance on their respective student housing facilities.

Major Construction Projects. As of July 2012, the System has $41.7 million of projects greater than $500,000 in progress or awarded, of which $11.3 million may be internally funded. Internally funded projects include a portion of Vawter Field Housing and several repair and renovation projects. The System has $8.2 million in additional projects authorized for the System greater than $500,000 for which construction has not yet been awarded. These projects are for repair and rehabilitation and will be internally funded.

PLAN OF FINANCE

The Series 2012A Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of the following: (a) any student housing facilities on the West Lafayette campus (including the Vawter Field Housing), and any property, real or personal, related thereto (the "Vawter Field Housing Facility"); and (b) any parking facilities on the West Lafayette campus (including the Harrison Street Parking Garage), and any property, real or personal, related thereto (the "Harrison Parking Facility"); (ii) refunding any of the Corporation's outstanding Purdue University Tax-Exempt Commercial Paper Notes, Series 2010-1 (the "Commercial Paper"), the proceeds of which were applied to pay a portion of the cost of the acquisition, construction, equipping and furnishing the Vawter Field Housing Facility and the Harrison Parking Facility (the "Series 2012A Facilities"); (iii) refunding the Refunded Series 2003B Bonds; and (iv) paying or reimbursing certain costs of issuing the Series 2012A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

Vawter Field Housing Facility

The Vawter Field Housing Facility will be on the West Lafayette campus and will consist of a residence hall with approximately 300 beds to support learning communities and upper-division student retention to improve academic success. A small retail facility is planned, as well as a restaurant serving coffee, soups, salads, sandwiches and baked goods. Hours of operation will be set to support the evening activities of the Center for Student Excellence and Leadership, which is planned to be constructed immediately adjacent to this residence hall.

Harrison Parking Facility

The Harrison Parking Facility will be constructed on the southern end of the West Lafayette campus and accommodate 850 vehicles. The facility will be constructed adjacent to the new Health and Human Sciences facility which is being constructed simultaneously to combine the departments of Speech Language and Hearing Sciences, Clinical Facilities, and Medical Education (IU School of Medicine – Lafayette). The Health and Human Services facility will be part of the Life and Health Sciences Quad.

Refunding of Commercial Paper

The Commercial Paper was issued from time to time to provide temporary financing of a portion of the costs of the acquisition, construction, equipping and furnishing of certain facilities, including the Series 2012A Facilities.

The Corporation expects to apply a portion of the proceeds of the Series 2012A Bonds to pay a portion of the principal due on the Commercial Paper, and to apply other funds of the Corporation to pay the interest thereon. However, no such proceeds will be pledged to pay any principal of or interest on any such Commercial Paper, and all such Commercial Paper will remain outstanding unless and until the principal thereof and interest thereon are paid in full upon the maturity thereof.

Refunding of Refunded Series 2003B Bonds

The Refunded Series 2003B Bonds will be refunded pursuant to the terms of an Escrow Deposit Agreement between the Corporation and The Bank of New York Mellon Trust Company, N.A., as escrow trustee (the "Series 2003B Escrow Trustee") for the Refunded Series 2003B Bonds (the "Series 2003B Escrow Agreement"). The refunding of the Refunded Series 2003B Bonds will be accomplished by (a) creating an irrevocable escrow fund for the Refunded Series 2003B Bonds (the "Series 2003B Escrow Fund") to be held by the Series 2003B Escrow Trustee and (b) depositing in the Series 2003B Escrow Fund, from a portion of the proceeds of the Series 2012A Bonds, a sum of initial cash and certain noncallable, direct obligations of the United States of America (the "Series 2003B Governmental Obligations"), the principal of and interest on which, together with such cash, will be sufficient to pay the principal of and interest on the Refunded Series 2003B Bonds to and including July 1, 2013, the date on which the Refunded Series 2003B Bonds will be called for redemption prior to maturity.

All cash and Series 2003B Governmental Obligations on deposit with the Series 2003B Escrow Trustee in the Series 2003B Escrow Fund, including investment income, will be pledged solely and irrevocably for the benefit of the holders of the Refunded Series 2003B Bonds, and no such cash or Series 2003B Governmental Obligations will be available to pay the principal of or interest on the Series 2012A Bonds. Upon such deposit, the Corporation will be released from all liability on the Refunded Series 2003B Bonds, which will no longer be deemed to be outstanding, and any lien of the Refunded Series 2003B Bonds on the Pledged Revenues will be released.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the issuance of the Series 2012A Bonds are summarized below:

Sources of Funds:	
Principal Amount of Series 2012A Bonds	$44,770,000
Net Original Issue Premium for Series 2012A Bonds	5,747,567
Total Sources of Funds	$50,517,567
Uses of Funds:	
Deposit to Series 2012A Vawter Field Housing Facility Account(1)	$30,400,000
Deposit to Series 2012A Harrison Parking Facility Account(1)	16,000,000
Deposit to Series 2003B Escrow Fund	3,790,479
Costs of Issuance(2)	327,088
Total Uses of Funds	$50,517,567

(1) Includes deposit to refund Commercial Paper, the proceeds from which were used to provide interim funding for a portion of the costs of the acquisition, construction, equipping and furnishing of the Series 2012A Facilities.

(2) Includes the Underwriters' discount, Trustee fees and expenses, financial advisory fees and expenses, legal fees and expenses, and other costs of issuance of the Series 2012A Bonds.

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

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

Definitions

"Account" means any account established pursuant to the Indenture.

"Act" means Indiana Code Sections 21-32-1-1, *et seq*., 21-32-2-1, *et seq*., 21-35-1-1, *et seq*., 21-35-3-1, *et seq*., and 21-35-5-1, *et seq*., all as supplemented or amended from time to time, and, after any repeal of any of such statutes, any statutes replacing such statutes, all as supplemented or amended from time to time.

"Amendment Date" means date upon which the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding have consented to and approved the execution of the Fifteenth Supplemental Indenture.

"Annual Debt Service Requirement" for any Fiscal Year means the sum of (i) an amount equal to the amount of the principal and interest scheduled to become due in such Fiscal Year on any Fixed Rate Bonds (excluding the principal of any balloon maturity and excluding the principal component of any Optional Maturity for which any Credit Facility has been provided), (ii) an amount equal to the amount of the principal and interest projected to become due in such Fiscal Year on any Variable Rate Bonds (excluding the principal of any balloon maturity (less any portion of such principal required to be repaid prior to maturity pursuant to any Credit Facility) and excluding the principal component of any Optional Maturity for which any Credit Facility has been provided), and (iii) an amount equal to the principal of any balloon maturity divided by the number of years to maturity from its date of original issuance or from any later date specified in the Supplemental Indenture authorizing the issuance of such balloon maturity. Any such projection of the interest to become due on any Variable Rate Bonds will be calculated on any date by assuming that such Variable Rate Bonds bear interest at a rate equal to 110% of the greater of (a) the average daily interest rate borne by such Variable Rate Bonds during the twelve-month period immediately preceding such date or (b) the interest rate borne by such Variable Rate Bonds on such date, but, in either event, not exceeding any maximum interest rate which may be borne by such Variable Rate Bonds. Interest which is payable from the proceeds of any Bonds set aside for such purpose (*e.g.*, accrued or capitalized interest) will be excluded in determining the Annual Debt Service Requirement. To the extent that the Corporation has entered into any Derivative Product for any Bonds, any payments to be made or received by the Corporation pursuant to such Derivative Product will be taken into account, by adding the amount of any payments to be made by the Corporation pursuant to such Derivative Product, if any, and subtracting the amount of any payments to be received by the Corporation pursuant to such Derivative Product, if any, from the sum of the amounts described in the first sentence of this definition. For purposes of this definition, "balloon maturity" mean any Bonds of any Series, the amount of the principal of and interest on which Bonds, together with any other Bonds of such Series, due in any twelve-month period, is not less than 30% of the average Annual Debt Service Requirement of all Bonds of such Series (calculated in accordance with clauses (i) and (ii) above); provided, however, that, in calculating the amount of the principal of and interest on any Bonds due in any twelve-month period, the amount of the principal of such Bonds will 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 the Corporation may elect to waive the provisions of clause (iii) above for any Bonds of any Series at the time of delivery thereof and treat such Bonds as if they were not a balloon maturity for purposes of the application of this definition.

"Authorized Denominations" means $5,000 or any integral multiple thereof.

"Available Funds" means: (a) the Pledged Revenues; and (b) any other available income or funds of the Corporation, any transfer of which income or funds to the Sinking Fund or any use of which income or funds to pay any principal of or premium, if any, or interest on any Bonds does not violate, conflict with or breach, or constitute a default under, (i) any pledge, assignment, security interest, mortgage, lien, encumbrance, trust, appropriation, restriction or authorization to which such income or funds are subject, or (ii) any law, rule or regulation, any contract, agreement, indenture, lease, guaranty, bond, note or instrument or any order, writ, judgment or decree to which the Corporation or any of its property is subject. **Generally, under Indiana law, state appropriated funds and mandatory student fees assessed to all students may <u>not</u>, without General Assembly approval, be used to pay debt service on any bonds and, therefore, will <u>not</u> be Available Funds.**

"Average Annual Debt Service" means, at any time, the sum of the Annual Debt Service Requirements for all remaining Fiscal Years in which any Bonds will be Outstanding (without regard to any optional redemption thereof) divided by the number of such Fiscal Years.

"Bond" means any obligation of the Corporation, including any bond, note, temporary, interim or permanent certificate of indebtedness, debenture, lease or other obligation of the Corporation (including any First Lien Bond, Credit Facility Obligation or Junior Lien Obligation), payable out of any of the Pledged Revenues and authenticated and delivered under the Indenture.

"Bond Expense Fund" means the Student Facilities System Bond Expense Fund established pursuant to the Indenture.

"Bondholder," "holder of a Bond," "Owner," "owner of a Bond" or any similar term means a registered owner of any Bond.

"Business Day" means any day, other than any Saturday, Sunday, legal holiday or other day on which the New York Stock Exchange or banking institutions in Indiana, New York or the state in which the designated corporate trust office of the Trustee, Registrar or Paying Agent is located are authorized or required by law to close or remain closed.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, including any subsequent federal income tax statute or code.

"Commercial Paper" means the Purdue University Tax-Exempt Commercial Paper Notes, Series 2010-1.

"Corporation" means The Trustees of Purdue University, a statutory body corporate created and existing under the laws of the State of Indiana, or any successors or assigns.

"Costs of Issuance" means any costs relating to the issuance, sale or delivery of any Bonds, including without limitation fees and expenses of any Derivative Product, any Credit Facility or any other credit facility or liquidity facility for such Bonds, any fees and expenses of legal counsel, financial feasibility or other consultants, trustees, underwriters and accountants, any costs of preparation and printing of any indenture, preliminary or final official statement or bonds, and any other costs incurred in connection with the issuance of such Bonds, including any costs relating to the issuance, sale or delivery of any Bonds to be reimbursed to the Corporation.

"Credit Facility" means any Liquidity Facility or any letter of credit, line of credit, insurance policy, guaranty, surety bond, bond purchase agreement or other instrument providing for the payment of or guaranteeing the payment of any principal of or interest on any Bonds or any purchase price of any Bonds.

"Credit Facility Obligation" for any Bonds means any obligation of the Corporation to make any payment to any Credit Facility Provider, (a) which obligation is (i) issued under the Indenture or any other instrument, (ii) payable out of any of the Pledged Revenues, (iii) designated as a Credit Facility Obligation in the Supplemental Indenture authorizing the issuance of such Bonds and (iv) payable from the Revenue Fund, but only after making all transfers required by the Indenture to pay Operation and Maintenance Expenses, Financing Expenses and principal and interest on the First Lien Bonds, and (b) any lien on any of the Pledged Revenues securing which obligation is (i) junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds and (ii) prior to any lien on any of the Pledged Revenues securing any Junior Lien Obligations.

"Credit Facility Provider" means the provider of any Credit Facility.

"Derivative Product" for any Bonds means any of the following, if identified by the Corporation as a Derivative Product for such Bonds: (a) any agreement (including terms and conditions incorporated by reference in such agreement) that 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 any such agreement); (b) any combination of any agreements described in clause (a); or (c) any master agreement for any agreement or any combination of agreements described in clause (a) or (b), together with all supplements to any such agreement.

"Event of Default" means any event defined as an "Event of Default" in the Indenture. See "Defaults and Remedies—Events of Default."

"Facilities" means any:

(a) dormitories and other housing facilities for single and married students and school personnel;

(b) food service facilities;

(c) student infirmaries and other health service facilities including revenue-producing hospital facilities serving the general public, together with parking facilities and other appurtenances in connection with any of the foregoing.

(d) parking facilities in connection with academic facilities;

(e) facilities used for clinical, medical, scientific or engineering research and facilities used for other similar qualitative, quantitative or experimental research; or

(f) other facilities, the financing of which is authorized under the Act

at or in connection with Purdue University, for the purposes of the institution, or any property, real or personal, that in the judgment of the Corporation, is necessary for the purposes set forth above.

"Federal Securities" means direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Fifteenth Supplemental Indenture" means the Fifteenth Supplemental and Amendatory Indenture by and between the Corporation and the Trustee, Registrar and Paying Agent, dated as of August 1, 2012.

"Financing Expenses" means any financing costs related to any Bonds, including without limitation any Rebatable Amounts, any fees and expenses related to the computation of any Rebatable Amounts, any fees and expenses related to any Credit Facilities, or any fees and expenses related to any other credit facilities or liquidity facilities for any Bonds.

"First Lien Bond" means any Bond which is secured by a first lien on the Pledged Revenues.

"Fiscal Year" means the period commencing on the first day of July of each calendar year and ending on the last day of June of the next succeeding calendar year, or any other period established by the Corporation from time to time with respect to the System.

"Fixed Rate Bond" means any Bond, the rate or rates of interest on which are fixed and determinable on the date of issuance thereof.

"Fund" means any fund established pursuant to the Indenture.

"Gross Income" means (a) all revenues derived from the operation of the System, including without limitation rents, fees, rates and charges for any use of the System, (b) any investment income on the Revenue Fund, and (c) any other income pledged pursuant to the Indenture.

"Harrison Parking Facility" means any parking facilities on the West Lafayette campus (including the Harrison Street Parking Garage), and any property, real or personal, related thereto.

"Indenture" means the Original Indenture, as supplemented and amended to date and as supplemented and amended by the Fifteenth Supplemental Indenture, and as further supplemented or amended from time to time.

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2013.

"Junior Lien Obligation" means any obligation of the Corporation, including any bond, note, temporary, interim or permanent certificate of indebtedness, debenture, lease or other obligation of the Corporation, (a) which obligation is (i) issued under the Indenture or any other instrument, (ii) payable out of any of the Pledged Revenues and (iii) payable from the Revenue Fund, but only after making the deposits to all funds required by the Indenture to pay Operation and Maintenance Expenses, Financing Expenses, principal and interest on the First Lien Bonds and any Credit Facility Obligations and Optional Maturities, and (b) any lien on any of the Pledged Revenues securing which obligation is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds and any Credit Facility Obligations.

"Liquidity Facility" means any letter of credit, line of credit, bond purchase agreement or other instrument providing for the payment of or guaranteeing payment of any purchase price of any Bonds.

“Net Income” means (a) Gross Income less (b) the sum of Operation and Maintenance Expenses plus Financing Expenses.

“Opinion of Bond Counsel” means a written legal opinion from a lawyer or firm of lawyers experienced in matters relating to state and local obligations and acceptable to the Corporation and the Trustee.

“Operation and Maintenance Expenses” means all current expenses of operation, maintenance, insurance and repair of the System, including without limitation general administrative expenses of the Corporation allocable to the System, but excluding depreciation expenses. The Corporation may, in its discretion, furnish heat, light, power and other utility services to any or all of the System with or without charge therefor, and, if any such utility services are provided without charge, the cost thereof will not be included as “Operation and Maintenance Expenses.”

“Optional Maturity” means any Bonds which may, at the option of the owners thereof, be subject to payment, redemption, tender or purchase by or on behalf of the Corporation.

“Original Indenture” means the Indenture of Trust by and between the Corporation and the Trustee, Registrar and Paying Agent, dated as of January 1, 2003.

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

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

(b) Bonds deemed to have been redeemed or paid as provided in the Indenture; and

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

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., or any successors or assigns.

“Permitted Investments” means any of the following, to the extent permitted under Indiana law:

(a) Federal Securities;

(b) Shares of any fund registered under the Investment Company Act of 1940, as amended, the shares of which are registered under the Securities Act of 1933, as amended, and are, at the time of purchase, rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by such Rating Agency for obligations of that nature, including any such shares for which the Trustee or any affiliate of the Trustee performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise; and

(c) Any investments permitted by Indiana Code Section 21-29-2-1, as supplemented or amended from time to time. Indiana Code Section 21-29-2-1 permits the Corporation to acquire and retain any investment which persons of prudence, discretion and intelligence would acquire and retain for their own account.

“Pledged Revenues” means (a) the Net Income, (b) any amounts held in the Project Fund and any investment income thereon, (c) any amounts held in the Sinking Fund and any investment income thereon and (d) any amounts held in the Reserve Fund and any investment income thereon.

“Project Fund” means the Student Facilities System Project Fund established by the Indenture.

“Rating Agency” means any nationally recognized securities rating agency.

"Rebatable Amount" means any amount which is payable to the United States of America with respect to any Bonds under Section 148 of the Code.

"Rebate Fund" means the Student Facilities System Rebate Fund established by the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the month immediately preceding such Interest Payment Date.

"Redemption Fund" means the Student Facilities System Redemption Fund established by the Indenture.

"Refunded Series 2003B Bonds means the Series 2003B Bonds identified in Appendix E.

"Registrar" means The Bank of New York Mellon Trust Company, N.A., or any successors or assigns.

"Reserve Fund" means the Student Facilities System Reserve Fund established by the Indenture. The Series 2012A Bonds have no claim on the Reserve Fund or any other reserve fund.

"Reserve Fund Credit Instrument" means any insurance policy, surety bond, letter of credit or other instrument which is payable to or may be drawn upon by the Trustee and is deposited in the Reserve Fund in lieu of or in partial substitution for cash required to be on deposit therein, the issuer of which is (a) in the case of any insurance policy or surety bond, an insurer which, at the time of issuance of such insurance policy or surety bond, has been assigned the highest rating accorded insurers by any Rating Agency, (b) in the case of any letter of credit, a banking institution having a credit rating on its long-term, unsecured debt within the two highest rating categories from any Rating Agency, and (c) in the case of any other instrument, any person having a credit rating on its long-term, unsecured debt within the two highest rating categories from any Rating Agency. The Series 2012A Bonds have no claim on the Reserve Fund or any other reserve fund.

"Reserve Fund Requirement" means an amount equal to the least of (a) 10% of the stated principal amount (or, if part of an issue which has more than a *de minimus* amount of original issue discount or premium, the issue price) of all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, (b) the maximum annual principal and interest requirements on all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, or (c) 125% of the average annual principal and interest requirements on all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, all determined in accordance with any Supplemental Indenture authorizing the issuance of any such Bonds; provided, however, that any Bonds may issued which have no claim on the Reserve Fund. The Series 2012A Bonds have no claim on the Reserve Fund or any other reserve fund.

"Resolutions" means the resolutions adopted by the Corporation's Board of Trustees, authorizing the execution and delivery of the Fifteenth Supplemental Indenture and the issuance of the Series 2012A Bonds.

"Revenue Fund" means the Student Facilities System Revenue Fund established by the Indenture.

"Series" or "Series of Bonds" means any Bonds designated as a series in the Supplemental Indenture authorizing the issuance of such Bonds.

"Series 2003B Bonds" means the Purdue University Student Facilities System Revenue Bonds, Series 2003B, issued May 29, 2003.

"Series 2003B Escrow Agreement" means the Escrow Deposit Agreement between the Corporation and the Series 2003B Escrow Trustee.

"Series 2003B Escrow Trustee" means The Bank of New York Mellon Trust Company, N.A.

"Series 2003B Facilities" means any facilities financed with the proceeds of the Refunded Series 2003B Bonds.

"Series 2012A Bondholder," "Holder of a Series 2012A Bond," "holder of a Series 2012A Bond," "Owner of a Series 2012A Bond," "owner of a Series 2012A Bond" or any similar term means a registered owner of any Series 2012A Bond.

"Series 2012A Bonds" means the Purdue University Student Facilities System Revenue Bonds, Series 2012A.

"Series 2012A Facilities" means (i) the Vawter Field Housing Facility and (ii) the Harrison Parking Facility.

"Sinking Fund" means the Student Facilities System Bond and Interest Sinking Fund established by the Indenture.

"Supplemental Indenture" means any supplemental or amendatory indenture between the Corporation and the Trustee, Registrar and Paying Agent entered into pursuant to and in compliance with the provisions of the Indenture. See ""Supplemental Indentures."

"System" means the Facilities described in the Indenture, as the Indenture may be supplemented or amended from time to time.

"Tax-Exempt Bonds" means any Bonds, the interest on which is intended to be excludable from gross income for federal income tax purposes under Section 103 of the Code.

"Treasurer" means the Treasurer of the Corporation.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., or any successors or assigns.

"Variable Rate Bond" means any Bond which is not a Fixed Rate Bond.

"Vawter Field Housing Facility" means any student housing facilities on the West Lafayette campus (including the Vawter Field Housing), and any property, real or personal, related thereto.

"Written Request" means a request in writing signed by the Treasurer or any other authorized officer of the Corporation.

Issuance of First Lien Bonds

First Lien Bonds may be authorized and executed by the Corporation and authenticated and delivered by the Registrar under the Indenture from time to time in order to provide funds for any one or more of the following purposes: (a) to acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip or furnish any Facilities; (b) to reimburse the Corporation for funds expended or advanced for interim financing of the cost of any Facilities; (c) to fund or refund any Bonds or other obligations payable out of revenues derived from any Facilities; or (d) any other purpose authorized by the Act.

Any First Lien Bonds may be authorized and executed by the Corporation and authenticated and delivered by the Registrar during any Fiscal Year, if:

(i) the Net Income during the immediately preceding Fiscal Year; or

(ii) the Net Income during the immediately preceding Fiscal Year, as adjusted to reflect:

(A) any anticipated changes to the schedule of rents, fees, rates or other charges for any use of the System, to become effective at the beginning of the semester, quarter or other school period next following the end of such immediately preceding Fiscal Year;

(B) any anticipated changes in Operation and Maintenance Expenses or Financing Expenses;

(C) any anticipated increases in Gross Income for any Facilities being added to the System in such Fiscal Year; and

(D) any anticipated decreases in Gross Income for any Facilities being removed from the System in such Fiscal Year

is not less than 100% of the Average Annual Debt Service to become due in all succeeding Fiscal Years for the payment of principal of and interest on the Bonds then Outstanding under the Indenture and on such First Lien Bonds. Any Annual Debt Service Requirement, Average Annual Debt Service or other amount to be calculated under the Indenture may be calculated in accordance with any reasonable assumptions selected and consistently applied by the Corporation, including any assumption that, in calculating the sum of the Annual Debt Service Requirements for all remaining Fiscal Years in which any Bonds will be Outstanding for the purpose of calculating any Average Annual Debt Service as described in this paragraph, any Optional Maturity for which no Credit Facility has been provided need not be taken into account more than one time in calculating the principal and interest projected to become due on any Variable Rate Bonds.

The Corporation is seeking the consent and approval of the original purchasers of the Series 2012A Bonds to the execution of a proposed amendment to the Original Indenture, which amendment would, from and after the date such amendment becomes effective, permit any First Lien Bonds to be authorized and executed by the Corporation and authenticated and delivered by the Registrar, without satisfaction of the conditions described in the immediately preceding paragraph, if the Corporation certifies that, to the best of its knowledge, the Corporation is in compliance with all covenants contained in the Indenture and is not in default in the performance or observance of any of the terms or provisions thereof. See "Proposed Amendments."

In addition, any First Lien Bonds may be authorized and executed by the Corporation and authenticated and delivered by the Registrar without compliance with the above provisions, if the Corporation determines that the issuance of such First Lien Bonds: (i) will result in a reduction (on a net present value basis) in the amount of debt service to be paid on the Bonds or other obligations to be funded or refunded or (ii) is necessary or appropriate to avoid a default under the Bonds or other obligations to be funded or refunded.

All such required computations will be made by the Treasurer of the Corporation, and compliance with these provisions will be conclusively evidenced to the Trustee and Registrar by a certificate of the Treasurer of the Corporation.

Issuance of Junior Lien Obligations and Credit Facility Obligations

The Corporation may not issue any obligations, including any bonds, notes, temporary, interim or permanent certificates of indebtedness, debentures, leases or other obligations, secured by any lien on any of the Pledged Revenues, except:

(a) First Lien Bonds;

(b) Credit Facility Obligations; or

(c) Junior Lien Obligations.

Flow of Funds

Project Fund. The Corporation will establish and hold a separate fund, designated the "Project Fund" (the "Project Fund"), into which proceeds of any Bonds issued from time to time, along with any other funds for any Facilities for which any Bonds have been issued under the Indenture, may be deposited.

There will be created on the books of the Corporation, within the Project Fund, the following accounts: (i) the "Series 2012A Vawter Field Housing Facility Account"; (ii) the "Series 2012A Harrison Parking Facility Account"; and (iii) the "Series 2003B Account".

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2012A Vawter Field Housing Facility Account, without any requisition, voucher or other direction or authorization, for the purpose of paying or reimbursing the Corporation for the payment of, or refunding any Commercial Paper the proceeds of which were applied to pay, any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Vawter Field Housing Facility. After acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Vawter Field Housing Facility has been completed, the Corporation will transfer any money remaining in the Series 2012A Vawter Field Housing Facility Account to the Series 2012A Harrison Parking Facility Account, the Series 2012A Account of the Bond Expense Fund, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2012A Harrison Parking Facility Account, without any requisition, voucher or other direction or authorization, for the purpose of paying or reimbursing the Corporation for the payment of, or refunding any Commercial Paper the proceeds of which were applied to pay, any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Harrison Parking Facility. After acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Harrison Parking Facility has been completed, the Corporation will transfer any money remaining in the Series 2012A Harrison Parking Facility Account to the Series 2012A Vawter Field Housing Facility Account, the Series 2012A Account of the Bond Expense Fund, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

Immediately upon its receipt of any money in the Series 2003B Account of the Project Fund, the Corporation will transfer or cause to be transferred such money to the Series 2003B Escrow Trustee for application in accordance with the Series 2003B Escrow Agreement.

Bond Expense Fund. The Corporation will establish and hold a separate fund designated as the "Student Facilities System Bond Expense Fund" (the "Bond Expense Fund"), into which any moneys may be deposited from proceeds of the Bonds of each Series. Moneys deposited to the credit of the Bond Expense Fund will be used to pay from time to time the costs of issuance of the Bonds of such Series.

There will be created on the books of the Corporation, within the Bond Expense Fund the "Series 2012A Account."

A portion of the proceeds of the Series 2012A Bonds will be deposited in the Series 2012A Account of the Bond Expense Fund.

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2012A Account of the Bond Expense Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying, or reimbursing the Corporation for the payment of, any Costs of Issuance of the Series 2012A Bonds. The Corporation will transfer any money in the Series 2012A Account of the Bond Expense Fund remaining after payment of Costs of Issuance of the Series 2012A Bonds to the Series 2012A Vawter Field Housing Facility Account, the Series 2012A Harrison Parking Facility Account, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

Revenue Fund. The Corporation will create and, so long as any Bonds are Outstanding, maintain a special fund or funds upon the books and records of the Corporation, separate and apart from all other funds, to be designated the "Student Facilities System Revenue Fund" (the "Revenue Fund"). Into the Revenue Fund there will be set aside and deposited from time to time as received all Gross Income. The Corporation may establish such accounts of the Revenue Fund from time to time as it may deem necessary or appropriate. All Operation and Maintenance Expenses and Financing Expenses will be paid by the Corporation out of the Revenue Fund. After payment of all Operation and Maintenance Expenses and Financing Expenses, the Corporation will make the required transfers from the Revenue Fund to the Sinking Fund discussed below (see "Sinking Fund"), provided that, prior to making the deposits required by the Indenture to pay any Credit Facility Obligations or Optional Maturities, the Corporation may transfer moneys from the Revenue Fund to a separate fund created pursuant to any Supplemental Indenture authorizing the issuance of any Optional Maturities for the payment of the purchase price of such Optional Maturities. After making the deposits to all funds required under the Indenture, moneys held in the Revenue Fund may be applied in the discretion of the Corporation: (i) to pay the cost of the acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping or furnishing of any Facilities, or to accumulate a reserve for such purpose; (ii) to purchase or redeem any First Lien Bonds, or to accumulate a reserve for such purpose; (iii) to pay any principal of or interest on any Junior Lien Obligations; (iv) to pay any other lawful expenditure or cost related to the System; and (v) for any other lawful purpose of the Corporation, including any purpose not related to the System.

Sinking Fund. The Corporation will create and maintain a separate fund on deposit with the Trustee known as the "Student Facilities System Bond and Interest Sinking Fund" (the "Sinking Fund"). On or before each principal or interest payment date (including any mandatory redemption date), the Corporation will transfer from the Revenue Fund, by wire transfer or otherwise in immediately available funds, and remit to the Trustee for deposit in the Sinking Fund, an amount which, when added to any amount in the Sinking Fund available for such purpose, equals the sum of the principal of and interest on (including any mandatory redemption price of) the First Lien Bonds becoming due on such date (other than any Optional Maturities payable from any Credit Facility) and any deficiencies then in existence in the Sinking Fund, which amount will be used by the Trustee to pay the principal of and interest on (including any mandatory redemption price of) the First Lien Bonds (other than any Optional Maturities payable from any Credit Facility) pursuant to the Indenture and the Supplemental Indenture authorizing the issuance of such First Lien Bonds.

On or before any Credit Facility Obligation or Optional Maturity not paid through any Credit Facility is due, after making all transfers required to pay all Operation and Maintenance Expenses and Financing Expenses and all principal of and interest on all First Lien Bonds, the Corporation will transfer from the Revenue Fund, by wire transfer or otherwise in immediately available funds, and remit to the Trustee for deposit in a special account therefor in the Sinking Fund, an amount which, when added to any amount in such special account available for such purpose (including without limitation any amount held in a separate fund created pursuant to the Supplemental Indenture authorizing the issuance of such Optional Maturity for payment of such Optional Maturity not paid through a Credit Facility), equals such Credit Facility Obligation or Optional Maturity, all in any priority provided by any Supplemental Indenture, which amount will be used by the Trustee to pay such Credit Facility Obligation or Optional Maturity. Payments of such Credit Facility Obligation or Optional Maturity from the Sinking Fund will be junior and subordinate to the payment of any principal of or interest on (including any mandatory redemption of) any First Lien Bonds.

If at any time the funds in the Revenue Fund are insufficient to permit any transfer to the Trustee to pay any principal of or interest on any First Lien Bonds or any Credit Facility Obligation or Optional Maturity, the Corporation will make or cause to be made to the Trustee a transfer of funds for deposit in the Sinking Fund, in an amount equal to such insufficiency, from any Available Funds.

There will be remitted to the Trustee for deposit in the Sinking Fund all sums received as accrued interest upon the issuance and sale of any Bonds.

No Reserve Fund. The Series 2012A Bonds will have <u>no</u> claim on the Reserve Fund or any other reserve fund.

However, the Corporation may in the future issue Bonds which have a claim on a separate fund on deposit with the Trustee known as the "Student Facilities System Reserve Fund" (the "Reserve Fund"), and deposit in the Reserve Fund an amount sufficient to maintain the Reserve Fund in an amount equal to the Reserve Fund Requirement for such Bonds.

Redemption Fund. The Corporation will create and maintain a separate fund on deposit with the Trustee known as the "Student Facilities System Redemption Fund" (the "Redemption Fund"). Moneys will be deposited to the Redemption Fund and disbursed from the Redemption Fund to pay any optional redemption of any Bonds, in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Bonds.

Rebate Fund. So long as any Bonds are Outstanding and are subject to a requirement that arbitrage profits be rebated to the United States of America, the Trustee will, upon direction from the Corporation, establish and maintain a separate Fund to be known as the "Student Facilities System Rebate Fund" (the "Rebate Fund"). The Trustee will make information regarding the Bonds and investments under the Indenture available to the Corporation. The Corporation may make, or cause to be made, deposits into and payments to the United States of America from the Rebate Fund in the amounts and at the times required by the Code, and may deposit, or cause to be deposited, income from such investments immediately upon receipt thereof in the Rebate Fund. If a deposit to the Rebate Fund is required as a result of the computations made or caused to be made by the Corporation, then, upon receipt of direction from the Corporation, the Trustee will accept such payment for the benefit of the Corporation and make transfers of moneys from the Revenue Fund to the Rebate Fund to comply with such direction. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee will, upon written direction from the Corporation, transfer such amount to the Revenue Fund. Records of such determinations required and such investment instructions for the Bonds of each Series will be retained by the Trustee until three years after the Bonds of such Series are no longer Outstanding. Not later than 60 days after the date which is five years after the date of issuance of the Bonds of any Series, and every five years thereafter, to the extent required by law, the Trustee will, upon receipt of direction from the Corporation, pay to the United States of America 90% of the amount required to be paid to the United States of America as of such payment date. Not later than 60 days after the final retirement of the Bonds of any Series, the Trustee will, upon receipt of direction from the Corporation, pay to the United States of America the amount required to be paid to the United States of America. Each such payment required to be made to the United States of America will be filed with the Internal Revenue Service at the appropriate location and with the appropriate reports, forms and documentation as the Code requires.

Additional Funds and Accounts. The Corporation may establish additional Funds and Accounts within any existing Funds and Accounts, as may be necessary or convenient in connection with the issuance of any Bonds.

Investments. All moneys on deposit in the Funds and Accounts established under the Indenture held by the Corporation may be commingled for investment purposes in the Corporation's other investments and will be invested in Permitted Investments. The funds held by the Trustee will be invested by the Trustee as directed in writing by the Corporation in Permitted Investments. The Trustee may conclusively rely upon such directions as to both the suitability and legality of the directed investments. The Trustee may make any such investments through any investment department of the Trustee or any affiliate or subsidiary of the Trustee. Absent written direction from the Corporation, the Trustee will invest moneys held under the Indenture in the Dreyfus Cash Management Money Market Fund, Investor Share Class or any similar fund which is a Permitted Investment. Interest earned or gains or losses realized on investment of Funds and Accounts held by the Corporation or the Trustee will be credited or debited to the respective Fund or Account. However, interest earned or gains or losses realized on the Reserve Fund in excess of the Reserve Fund Requirement will be credited or transferred to the Sinking Fund or as otherwise provided in the applicable Supplement Indenture. Further, interest earned or gains or losses realized on the Rebate Fund will be applied as described under "Rebate Fund." Notwithstanding the foregoing, the Supplemental Indenture authorizing the issuance of any Bonds may provide for different disposition of investment income from proceeds of such Bonds deposited in the Funds and Accounts relating to such Bonds.

Additional Covenants of Corporation

Use and Occupancy of System. The Corporation covenants that it has a valid and existing right to the use and occupancy of the System and to acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip, operate, control, manage and use the System.

Payment of Principal, Premium and Interest. The Corporation covenants that it will duly and punctually pay or cause to be paid from Pledged Revenues or other Available Funds the principal of and premium, if any, and the interest on the Bonds, at the dates and places and in the manner provided in the Bonds, according to the terms thereof.

Taxes. The Corporation covenants that it will pay and discharge all taxes, assessments and governmental charges which are lawfully imposed upon the System. However, the Corporation will not be required to pay any such tax, assessment or charge so long as the Corporation in good faith and by appropriate legal proceedings contests the validity thereof or its enforceability as a lien, and, further, any delay occasioned thereby does not subject the System to forfeiture or sale.

Payment of Trustee's, Registrar's, Paying Agent's and Bondholders' Costs and Expenses. The Corporation covenants that it will pay the costs, charges and expenses (including reasonable attorney fees) reasonably incurred or paid at any time by the Trustee, Registrar or Paying Agent or by any Bondholder because of the Corporation's failure to perform any of its covenants in the Bonds or the Indenture.

Additional Security. At any time, by a Supplemental Indenture the Corporation may pledge or mortgage any additional property, income, revenues or funds to the Trustee to secure any or all Bonds of any or all Series, as specified in such Supplemental Indenture.

Rates and Charges. The Corporation covenants that it will adopt a budget for each Fiscal Year, which budget includes (i) an estimate of the Net Income, including Gross Income, Operation and Maintenance Expenses and Financing Expenses, for such Fiscal Year, and (ii) an estimate of the Annual Debt Service Requirement for such Fiscal Year, the amount, if any, required to be paid into the Reserve Fund or to the provider of any Reserve Fund Credit Instrument in such Fiscal Year, and the sum of any other amounts reasonably required or anticipated to be paid from Net Income in such Fiscal Year in accordance with the Indenture, including without limitation any estimated amounts to be spent on the System in excess of Operation and Maintenance Expenses for major repairs and improvements to the System, which amounts exceed any reserve therefor. Any Annual Debt Service Requirement or other amount to be calculated under the Indenture may be calculated in accordance with any reasonable assumptions selected and consistently applied by the Corporation, including any assumption that, in calculating an estimate of the Annual Debt Service Requirement for any Fiscal Year as described in clause (ii) of this paragraph, the amount of the principal and interest projected to become due in such Fiscal Year on any Variable Rate Bonds excludes the principal component of any Optional Maturity.

The Corporation covenants that it will establish and collect rents, fees, rates and other charges for the System so as to generate Net Income in each Fiscal Year equal to not less than the sum of:

(a) an amount equal to 100% of the Annual Debt Service Requirement for such Fiscal Year;

(b) an amount equal to the amount, if any, required to be paid into the Reserve Fund or to the provider of any Reserve Fund Credit Instrument in such Fiscal Year; plus

(c) an amount equal to the sum of any other amounts reasonably required or anticipated to be paid from Net Income in such Fiscal Year in accordance with the Indenture, including without limitation any estimated amounts to be spent on the System in excess of Operation and Maintenance Expenses for major repairs and improvements to the System, which estimated amounts exceed any reserve therefor.

Any Annual Debt Service Requirement or other amount to be calculated under the Indenture may be calculated in accordance with any reasonable assumptions selected and consistently applied by the Corporation, including any assumption that the Annual Debt Service Requirement for any Fiscal Year as described in subparagraph (a) of this paragraph equals the estimate of the Annual Debt Service Requirement for such Fiscal Year as described in clause (ii) of the immediately preceding paragraph.

The Corporation covenants to monitor the rents, fees, rates and other charges for the System on a regular basis, and to make any adjustments necessary to provide the Corporation with sufficient Net Income to make the required deposits into the Sinking Fund. If, in any Fiscal Year, the Corporation uses Available Funds, other than Pledged Revenues, to pay the principal of or interest on any Bonds, the Corporation covenants to re-establish rents, fees, rates and other charges for the System so as to generate Net Income sufficient to make the required deposits into the Sinking Fund for the remainder of such Fiscal Year.

The Corporation is seeking the consent and approval of the original purchasers of the Series 2012A Bonds to the execution of a proposed amendment to the Original Indenture, which amendment would, from and after the date such amendment becomes effective, delete in their entirety all of the covenants of the Corporation described in the preceding paragraphs under caption "Rates and Charges." See "Proposed Amendments."

Record Keeping. The Corporation covenants that it will, in any manner consistent with any then current document retention policy of the Corporation, keep records for the System.

Financial Statements. The Corporation covenants that, after each Fiscal Year, it will furnish to the Trustee a copy of financial statements of the Corporation for such Fiscal Year.

Inspection of Records by Trustee. The Corporation covenants that the books, documents and vouchers relating to the System will at all reasonable times be open to inspection by authorized agents of the Trustee.

Facilities Not Included in System. The Corporation may, without any limitation or restriction whatsoever by virtue of the Indenture:

(a) Acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, manage or use, or permit any other person to acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, manage or use, any Facilities, which need not be included in the System and which may compete with the System;

(b) Issue and sell bonds or other obligations under the Act, or otherwise, for the purpose of raising funds to acquire, erect, construct, reconstruction, extend, remodel, improve, complete, equip, operate, manage or use, or permit any other person to acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, manage or use, any Facilities, which need not be included in the System and which may compete with the System; or

(c) Provide funds in any manner other than by the issuance and sale of bonds or other obligations under the Act, or otherwise, for the purpose of raising funds to acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip, operate, manage or use, or permit any other person to acquire, erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, manage or use, any Facilities, which need not be included in the System and which may compete with the System.

Additions to and Removals from System. At any time and from time to time, the Corporation may add any Facilities to the System if, taking into account the addition of such Facilities to the System, the Corporation would be in compliance with any rate covenants (see "Rates and Charges") for the Fiscal Year in which such addition occurs.

At any time and from time to time, the Corporation may remove any Facilities from the System if, taking into account the removal of such Facilities from the System, the Corporation would be in compliance with any rate covenants (see "Rates and Charges") for the Fiscal Year in which such removal occurs.

Tax Covenants. The Corporation will not permit Series 2012A Facilities or the Series 2003B Facilities to be used in a manner that would result in the loss of exclusion of interest on the Series 2012A Bonds or the Refunded Series 2003B Bonds from gross income for federal tax purposes under Section 103 of the Code, as in effect on the date of issuance of the Series 2012A Bonds; nor will the Corporation act in any other manner that would result in the loss of exclusion of interest on the Series 2012A Bonds or the Refunded Series 2003B Bonds from gross income for federal income tax purposes under Section 103 of the Code, as in effect on the date of issuance of the Series 2012A Bonds.

The Corporation will not make any investment or do any other act or thing during the period that any Series 2012A Bonds or the Refunded Series 2003B Bonds are Outstanding that would cause any Series 2012A Bonds or the Refunded Series 2003B Bonds to become or to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, as in effect on the date of issuance of the Series 2012A Bonds.

It will not be an Event of Default under the Indenture if the interest on any Series 2012A Bonds or the Refunded Series 2003B Bonds is not excludable from gross income for federal income tax purposes or is otherwise subject to federal income taxation pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2012A Bonds.

Defaults and Remedies

Events of Default. If any of the following events occurs, it is defined as, is declared to be and constitutes an "Event of Default":

(a) Any default occurs in the payment by the Corporation of the principal of or premium, if any, or interest on any Bond, when the same becomes due and payable; or

(b) Any default is made by the Corporation in the performance or observance of any other of the covenants or agreements of the Corporation in the Indenture or the Bonds, and such default continues for a period of 60 days after the Corporation has been given written notice of such default by the Trustee.

Remedies; Rights of Bondholders. Upon the occurrence and continuance of any Event of Default, the Trustee will (a) notify the holders of all Outstanding Bonds of such Event of Default by registered or certified mail and (b) have the following rights and remedies:

(i) The Trustee may pursue any available legal or equitable remedy to enforce payment of the principal of and premium, if any, and interest on the Bonds then Outstanding, including any and all such actions as may be necessary to require the Corporation to transfer any Available Funds to the Sinking Fund for such payment;

(ii) The Trustee may by action at law or in equity require the Corporation to account as if it were the trustee of an express trust for the Bondholders, and may then take any action which the Trustee deems necessary, appropriate or in the best interest of the Bondholders; and

(iii) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Pledged Revenues, and any issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment confers.

If an Event of Default occurs and continues, and if requested to do so by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interest of the Bondholders.

Right of Bondholders to Direct Proceedings. The owners of a majority in aggregate principal amount of the Bonds then Outstanding will have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, as long as such direction is not otherwise than in accordance with the provisions of law and the Indenture.

Rights and Remedies of Bondholders. No Bondholder will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust of the Indenture or for any other remedy under the Indenture, unless: (a) a default has occurred; (b) such default has become an Event of Default; (c) the owners of 25% in aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (d) such Bondholders have offered to the Trustee indemnity as provided in the Indenture; and (e) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are at the option of the Trustee conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, and for the appointment of a receiver or for any other remedy under the Indenture. No Bondholder will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its action or to enforce any right under the Indenture except in the manner provided in the Indenture, and all proceedings at law or in equity must be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of the holders of all of the Bonds then Outstanding. Nothing contained in the Indenture will, however, affect or impair the right of any holder of any Bond to enforce the payment of the principal of and premium, if any, and interest on such Bond at and after the maturity thereof, or the special and limited obligation of the Corporation to pay the principal of and premium, if any, and interest on each of the Bonds issued under the Indenture to the respective holders thereof at the time and place, from the source and in the manner expressed in the Indenture and in such Bond.

Termination of Proceedings. In case the Trustee or any Bondholder has proceeded to enforce any right under the Indenture by appointment of a receiver or otherwise and such proceeding has been discontinued or abandoned for any reason or has been determined adversely, then and in every such case the Corporation, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee and the Bondholders will continue as if no such proceeding had been taken.

Notice of Defaults. No default specified in subparagraph (b) under "Events of Default" will constitute an Event of Default until actual notice of such default by registered or certified mail is given by the Trustee or the holders of not less than 25% in aggregate principal amount of all the Bonds then Outstanding to the Corporation and the Corporation has had 60 days after receipt of such notice to correct such default or cause such default to be corrected, and has not corrected such default or caused such default to be corrected within such period. However, if any default specified in subparagraph (b) under "Events of Default" is correctable, but cannot be corrected within such period, it will not constitute an Event of Default if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected. Any defaults so cured will not constitute an Event of Default.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and may rescind any declaration of maturity of all the Bonds, and will do so upon the written request of the holders of (a) two-thirds in aggregate principal amount of all of the Bonds then Outstanding, in the case of a default in the payment of principal of or interest on the Bonds, or (b) a majority in aggregate principal amount of all of the Bonds then Outstanding in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or (ii) any Event of Default in the payment when due of the interest on any Outstanding Bond unless, prior to such waiver, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with such Event of Default have been paid or provided for, and in the case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case the Corporation, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Corporation to Remain in Possession Until Default. Unless an Event of Default has occurred and has not been cured, the Corporation will (a) remain in full possession, enjoyment and control of the System; (b) manage, operate and use the System, subject to the observance of the covenants set forth in the Indenture with respect thereto; and (c) subject to the provisions of the Indenture, receive, take and use all rents, earnings, revenues, fees, charges and income thereof in the same manner and with the same effect as if the Indenture had not been made.

Discharge of Indenture

Defeasance. Except as provided below, if payment or provision for payment is made to the Trustee of the whole amount of principal of and interest due and to become due on all of the Bonds then Outstanding under the Indenture at the times and in the manner stipulated in the Bonds and the Indenture, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions of the Indenture, then the rights granted by the Indenture will cease, determine and be void. In such event, the Trustee will cancel and discharge the lien of the Indenture and execute and deliver to the Corporation such instruments in writing as are requisite to cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Corporation any and all of the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee by the Indenture or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds.

Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of such Bond and interest thereon to the due date thereof (whether by reason of maturity or upon redemption as provided in the Indenture or otherwise), either (i) has been made or been caused to be made in accordance with the terms thereof or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment or (2) Federal Securities, which do not contain provisions permitting the redemption thereof at the option of the issuer thereof, and maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will assure the availability of sufficient moneys to make such payment, or (3) a combination of such moneys and Federal Securities; and (b) all other sums payable under the Indenture by the Corporation, including the necessary and proper fees and expenses of the Trustee, Registrar and Paying Agent pertaining to the Bonds and the amount, if any, required to be rebated to the United States of America, have been paid to or deposited with the Trustee.

Notwithstanding the foregoing, in the case of any Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until the Corporation has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(a) stating the date when the principal of such Bonds is to be paid, whether at maturity or on a redemption date (which will be any redemption date permitted by the Indenture and set forth in the Supplemental Indenture authorizing the issuance of such Bonds);

(b) to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to subparagraph (a) of this paragraph; and

(c) to mail, as soon as practicable, in the manner prescribed for notice of redemption of such Bonds, a notice to the owners of such Bonds that the deposit required by the preceding paragraph has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or redemption price, if applicable, on such Bonds as specified in subparagraph (a) of this paragraph.

Any moneys so deposited with the Trustee may at the written direction of the Corporation also be invested and reinvested in Federal Securities, maturing in the amounts and times set forth above, and all income from all such Federal Securities in the hands of the Trustee which is not required for the payment of the principal of and interest on the Bonds, with respect to which such moneys have been so deposited, will be transferred to the Corporation for deposit in the Revenue Fund as and when realized and collected for use and application together with other moneys deposited in the Revenue Fund.

No such deposit will be made or accepted under the Indenture and no use made of any such deposit unless the Trustee has received an Opinion of Bond Counsel to the effect that such deposit and use would not cause any Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code. No such deposit will be deemed a payment of any Bonds, unless: (a) such deposit is sufficient to pay the principal of and premium, if any, and interest on such Bonds to the due date, whether such due date be by reason of maturity or upon redemption, without consideration of any investment of such deposit; or (b) the Trustee receives a verification certified by an expert of national reputation on such matters, and acceptable to the Trustee and Bond Counsel, verifying the sufficiency of such deposit to pay the principal of and premium, if any, and interest on such Bonds to the due date, whether such due date be by reason of maturity or upon redemption.

All moneys or Federal Securities so set aside and held in trust for the payment of principal of and premium, if any, and interest on any Bonds (including interest thereon but excluding any amounts set aside for rebate to the United States of America) will be applied to and used solely for the payment of principal of and premium, if any, and interest on such Bonds.

Upon the deposit with the Trustee, in trust, at or before maturity, of moneys or Federal Securities in the necessary amount to pay or redeem all Outstanding Bonds as provided in the Indenture (whether upon or prior to their maturity or the redemption date of such Bonds), and in compliance with the other payment requirements under the Indenture, the Indenture may be discharged in accordance with the provisions of the Indenture. However, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption must have been given as provided in the Indenture, or provisions satisfactory to the Trustee must have been made for the giving of such notice. Following such discharge, the Bondholders will be entitled to payment only out of such moneys or Federal Securities.

Bonds Not Presented For Payment When Due. Any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for five years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for five years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, will, at the written request of the Corporation, be repaid by the Trustee or Paying Agent to the Corporation, as its absolute property and free from trust, and the Trustee and Paying Agent will thereupon be released and discharged with respect thereto and the Bondholders must look only to the Corporation for the payment of such Bonds. However, before being required to make any such payment to the Corporation, the Trustee or Paying Agent will, at the expense of the Corporation, cause to be published at least twice, at an interval of not less than seven days between publications, in a newspaper or financial journal of general circulation published in New York, New York, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date will be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Corporation. Any such moneys in an amount of not less than $10,000 unclaimed after seven months will be invested by the Trustee or Paying Agent in Federal Securities, and any income earned thereon will be paid to the Corporation for deposit in the Revenue Fund.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Bondholders. The Corporation, the Trustee, the Registrar and the Paying Agent, without the consent of or notice to any Bondholders, may enter into an indenture or indentures supplemental to the Indenture, not inconsistent with the terms and provisions thereof, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Indenture or any Supplemental Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the holders of any or all Bonds then Outstanding any additional benefits, rights, remedies, powers or authorities that may be lawfully granted to or conferred upon the Trustee for the benefit of such holders;

(c) To subject to the lien of the Indenture, for the benefit and security of the owners of any or all Outstanding Bonds, additional property, income, revenues or funds;

(d) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any other similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under any federal or state securities laws, and, in connection therewith, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by the Trust Indenture Act of 1939, as amended, or any other federal or state statute pertaining to any of the foregoing; provided, that any such Supplemental Indenture is not, in the judgment of the Trustee, which may rely on an opinion or advice of counsel, to the material prejudice of the holders of any of the Bonds;

(e) To evidence the appointment of any successor Trustee, Registrar or Paying Agent;

(f) To effect or facilitate the issuance of any Bonds in accordance with the Indenture;

(g) To supplement or amend the Indenture, to add any Facilities to or remove any Facilities from the System;

(h) To make any modification or amendment to the provisions of the Indenture necessary or desirable to permit the Corporation to issue Fixed Rate Bonds, Variable Rate Bonds or Optional Maturities or to utilize any Credit Facility or Derivative Product; provided, however, that the Corporation obtains written confirmation that such modification or amendment will not materially and adversely affect the then-current rating or ratings assigned to any Outstanding Bonds by any Rating Agency then rating such Bonds;

(i) To modify, amend or supplement the Indenture or any Supplemental Indenture in any manner which the Corporation determines in good faith will not have a material adverse effect on any Bondholders; or

(j) 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 modifications is or becomes operative or effective, or materially impairs any of the rights of any Bondholders or the Trustee (except as otherwise provided in the Indenture), while any Bonds issued prior to the execution of such Supplemental Indenture remain Outstanding; and provided, further, that such Supplemental Indenture is specifically referred to in the text of all Bonds issued after the execution of such Supplemental Indenture.

Supplemental Indentures Requiring Consent of Bondholders. Except for Supplemental Indentures authorized as described above under “Supplemental Indentures Not Requiring Consent of Bondholders” and subject to the terms and provisions described below, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding which are affected (exclusive of any such Bonds held by the Corporation) will have the right from time to time to consent to and approve the execution by the Corporation and the Trustee, Registrar and Paying Agent of any Supplemental Indenture as is deemed necessary or desirable by the Corporation or the Trustee, Registrar or Paying Agent for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or any Supplemental Indenture. However, this does not permit, without the consent of the owners of all Bonds then Outstanding: (a) an extension of the stated maturity or redemption date or a reduction in the principal amount of or redemption premium, or reduction in the rate or extension of the time of payment of interest on, any Bonds; (b) the creation of any lien on any of the Pledged Revenues prior to or on a parity with the lien of the Indenture other than a lien ratably securing all of the First Lien Bonds at any time Outstanding under the Indenture; (c) a reduction in the aggregate principal amount of Bonds the owners of which are required to consent to any such Supplemental Indenture; (d) except with regard to Junior Lien Obligations or Credit Facility Obligations, the creation of a privilege, priority or preference of any one Bond or Bonds over any other Bond or Bonds; or (e) any amendment or modification of the trusts, powers, obligations, remedies, rights, duties or immunities of the Trustee without the written consent of the Trustee.

The consent of any owners of any Bonds to, and the approval by any owners of any Bonds of, the execution of any Supplemental Indenture may be evidenced by any means which the Trustee, Registrar and Paying Agent may deem to be sufficient.

The Trustee, Registrar and Paying Agent may receive and rely upon an opinion of counsel acceptable to the Corporation as conclusive evidence that any Supplemental Indenture entered into by the Corporation and the Trustee, Registrar and Paying Agent complies with the provisions of the Indenture.

Proposed Amendment

The Corporation is seeking the consent and approval of the original purchasers of the Series 2012A Bonds to the execution of certain proposed amendments to the Original Indenture. See "Issuance of First Lien Bonds" and "Additional Covenants of Corporation—Rates and Charges." UPON THE ISSUANCE OF THE SERIES 2012A BONDS, THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS WILL, BY THEIR PURCHASE THEREOF, BE DEEMED TO HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENTS. WHILE SUCH AMENDMENTS WILL NOT YET BE EFFECTIVE UPON THE ISSUANCE OF THE SERIES 2012A BONDS, SUCH AMENDMENTS WILL BECOME EFFECTIVE ON THE DATE UPON WHICH THE OWNERS OF A MAJORITY IN AGGREGATE PRINCIPAL AMOUNT OF THE BONDS THEN OUTSTANDING, INCLUDING THE ORIGINAL PURCHASERS OF THE SERIES 2012A BONDS, HAVE CONSENTED TO AND APPROVED THE EXECUTION OF SUCH AMENDMENTS.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2012A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2012A Bonds (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Series 2012A Bonds for federal income tax purposes under Section 103 of the Code. The opinion of Barnes & Thornburg LLP is based on certain certificates, covenants and representations of the Corporation and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2012A Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See APPENDIX C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2012A Bonds as a condition to the exclusion from gross income of interest on the Series 2012A Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2012A Bonds to be included in gross income for federal tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2012A Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Series 2012A Bonds would be materially and adversely affected. It is not an event of default if interest on the Series 2012A Bonds is not excludable from gross income for federal tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2012A Bonds.

The interest on the Series 2012A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax will be 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.

Although Bond Counsel will render an opinion that interest on the Series 2012A Bonds is excludable from gross income for federal tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2012A Bonds may otherwise affect an owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2012A Bonds should consult their own tax advisors with respect to the other tax consequences of owning the Series 2012A Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2012A Bonds. Prospective purchasers of the Series 2012A Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2012A Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Series 2012A Bonds maturing on July 1, 2029, through and including July 1, 2032 (the "Discount Bonds"), is less than the principal amount 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." 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). An owner who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity may treat the accrued 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.

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.

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 of Discount Bonds not purchased 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 price of the Series 2012A Bonds maturing on July 1, 2013, through and including July 1, 2028 (the "Premium Bonds"), is greater than the principal amount payable at maturity. 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 to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(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 Series 2012A Bonds

As of the date of delivery the Series 2012A 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 2012A Bonds or the pledging of the Pledged Revenue, or in any way contesting, questioning or affecting the validity of any provision of the Series 2012A Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series 2012A Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present Board members or other Corporation officers to their respective offices is being contested.

Other Proceedings

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.

VERIFICATION

The arithmetical accuracy of the mathematical computations as to the adequacy of the maturing principal amounts of, and interest on, the Series 2003B Governmental Obligations held under the Series 2003B Escrow Agreement, together with cash held under the Series 2003B Escrow Agreement, to pay the principal of and interest on the Refunded Series 2003B Bonds, and the mathematical computations supporting the conclusions of Barnes & Thornburg LLP, Bond Counsel, that the refunding of the Refunded Series 2003B Bonds will not cause the Series 2012A Bonds to be "arbitrage bonds" under the Code, will be verified by Causey Demgen & Moore, Inc. Such verifications will be based upon information supplied to Causey Demgen & Moore, Inc., by the Underwriters.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), and Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. ("S&P"), have given the Series 2012A Bonds the ratings of "Aaa" and "AA+," respectively. An explanation of the rating by Moody's may be obtained from such agency at 99 Church 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, 10041. Any such rating reflects only the view of the respective rating agency and is not a recommendation to buy, sell or hold any of the Series 2012A Bonds. There is no assurance that any rating will continue for any given period of time, and any rating may be revised downward or withdrawn entirely, if, in the judgment of the respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Series 2012A Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2012A Bonds are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by Stuart & Branigin LLP, Lafayette, Indiana, and certain legal matters will be passed on for the Underwriters by Ice Miller LLP, Indianapolis, Indiana. The form of the approving opinion of Bond Counsel with respect to the Series 2012A Bonds is attached as Appendix C.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2012A 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 2012A 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 2012A Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

UNDERWRITING

Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and City Securities Corporation (the “Underwriters”) have agreed to purchase the Series 2012A Bonds subject to certain conditions precedent, and the Underwriters are obligated to purchase all Series 2012A Bonds issued at an underwriting discount of $144,026.47 from the initial public offering prices producing the prices or yields set forth on the inside cover page of this Official Statement. The Underwriters may offer and sell the Series 2012A Bonds to certain dealers (including dealers depositing the Series 2012A 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.

MISCELLANEOUS

During the initial offering period for the Series 2012A Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the Corporation, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of Barclays Capital Inc., 745 Seventh Avenue, 19th Floor, New York, New York 10019.

THE TRUSTEES OF PURDUE UNIVERSITY

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

Dated: August 21, 2012

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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 and is one of sixty-eight land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to an estimated population in excess of 67,000 full-time and part-time students and more than 5,000 faculty on its main, regional, and statewide campuses as of Spring 2012. An additional 4,900 Purdue students were enrolled in Spring 2012 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.

Academic Colleges and Schools of Purdue University

The University divides its academic year into two semesters and a summer term. As part of its long-term planning, the University is currently exploring a three semester academic year on the West Lafayette campus that would replace the current academic calendar consisting of 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 - Education; Engineering; Computer Science; General Studies; Mathematics & Science; Management; Liberal Arts & Social Sciences; Nursing; and Technology.

IPFW - Arts & Sciences; Agriculture; Business & Management Sciences; Continuing Studies; Education; Engineering, Technology & Computer Science; Health Sciences; Labor Studies; Organizational Leadership & Supervision; Public & Environmental Affairs; and Visual & Performing Arts.

North Central - Behavioral Sciences; Social Sciences & Humanities; Biology/Chemistry; Business; Computer Technology; Developmental Studies; Elementary Education; Engineering Technology; Letters & Languages; Math/Statistics/Physics; and Nursing.

Accreditation and Membership

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

Strategic Plan

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

Trustees

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

The Board of Trustees of the Corporation

Officers of the Corporation

The current officers of the Corporation are listed below.

Keith J. Krach, *Chairman*
Thomas E. Spurgeon, *Vice Chairman*
Alphonso V. Diaz, *Treasurer*
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Janice A. Indrutz, *Corporate Secretary*
Thomas B. Parent, *Legal Counsel*
Anthony S. Benton, *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.

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

Regional Campus Staff
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****

* Term expires June 30, 2013

** Dr. Sands will serve as Interim President and Dr. Lechtenberg as Interim Executive Vice President for Academic Affairs and Provost until January 2013. See "Presidential Appointment"

*** Dr. Carwein will take office September 2012. Until then, Walter Branson, Vice Chancellor, IPFW, will serve as interim Chancellor

Student Admissions

The table below sets forth the total number of first year applications received and accepted, and the number of students enrolled at the West Lafayette campus for the academic years indicated. The University is managing the total undergraduate enrollment on the West Lafayette Campus to a headcount of approximately 30,000.

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2007-08	25,929	20,429	78.8%	6,888	33.7%	58.3%
2008-09	29,952	21,423	71.5%	7,063	33.0%	55.3%
2009-10	27,213	19,905	73.1%	6,171	31.0%	54.1%
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%

The freshman applicants at the West Lafayette campus for the fall semesters 2007 through 2011 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1145, 1152, 1161, 1166 and 1175 respectively. Sixty-nine percent of the Fall 2011 freshman class had a high school grade point average between 3.5 and 4.0 and ninety-five percent of the Fall 2011 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 2008-09 through 2012-13. Approximately 48% 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 during 2011-12.

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
2008-09	[1]	$7,750	$23,224	$278	$771
2009-10	[1,2]	8,638	25,118	309	835
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

[1] Includes the Repair & Rehabilitation (R&R) fee per semester of $137 in Fall 2008, $144 in Fall 2009, $151 in Fall 2010, $156 in Fall 2011 and $161 in Fall 2012. For purposes of assessing the R&R fee, students are defined as those beginning Summer 2006 and thereafter. All students will be assessed the R&R fee effective Fall 2011.

[2] A new to campus fee of $250 began in Fall 2009 with each entering class and will be fully phased in Fall 2014.

[3] Includes a Student Fitness and Wellness fee per semester of $46 in Fall 2011 and $91 in Fall 2012.

[4] All international students will be assessed the International Student Tuition fee (if applicable) effective Fall 2016.

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 2008-09 through 2012-13. 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		UNDERGRADUATE		GRADUATE	
ACADEMIC YEAR		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2008-09	[1,2]	$5,969	$13,279	$5,860	$12,238
2009-10	[3]	6,308	14,115	6,146	12,966
2010-11	[4]	6,623	14,961	6,454	13,744
2011-12	[5]	6,789	15,336	6,616	14,088
2012-13	[6]	6,959	15,720	6,781	14,441

FORT WAYNE		UNDERGRADUATE		GRADUATE	
ACADEMIC YEAR		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2008-09	[2]	$6,596	$15,545	$6,505	$14,454
2009-10	[3]	6,926	16,478	6,830	15,322
2010-11	[4]	7,272	17,466	7,172	16,241
2011-12	[5]	7,454	17,903	7,351	16,646
2012-13	[6]	7,640	18,350	7,535	17,063

NORTH CENTRAL		UNDERGRADUATE		GRADUATE	
ACADEMIC YEAR		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2008-09	[2]	$6,080	$14,205	$5,910	$13,054
2009-10	[3]	6,384	15,057	6,205	13,836
2010-11	[4]	6,704	15,960	6,515	14,666
2011-12	[5]	6,872	16,359	6,678	15,034
2012-13	[6]	7,044	16,769	6,845	15,409

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

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

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

[4] 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. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students were assessed the R&R fee effective Fall 2011.

[5] 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. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students were assessed the R&R fee effective Fall 2011.

[6] 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.

Student Enrollment

The University attracts students from a variety of backgrounds and geographical locations. In the most recent year reported below, approximately 52% of the University's students are residents of Indiana. The student body represents all 50 states and 127 countries. The following table presents the University’s headcount enrollment for the Fall semester of the academic years 2007-08 through 2011-12.

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]
2007-08	35,549	3,553	39,102	15,367	10,135	25,502	1,383	65,987
2008-09	36,901	3,189	40,090	16,005	9,903	25,908	1,361	67,359
2009-10	36,487	3,210	39,697	17,427	10,844	28,271	1,387	69,355
2010-11	36,392	3,334	39,726	18,083	10,530	28,613	1,355	69,694
2011-12	36,193	3,444	39,637	17,160	12,231	29,391	1,231	70,259

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]
2007-08	31,186	7,916	39,102	38,060	56,747
2008-09	31,761	8,329	40,090	38,585	57,783
2009-10	31,145	8,552	39,697	37,986	58,886
2010-11	30,836	8,890	39,726	37,959	59,271
2011-12	30,776	8,861	39,637	37,959	58,928

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

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

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

Faculty and Employees

As of October 2011, the University's faculty and staff aggregate total was 19,204. Of the total faculty, 69% hold tenured/tenure track appointments.

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	57	21	78
Academic Department Heads	83	47	130
Professors	768	154	922
Associate Professors	545	274	819
Assistant Professors	373	186	559
Instructors	1	6	7
Sub-Total of Tenured/Tenure Track Faculty	**1,827**	**688**	**2,515**
Non-Tenure Appointments			
Clinical/Professional	120	39	159
Research Faculty	33	0	33
Visiting Faculty	75	46	121
Post Doctoral	324	4	328
Sub-Total of Non-Tenure Appointments	**552**	**89**	**641**
Continuing Lecturers and Limited-Term Lecturers[1]			
Continuing Lecturers	150	131	281
Limited-Term Lecturers	153	921	1,074
Sub-Total of Continuing Lecturers and Limited-Term Lecturers	**303**	**1,052**	**1,355**
Adjunct Faculty			
Adjunct Faculty	339	172	511
Sub-Total of Adjunct Faculty	**339**	**172**	**511**
Graduate Student Staff			
Graduate Assistants	1,670	70	1,740
Fellow Administered as Graduate Assistant	144	0	144
Graduate Lecturers	32	0	32
Graduate Research Assistants	2,539	20	2,559
Graduate Administrative/Professional	241	19	260
Graduate Aides	0	204	204
Sub-Total of Graduate Student Staff	**4,626**	**313**	**4,939**
Staff			
Management	550	104	654
Administrative Staff	1,094	283	1,377
Operations Assistant	413	77	490
Professional Staff	294	15	309
Professional Assistant	1,194	215	1,409
Technical Assistant	275	22	297
Extension Educators	286	0	286
Clerical Staff	1,156	374	1,530
Service Staff	2,467	424	2,891
Sub-Total of Staff	**7,729**	**1,514**	**9,243**
GRAND TOTAL ALL STAFF	**15,376**	**3,828**	**19,204**

[1] Continuing Lecturers and Limited -Term Lecturers previously reported as Non-Tenure Appointments are reported separately from Faculty beginning October 2010.

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

Facilities (As of Fall 2011)

Academic, Administrative, Athletic and Residential Facilities: The University has 218 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 3,712 acres. The University, together with related foundations, also owns 14,518 acres of land used for agricultural purposes throughout the state.

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 2.6 million printed volumes, over 500,000 electronic books, 59,000 electronic and print journals, more than 483,000 government documents, and 3.1 million microforms, with access to more.

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

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

The West Lafayette campus provided 11,617 spaces for students in 2011-12. The Fort Wayne campus provided 1,204 spaces and the Calumet campus provided 744 spaces for students in 2011-12. Occupancy on the West Lafayette campus was 96% for the 2011-12 academic year. Occupancy was 85% on the Fort Wayne campus and 80% on the Calumet campus for the 2011-12 academic year.

The predominant rates for room and board at the West Lafayette campus for the 2012-13 academic year are $10,258 with 20 meals per week, $9,870 with 15 meals per week, $9,580 with 12 meals per week, and $9,168 with 10 meals per week. The 2012-13 monthly housing rates at the Fort Wayne campus and Calumet campus will range from $399 to $776 and $517 to $602, respectively.

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

Parking Facilities: The University has nine parking garages on the West Lafayette campus, one on the Calumet campus and two on the Fort Wayne campus. Construction of a third parking garage was recently completed at 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 Purdue University have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities," and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. The following information has been extracted from the Corporation's audited financial statements for the fiscal years ended June 30, 2011, 2010, 2009 and 2008.

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

	Fiscal Year Ended June 30 (dollars in thousands)			
	2011	**2010**	**2009**	**2008**
Operating Revenues				
Tuition and Fees	$757,072	$700,118	$641,327	$596,019
Less: Scholarship Allowance	(97,240)	(84,695)	(67,233)	(70,228)
Net Tuition and Fees	$659,832	$615,423	$574,094	$525,791
Federal Grants	15,683	13,217	14,464	16,901
County Grants	7,951	6,932	9,486	7,862
Grants and Contracts	366,567	339,392	285,347	278,481
Sales and Services	65,219	64,509	56,598	60,568
Auxiliary Enterprises (Net of Scholarship Allowance of $13,344, $11,900, $9,438 and $8,133, Respectively)	232,213	220,023	213,044	211,676
Other Operating Revenues	4,008	3,881	3,465	5,141
Total Operating Revenues	**$1,351,473**	**$1,263,377**	**$1,156,498**	**$1,106,420**
Operating Expenses				
Compensation and Benefits	$1,201,083	$1,172,492	$1,119,862	$1,060,743
Supplies and Services	395,617	388,288	391,221	390,310
Depreciation Expense	119,820	112,629	112,244	106,652
Scholarships, Fellowships, and Student Awards	70,173	65,231	57,331	38,354
Total Operating Expenses	**$1,786,693**	**$1,738,640**	**$1,680,658**	**$1,596,059**
Net Operating Loss	**($435,220)**	**($475,263)**	**($524,160)**	**($489,639)**
Nonoperating Revenues (Expenses)				
State Appropriations	$385,300	$387,561	$393,250	$377,004
Grants and Contracts	77,973	66,634	42,978	37,567
Private Gifts	67,160	70,354	99,395	90,063
Investment Income (Loss)	270,794	211,720	(169,206)	39,989
Interest Expense	(27,665)	(24,718)	(22,412)	(22,853)
Other Nonoperating Revenues, Net	6,128	3,782	4,404	9,720
Total Nonoperating Revenues before Capital/Endowments	**$779,690**	**$715,333**	**$348,409**	**$531,490**
Capital and Endowments				
State Capital Appropriations				$18,889
Capital Gifts	$5,287	$20,009	$12,190	27,882
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	23,817	28,046	18,138	38,059
Plant Assets Retired and Insurance Recoveries	(4,759)	(1,627)	(2,385)	518
Total Capital and Endowments	**$24,345**	**$46,428**	**$27,943**	**$85,348**
Total Nonoperating Revenues	**$804,035**	**$761,761**	**$376,352**	**$616,838**
Cumulative Effect of Change in Accounting Policy				
Assets under Capitalization Level Written Off	**$0**	**($19,340)**	**$0**	**$0**
Increase (Decrease) in Net Assets	**$368,815**	**$267,158**	**($147,808)**	**$127,199**
Net Assets, Beginning of Year	**$3,081,141**	**$2,813,983**	**$2,961,791**	**$2,834,592**
Net Assets, End of Year	**$3,449,956**	**$3,081,141**	**$2,813,983**	**$2,961,791**

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 2008 through 2012, and budgeted for fiscal year 2013 are set forth below. This information should be reviewed in conjunction with the University's financial statements, including the Management Discussion and Analysis, and the Notes to the statements. See "APPENDIX B".

STATE APPROPRIATIONS
(dollars in thousands)

	Normal Recurring Appropriations					
	Unrestricted		Restricted			
Fiscal Year Ended June 30	General Operating	Fee Replacement	Repair & Rehabilitation	Special	Non-Recurring Appropriations	Total
Historical						
2008 [1]	325,309	26,024	9,889	25,671	5,000	391,893
2009	337,260 [2]	28,243	-	27,755	-	393,258
2010	324,308	30,567	-	26,919	- [3]	381,794
2011	317,986	31,779	-	26,919	9,534 [3]	386,218
2012	312,325	29,009 [4]	-	26,954	-	368,288
Budgeted						
2013	312,325	32,184	-	26,954	-	371,463

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

[2] $3,685,506 was committed to fiscal year 2010 for R&R.

[3] 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.

[4] Net of bond proceeds interest income in the amount of approximately $2.8 million, appropriated by the State but not claimed by the University.

IRS Audit

An Internal Revenue Service audit focused on the University's unrelated business income tax was recently completed. No additional taxes were due as a result of this audit.

Student Financial Aid

Continued economic weakness, displaced workers and diminished family resources continue to perpetuate an increased need for financial assistance. Fortunately, there was a 6% increase in State Awards and a 15% increase in Federal Pell Grants from 2009-10 to 2010-11. Contrary to the national trend, Purdue University's growth rate for scholarships and grants exceeded the growth rate for loans. A U.S. Department of Education Program Review of financial aid policies and awarding practices was conducted in 2010. The University received no findings of liability.

The following table summarizes the financial aid provided to students of the University from various sources for the year that ended June 30, 2011.

STUDENT FINANCIAL ASSISTANCE
Fiscal Year Ended June 30, 2011

	West Lafayette	Regional Campuses	Total
Scholarships and Grants:			
University Scholarships, Grants & Fee Remissions	$63,027,178	$9,599,408	$72,626,586
University Incentive Grant	8,396,403	0	8,396,403
Purdue Opportunity Awards	283,500	0	283,500
Athletic Grant-in-Aid	9,481,368	2,143,443	11,624,811
State Awards	21,094,459	21,648,891	42,743,350
Private Awards	11,910,203	3,399,872	15,310,075
Indiana Resident Top Scholars	782,714	0	782,714
Fellowships	10,656,027	0	10,656,027
Federal Pell Grants	29,229,484	44,702,735	73,932,219
Federal SEOG	1,486,146	807,218	2,293,364
Federal Academic Competitiveness Grant	1,304,087	908,284	2,212,371
Federal SMART Grant	1,980,628	543,539	2,524,167
Other Federal Grants	14,395,658	1,703,612	16,099,270
Total Scholarships and Grants	**$174,027,855**	**$85,457,002**	**$259,484,857**
Loans:			
Federal Stafford Loans	$122,682,577	$112,301,731	$234,984,308
Federal Parent Loans for Undergraduate Students	65,378,042	6,296,765	71,674,807
Federal Graduate PLUS Loans	3,953,901	252,258	4,206,159
Federal Perkins and Health Professions Loans	5,849,015	512,066	6,361,081
Purdue Loans	4,894,334	0	4,894,334
Private Loans	20,748,046	3,834,400	24,582,446
Total Loans	**$223,505,915**	**$123,197,220**	**$346,703,135**
Employment and Employment Related:			
Work-Study Salaries	$1,617,411	$731,272	$2,348,683
Graduate Student Staff Salaries	84,625,489	3,587,575	88,213,064
Other Part-Time University Salaries	17,467,996	3,442,819	20,910,815
Employment Related Fee Remissions	45,698,338	2,477,820	48,176,158
Other Employment Related Awards	2,394,000	0	2,394,000
Total Employment Related	**$151,803,234**	**$10,239,486**	**$162,042,720**
Total Student Financial Assistance	**$549,337,004**	**$218,893,708**	**$768,230,712**

Other Post-Employment Benefits (OPEB)

In the financial statements for the year ending June 30, 2011, the University reported Other Post-Employment Benefits (OPEB) annual cost of $14.755 million. 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. Early retirees are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy. After the retiree reaches the age of 65, the program is no longer offered. The University also offers a long-term disability program, which includes retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. After the employee reaches the age of 65, the program is no longer available.

See "APPENDIX B" Note 7 to the Financial Statements 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 2007 through 2011 are shown below. These values are not pledged under the Indenture and do not include separately held endowments valued at $34,318,612 on June 30, 2011. 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
2007	$968,961,174
2008	957,298,693
2009	873,040,938
2010	987,207,372
2011	1,239,002,010

As of May 31, 2012, the unaudited market value of the Corporation’s endowment was $1,146,873,808. The unaudited consolidated market value of the endowment (including Purdue Research Foundation) was $1,894,769,767 (including net additions) as of May 31, 2012.

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, 2011 is shown in the following table.

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation	$967,304,328	$80,235,772	$42,352,123
Ross-Ade Foundation	158,772,277	11,898,849	5,322,591
The Purdue Foundation, Inc.	3,423,785	43,309,695	43,309,695
Indiana-Purdue Foundation at Fort Wayne	13,110,056	4,119,532	2,677,330
Total	**$1,142,610,446**	**$139,563,848**	**$93,661,739**

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 7,505 acres of land, 6,166 acres of which is leased to the University.

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

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 currently has a $304 million "Student Access and Success" campaign underway. The first phase of this campaign supports the Intercollegiate Athletics program at Purdue, and as of June 30, 2011 has raised $31.7 million of the $32 million goal. 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 renovation brought the basketball arena and various proximate facilities up to current standards for program space, fan amenities, and accessibility of the University's 500 student-athletes. The second phase of the campaign, Student Access and Success, will raise money for student programs and scholarships. At June 30, 2011, $171 million of the $304 million goal has been raised. The campaign is expected to continue through 2014. The previous "Campaign for Purdue" fund-raising effort which began in 2001 generated $1.7 billion, and was completed on June 30, 2007. Gift giving is shown below for fiscal years 2007 through 2011.

TOTAL GIFT GIVING BY CATEGORY
(dollars in thousands)

	2011	2010	2009	2008	2007
Cash/Securities	$121,863	$140,823	$98,119	$118,391	$136,825
Real Estate	0	0	0	4,130	11,192
Gifts-in-Kind	72,812	62,933	61,778	8,754	24,491
Irrevocable Deferred	7,127	8,422	6,707	9,227	7,026
Pledge Balances	37,972	30,186	40,230	54,209	140,527
Total	**$239,774**	**$242,364**	**$206,834**	**$194,711**	**$320,061**

Grants and Contracts

System-wide sponsored program expenditures for the 2010-2011 fiscal year was $371.9 million, an increase of $21.1 million, or approximately 6%, over previous year expenditures. Departments with sponsored research program expenditures in excess of $5 million were: Electrical & Computer Engineering, $34.5 million; Civil Engineering, $31.2 million; Mechanical Engineering, $24.7 million; Chemistry, $19.0 million; Biological Sciences, $18.5 million; Chemical Engineering, $11.1 million; Computer Sciences, $10.6 million; Physics, $9.7 million; Agronomy, $8.7 million; Medicinal Chemistry and Molecular Pharmacology, $7.6 million; Biomedical Engineering, $6.7 million; Food and Nutrition, $6.6 million; Agricultural & Biological Engineering, $6.6 million; Engineering Education; $6.3 million; Nuclear Engineering, $5.6 million; Earth and Atmospheric Sciences, $5.6 million; Child Development and Family Studies, $5.6 million; and Horticulture and Landscape Architecture $5.2 million. During Fiscal 2011, the University benefited from Federal stimulus money provided under the American Recovery and Reinvestment Act of 2009.

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

	2011	2010	2009	2008	2007
Federal Sources					
Department of HHS	$60,764	$57,315	$48,204	$50,449	$48,474
National Science Foundation	88,863	72,251	49,828	49,911	45,241
Department of Energy	30,825	28,017	21,232	15,181	14,099
Department of Defense	32,942	32,927	27,138	24,844	21,489
Department of Agriculture	18,966	15,943	13,234	13,925	12,749
Other Federal Agencies	36,156	33,270	26,511	24,620	27,290
Total Federal Sources	**$268,516**	**$239,723**	**$186,147**	**$178,930**	**$169,342**
State of Indiana	25,312	28,866	29,013	28,237	26,242
Business and Foundations	67,242	70,038	72,512	66,615	59,811
Non-Profit Organizations	10,916	12,252	11,418	11,252	9,160
Total Non-Federal Sources	**$103,470**	**$111,156**	**$112,943**	**$106,104**	**$95,213**
Total All Sources	**$371,986**	**$350,879**	**$299,090**	**$285,034**	**$264,555**

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.

Title of Indebtedness	Final Maturity	Amount Oustanding as of 8/9/2012	
Bank Notes and Commercial Paper			
Commercial Paper, Series 2010-1	2018	$8,452,000	(3)*
Bonds Outstanding			
Student Fee Bonds, Series N	2014	4,510,000	(1)
Student Fee Bonds, Series P	2017	20,295,000	(1)
Student Fee Bonds, Series U	2022	29,945,000	(1)
Student Fee Bonds, Series W	2026	33,265,000	(1)
Student Fee Bonds, Series X	2028	93,530,000	(1)
Student Fee Bonds, Series Y	2027	64,590,000	(1)
Student Fee Bonds, Series Z1	2024	60,465,000	(1)
Student Fee Bonds, Series Z2	2035	100,705,000	(1)
Student Fee Bonds, Series AA	2032	54,555,000	(1)*
Student Facilities System Revenue Bonds, Series 2003A	2014	8,870,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2003B	2018	4,165,000	(2)(3)
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	61,865,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007B	2032	23,840,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007C	2032	25,520,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2009A	2034	34,175,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2009B	2035	39,490,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2010A	2030	24,985,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2011A	2025	46,805,000	(2)(3)
Leasehold Indebtedness			
Parking Facilities (COPS 1998)	2015	2,555,000	(3)
Parking Facilities and Ross-Ade Stadium Renovation (COPS 2006)	2027	49,545,000	(3)
COPS 2009A (tax-exempt)	2015	5,830,000	(3)
COPS 2009B (taxable Build America Bonds)	2031	42,795,000	(3)
COPS 2011A (taxable Build America Bonds)	2035	32,185,000	(3)
Total Outstanding Indebtedness		**$896,557,000**	
Refunded Indebtedness-Escrowed to Maturity or Call Date			
Student Facilities System Revenue Bonds, Series 2003A & 2003B	2013	66,295,000	(4)

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

*Student Fee Bonds Series AA anticipated to be issued on August 9, 2012 and refund $14.415M of TECP 2010-1.

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 18,230 acres of land and 456 buildings of which 218 had 10,000 or more gross square feet. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $5.4 billion as of August 30, 2011. The following table sets forth the increase in net plant investment for the five years ended June 30, 2007 through 2011. Additions are valued at cost or, in the case of gifts, at fair value at the date of donation.

FISCAL YEAR ENDED JUNE 30	INVESTMENT IN PLANT (AT COST)	ACCUMULATED DEPRECIATION	NET BOOK VALUE IN PLANT
2007	$2,483,026,403	$1,059,735,776	$1,423,290,627
2008	2,661,207,559	1,150,413,909	1,510,793,650
2009	2,847,281,562	1,240,572,632	1,606,708,930
2010	2,983,743,727	1,271,122,957	1,712,620,770
2011	3,199,534,972	1,363,558,581	1,835,976,391

Insurance

All Risk Coverage: All facilities of the Corporation are insured under a blanket form policy, including new construction not yet completed. The blanket form covers buildings for loss up to the total of its replacement cost value (unless otherwise specified as actual cash value). There is a $250,000 deductible clause which is applicable to each occurrence. The Corporation self-insures those losses up to $250,000 through its Insurance Services Enterprise. The Insurance Services Enterprise allocated reserve fund balance was at $6.3 million as of June 30, 2011.

The Corporation also maintains business interruption insurance for protection against loss of income due to temporary shutdown of operations resulting from physical damage to property. The total value of business interruption reported to the Corporation's insurer is $1.3 billion, which is based on values gathered from the annual IPEDS Finance Survey. A $250,000 deductible applies per occurrence and is funded by the Corporation.

Premises and Operations Liability: The Corporation procures insurance for liability brought by third parties arising out of accidents on University premises and in connection with its operations off-premises. Except for the airport (covered by a separate $25,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is in the amount of $25,000,000 per occurrence/wrongful act/annual aggregate over a $2,000,000 per occurrence or claim self-insured retention. Claim processing within that retention is handled by a third party administrator with whom the University has contracted.

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction recently completed on the West Lafayette campus includes the Roger B. Gatewood Mechanical Engineering Wing addition; Marriott Hall; Bailey Hall; the renovation of Mackey Arena Complex; First Street Towers residence hall (west wing); and the five phases of the Windsor Hall renovation. Projects currently under construction on the West Lafayette campus include: the construction of the strategic infrastructure improvements; Student Health and Wellness facility; a Health and Human Sciences Research Facility and parking garage; a drug discovery facility; and a variety of Repair and Rehabilitation projects. On the Fort Wayne regional campus, construction of a student services and library complex and a new parking garage have been recently completed.

Major projects approved by the Board of Trustees on the West Lafayette campus include the construction of a $21 million northwest athletic site (phase I), a $39.9 million Vawter Field Housing residence hall, and a $30 million Center for Student Excellence and Leadership. These projects will be funded by a combination of capital reserves, gifts, state appropriations and bond financing.

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

The Corporation received no new capital appropriations during the 2011 legislative session for the 2011-13 biennium. In the 2009 legislative session, authorization to issue bonds for $30 million in construction of a new student services and activities complex ($23.7 million to be fee replaced) on the North Central campus was received, but no fee replacement appropriation has been granted. An existing authorization was increased to $8 million to borrow for a new parking garage at the North Central campus in 2009.

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. Prior to January 1, 2011, the University contributed 11% of each participating employee's salary up to $9,000 and 15% of the salary above $9,000 up to allowable limits. Effective January 1, 2011 this plan was amended to require the employee to make a mandatory contribution equal to 4% of salary combined with the University’s contribution of 10% of salary. A one-time adjustment was made to salaries of eligible employees to offset the impact of the mandatory contribution. This plan is administered by Fidelity Investments. The Corporation is current with all payments due to Fidelity Investments.

The clerical and service staff 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.

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

Employees Retirement Fund, Harrison Building, Room 800, 143 W. Market Street, Indianapolis, IN 46204, by calling 317-233-4162, or visiting www.in.gov/perf.

See "APPENDIX B" Note 9 to the Financial Statements for further information.

Presidential Appointment

The Purdue Board of Trustees unanimously selected current Indiana Governor Mitchell E. Daniels Jr. to be the University's 12th president, succeeding France A. Córdova, who left office July 15, 2012 under Purdue's mandatory retirement age policy for senior executives. Until Mr. Daniels takes office in January 2013 at the conclusion of his second term as governor, Dr. Timothy D. Sands, currently, the Executive Vice President for Academic Affairs and Provost, will serve as Interim President. Dr. Victor L. Lechtenberg, currently, the special assistant to the President and a prior interim Provost of the University, will serve as Interim Executive Vice President for Academic Affairs and Provost. Mr. Daniels was elected Indiana's 49th governor in 2004 and re-elected in 2008. Mr. Daniels has held a variety of top-level positions in business and politics: at Eli Lilly and Co., including service as president of the company's North American Pharmaceutical Operations; CEO of the Hudson Institute, then a contract research organization known for its analyses of the central role of technology in human progress; adviser to President Ronald Reagan; director of the Office of Management and Budget for President George W. Bush; and chief of staff for Indiana Senator Richard Lugar. Mr. Daniels earned a bachelor's degree with honors from the Woodrow Wilson School of Public and International Affairs at Princeton University in 1971 and a law degree from Georgetown University in 1979. He is the recipient of eight honorary degrees, from institutions including Butler University, Rose-Hulman Institute of Technology and Wabash College.

Indiana University-Purdue University Fort Wayne Chancellor Appointment

On June 19, 2012, the Purdue University Board of Trustees named Vicky L. Carwein as the new chancellor for Indiana University-Purdue University Fort Wayne (IPFW). Carwein, currently the chancellor at Washington State University Tri-Cities in Richland, Washington, becomes IPFW's ninth chancellor on September 1, 2012. She previously served as president at Westfield State College in Westfield, Massachusetts, and chancellor at the University of Washington at Tacoma. Carwein replaces Michael Wartell who retired from IPFW on June 30, 2012 under Purdue's mandatory retirement age policy for senior executives. Wartell joined Indiana University-Purdue University in 1993 and served as chancellor at IPFW since 1994. Walter Branson, Vice Chancellor for IPFW since 1993, will serve as interim Chancellor.

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.

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APPENDIX B

PURDUE UNIVERSITY
FINANCIAL REPORT

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2011 FINANCIAL REPORT

PURDUE UNIVERSITY

An equal access/equal opportunity university

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PURDUE UNIVERSITY

LETTER OF TRANSMITTAL

To the Board of Trustees of Purdue University:


President France A. Córdova

We are pleased to submit this, the 89th annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2011, and sets forth the complete and permanent record of the financial status of the University for the year.

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

Respectfully submitted,

FRANCE A. CÓRDOVA
President

Respectfully submitted,

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

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

REPORT OF THE TREASURER

This report presents Purdue University's financial position and the results of operations for the fiscal years ended June 30, 2011 and 2010. We provide this financial report as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts and their report, which is unqualified opinion, appears on page 5.

Purdue University continues its long tradition of being recognized as a world-class research university. The University offers instruction in a wide range of disciplines and grants undergraduate and graduate degrees through four campuses. To maintain the quality of its programs, Purdue has taken a long-term approach to financial planning with the implementation of Sustaining New Synergies strategies and the development of a Decadal Funding Plan. Sustaining New Synergies involves a multi-year approach focused on identifying sustainable practices to manage fiscal challenges while continuing to make investments in the University's New Synergies Strategic Plan. The development of a Decadal Plan takes a longer-term view and is focused on identifying new resource opportunities to enhance the excellence and reputation of all aspects of the University's mission.

The University's recently created scholarship programs continue to attract top undergraduates (Presidential and Trustees merit scholarships), to support lower- and middle-income students (Purdue Promise program and Purdue Marquis Scholarship), and to reward promising leaders from targeted high schools (Emerging Urban Leaders Scholarship). The size and academic quality of the freshman class at the West Lafayette campus increased for the fifth consecutive year. The student body continues to be made up from every county in Indiana, all 50 states and more than 125 countries. Enrollment at all Purdue campuses reached an all-time high of 70,259 for the fall semester of the 2012 academic year.

During fiscal year 2011, sponsored program award activity continued at a robust level totaling nearly $420 million. The University extends its global outreach with the $32 million Strengthening Afghan Agriculture Faculties agreement, while Purdue's impact domestically is also realized with the $6.3 million funding from the Lilly Endowment for the Strengthening Supports to Military Families in Indiana and Beyond. Significant impact will also be realized by the creation of the first Science and Technology Center in Indiana funded with a $25 million award from the National Science Foundation.

The University continued its investment in its facilities with completed major construction projects in excess of $164 million during fiscal year 2011, including the $34.5 million expansion of its Mechanical Engineering Building and $28.6 million renovation of the Lilly Hall of Life Sciences. Additional capital investments estimated at over $529 million were underway as of June 30, 2011, including the $99.5 million Mackey Complex renovation and addition, the $99 million Student Fitness and Wellness Center renovation and addition, the $59.6 million Windsor Residence Halls renovation, and the $42.4 million Fort Wayne Student Services and Library Complex.

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

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

BOARD OF TRUSTEES

As of June 30, 2011

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

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As of June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of Purdue University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. We also did not audit the trust which maintains the University's portion of trust agreements as discussed in Note 1. The University's interest in the charitable remainder trusts represents approximately 0.4% of the assets of the University. Those statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to those units, is based upon the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Purdue University, as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2011, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Introductory Section, In-State Enrollment, and Acknowledgements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section, In-State Enrollment, and Acknowledgements have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS
State Board of Accounts

October 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011 and 2010

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, 2011 and 2010 (Fiscal Years 2011 and 2010, respectively), with comparative financial information for Fiscal Year 2009. 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 Assets** present the assets, liabilities and net assets of the University at a point in time (June 30, 2011 and 2010). 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; and a picture of net assets and their availability for expenditure by the University.
- **Statements of Revenues, Expenses and Changes in Net Assets** present the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities during a period of time (the years ended June 30, 2011 and 2010). 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 years ended June 30, 2011 and 2010). 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 www.purdue.edu/datadigest/).

FINANCIAL HIGHLIGHTS

Statement of Net Assets

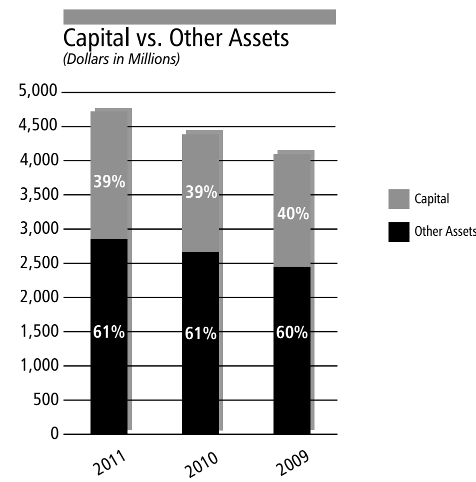
A summarized comparison of the University's assets, liabilities and net assets appears in Table 1 and demonstrates that the University has grown over the past three fiscal years.

Current assets include those that may be used to support current operations, such as cash and cash equivalents, account and certain other receivables, and inventories. Noncurrent assets include capital assets, certain pledges receivable and investments. As of June 30, 2011 and 2010, total assets were approximately $4,720,345,000 and $4,365,653,000, respectively, an increase of $354,692,000, or 8.1%, and $326,628,000, or 8.1%, for Fiscal Years 2011 and 2010, 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.

Current assets decreased approximately $99,743,000 as of June 30, 2011, and increased approximately $107,370,000 as of June 30, 2010, respectively. As of June 30, 2011 and 2010, cash and cash equivalents were approximately $510,192,000 and

Figure 1



"Gateway to the Future" arch

$562,410,000, respectively, a decrease of $52,218,000 and an increase of $51,102,000, respectively. This included $9,936,000 and $169,831,000 in security lending assets. The University decided to terminate its security lending program during fiscal year 2011 but did not completely exit it until the first quarter of the next fiscal year (further discussion in Note 12). As detailed in the Capital Asset and Debt Administration section, the University has an active capital financing program that has resulted in invested bond proceeds of $172,963,000 and $120,706,000 as of June 30, 2011 and 2010, respectively. As of June 30, 2011 and 2010, the remaining $372,293,000 and $271,873,000 of cash and cash equivalents is available for operations. The increase in operating cash results from the University's program-focused and conservative spending in response to the current economic conditions (further detailed in the Economic Factors That Will Affect the Future section).

As of June 30, 2011 and 2010, noncurrent assets increased $454,435,000, or 12.8%, and $219,258,000, or 6.6%, respectively. Marketable securities and other investments increased approximately $277,148,000 in Fiscal Year 2011 compared to the $157,276,000 increase in Fiscal Year 2010. This was the result of an improvement in the market over the prior fiscal year. Please reference a more detailed discussion in the Statement of Revenues, Expenses and Changes in Net Assets section.

Current liabilities are generally expected to become due and payable over the course of the following fiscal year. These include accounts and other payables, deferred revenues, the current portion of long-term debt, liability for securities lending activity, and salaries and related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities include bonds, notes and leases payable. Total liabilities were approximately $1,270,389,000 and $1,284,512,000 on June 30, 2011 and 2010, respectively.

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

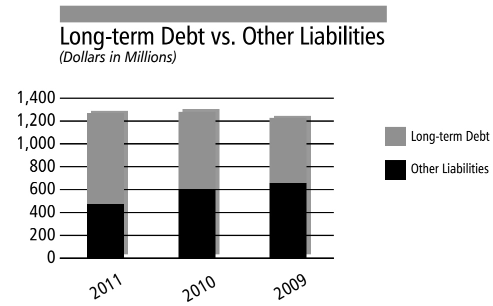
	2011	2010	2009
Current Assets	$713,392	$813,135	$705,765
Capital Assets	1,835,976	1,712,621	1,606,709
Other Assets	2,170,977	1,839,897	1,726,551
Total Assets	**$4,720,345**	**$4,365,653**	**$4,039,025**
Current Liabilities	$357,622	$538,773	$588,689
Noncurrent Liabilities	912,767	745,739	636,353
Total Liabilities	**$1,270,389**	**$1,284,512**	**$1,225,042**
Invested in Capital Assets, Net of Related Debt	$1,035,092	$984,844	$964,652
Restricted-Nonexpendable	448,180	430,685	398,025
Restricted-Expendable	762,968	647,859	584,106
Unrestricted	1,203,716	1,017,753	867,200
Total Net Assets	**$3,449,956**	**$3,081,141**	**$2,813,983**

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

Securities lending liabilities decreased $159,895,000 in Fiscal Year 2011 and increased $31,894,000 in Fiscal Year 2010, respectively. For a detailed discussion of the University's security lending program, please refer to Notes 2 and 12.

Bonds, leases and notes payable increased $127,159,000 and $15,703,000 in Fiscal Year 2011 and 2010, 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.

Figure 2



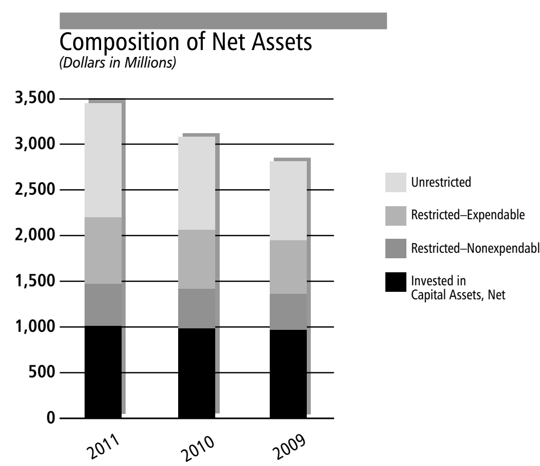
Net assets are classified into four categories:

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

Total net assets for the University were $3,449,956,000 and $3,081,141,000 as of June 30, 2011 and 2010, respectively. Figure 3 provides a comparison between fiscal years as well as the composition of net assets.

Invested in capital assets, net of related debt increased $50,248,000 and $20,192,000 in Fiscal Years 2011 and 2010, respectively. As of June 30, 2011 and 2010, the University added capital assets of $248,003,000 and $240,075,000, respectively, offset by annual depreciation of $119,820,000 and $112,916,000, respectively. Debt transferred related to expended bond and commercial paper proceeds, net of payments and amortization of bond premiums accounted for $78,883,000 and $85,720,000 in Fiscal Years 2011 and 2010, respectively. See additional details in the Capital Asset and Debt Administration section.

Figure 3



Restricted Nonexpendable increased $17,495,000 and $32,660,000 in Fiscal Years 2011 and 2010, related to permanent gifts to endowments received offset by changes related to market conditions for interest in charitable remainder trusts.

As of June 30, 2011, restricted expendable increased $115,109,000, compared to an increase of $63,753,000 in the prior year. This increase was driven by the equity markets over the past two years related to the endowment pool investments.

Consistent with operational results (detailed in the Statement of Revenues, Expenses and Changes in Net Asset section), unrestricted net assets increased $185,963,000 as of June 30, 2011, compared to the $150,553,000 increase as of June 30, 2010.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

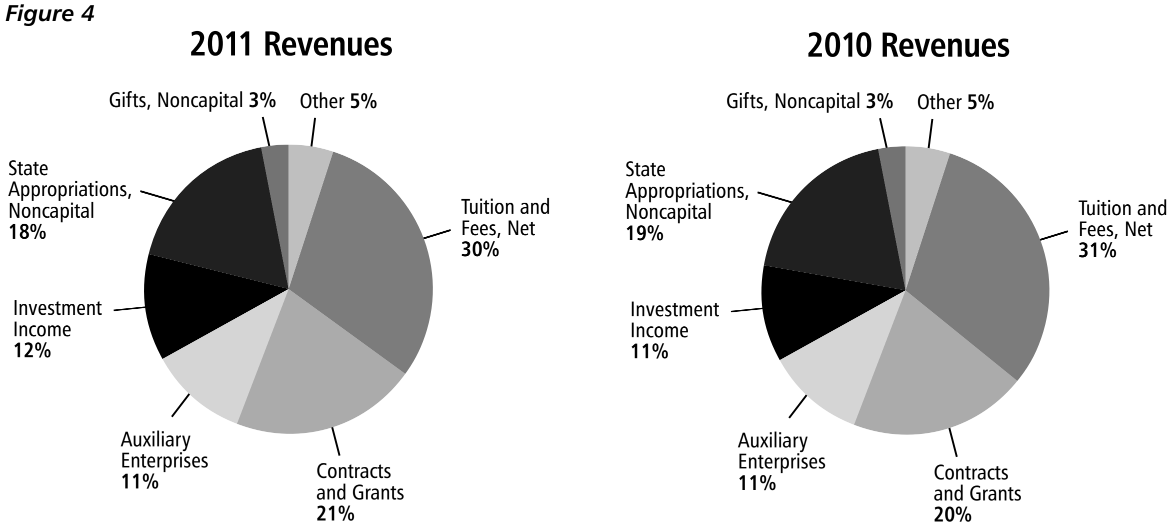
A summarized comparison of the University's revenues, expenses and changes in net assets follows in Table 2.

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

	2011	2010	2009
Operating Revenues			
Tuition and Fees, Net	$659,832	$615,423	$574,094
Grants and Contracts	366,567	339,392	285,347
Auxiliary Enterprises, Net	232,213	220,023	213,044
Other Operating Revenues	92,861	88,539	84,013
Total Operating Revenues	**$1,351,473**	**$1,263,377**	**$1,156,498**
Operating Expenses			
Depreciation	$119,820	$112,629	$112,244
Other Operating Expenses	1,666,873	1,626,011	1,568,414
Total Operating Expenses	**$1,786,693**	**$1,738,640**	**$1,680,658**
Operating Loss	$(435,220)	$(475,263)	$(524,160)
Nonoperating Revenue	779,690	715,333	348,409
Capital and Endowments	24,345	46,428	27,943
Total Nonoperating Revenues	**$804,035**	**$761,761**	**$376,352**
Cumulative Effect of Change in Accounting Policy	–	(19,340)	–
Increase in Net Assets	$368,815	$267,158	$(147,808)
Net Assets, Beginning of Year	3,081,141	2,813,983	2,961,791
Net Assets, End of Year	**$3,449,956**	**$3,081,141**	**$2,813,983**

Revenues are classified as either operating or nonoperating. Operating revenues include tuition and fees, grants and contracts, auxiliary enterprises, and sales and services. Tuition and fees and housing are shown net of an allowance for scholarships. If scholarships awarded to students exceed the amount owed for tuition and housing, the amounts paid to students are shown as expenses. Nonoperating revenues include state appropriations, investment income and private gifts. Because Purdue is a public university, nonoperating revenues are an integral part of its operating budget. Private gifts for capital projects and additions to the University's permanent endowment are also considered nonoperating sources of revenue but are not part of the University's operating budget. Figure 4 provides information about the University's sources of revenues, excluding endowments and capital, for the Fiscal Years 2011 and 2010. Overall, as of June 30, 2011 and 2010, the University had a net increase in net assets of $368,815,000 and $267,158,000, respectively.

Figure 4



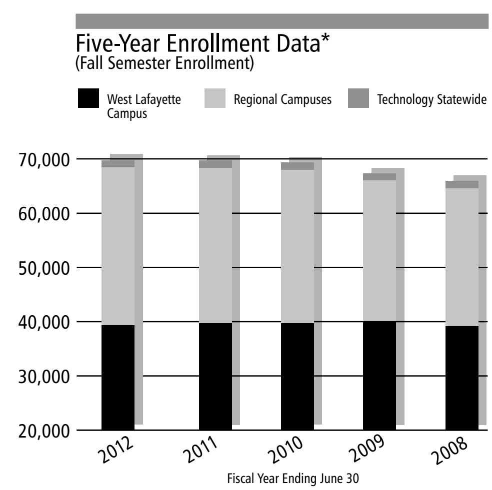
Total operating revenues increased $88,096,000, or 7.0%, from $1,263,377,000 in Fiscal Year 2010 to $1,351,473,000 in Fiscal Year 2011. There was an increase of $106,879,000, or 9.2%, from Fiscal Year 2009 to Fiscal Year 2010. Net tuition and fee revenue increased $44,409,000 and $41,329,000 in Fiscal Years 2011 and 2010, respectively, primarily resulting from a student fee rate increase. Enrollment increased across all campuses by 339 and 2,000 students in Fiscal Years 2011 and 2010, respectively. West Lafayette's enrollment increased by 29 students in Fiscal Year 2011 compared to the decrease of 393 students in Fiscal Year 2010. Enrollment patterns for the past five years are illustrated in Figure 5.

Operating grant and contract revenue increased $27,175,000 and $54,045,000 in Fiscal Years 2011 and 2010, respectively. The large increase during both fiscal years is attributed to receiving additional grants related to the American Recovery and Reinvestment Act (ARRA).

Auxiliary Enterprise revenue increased $12,190,000 and $6,979,000 in Fiscal Years 2011 and 2010, respectively. The change in the current fiscal year was driven by increased rates for housing and new sources of athletic revenue.

Total operating expenses increased from $1,738,640,000 as of June 30, 2010 to $1,786,693,000 as of June 30, 2011. Compensation and benefits, which makes up approximately 67% of operating expenses, increased $28,591,000 and $52,630,000 in Fiscal Years 2011 and 2010, respectively. Salary and wages total increase was below 2.8% in both years. Related benefits increased more

Figure 5



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

than 9.8% in Fiscal Year 2010 due to increased medical claims and benefits, retirement contributions and the amortization of the other post employment benefits obligation, whereas benefits only increased approximately 2.0% in Fiscal Year 2011 as a result of restructuring the retirement program (detailed in Note 9). Due to the fiscal measures undertaken at the University as a result of the severe recession, supplies and other services only increased 1.9% in Fiscal Year 2011 and decreased 0.7% in Fiscal Year 2010.

In Fiscal Years 2011 and 2010, there was an increase in total financial aid of over $19,031,000 and $25,362,000, respectively. The primary reason for the change in total financial aid in both Fiscal Year 2011 and 2010 was an increase in Pell Grants of approximately $9,739,000 and $23,753,000, respectively.

Nonoperating revenues (net of expenses) increased $64,357,000 and $366,924,000 in Fiscal Years 2011 and 2010. In Fiscal Year 2011, the primary reason for the change was an increase in investment income of approximately $59,074,000. In Fiscal Year 2010, gifts and state appropriations decreased approximately $34,730,000, whereas investment income increased $380,926,000 and grant and contract revenue increased $23,656,000. As of June 30, 2011, the University's endowment increased 22.9% and the Standard and Poor's (S&P) 500 index increased 30.7%, whereas, as of June 30, 2010, the University endowment increase was equal to the S&P 500 index of 14.4%. The University's endowment was invested 40.9% in public equities, 15.1% in fixed income and 44.0% in private investments. The portfolio composition did not materially change from prior years, with only a slight shift of 4% from public equities to private investments.

Capital and Endowment income decreased $22,083,000, or 47.6%, over the previous year from $46,428,000 in Fiscal Year 2010 to $24,345,000 in Fiscal Year 2011. Capital gifts decreased $14,722,000 and increased $7,819,000 in Fiscal Years 2011 and 2010, respectively. Private Gifts for Endowments decreased $4,229,000 and increased $9,908,000 as of June 30, 2011 and 2010, respectively. This volatile change between fiscal years was a result of the turbulent economic conditions over the last two years.

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)

	2011	2010	2009
Cash Used by Operating Activities	$(307,465)	$(365,748)	$(377,861)
Cash Provided by Noncapital Financing Activities	549,958	552,406	545,349
Cash Provided (Used) by Investing Activities	(167,123)	86,112	(43,355)
Cash Used by Capital and Related Financing Activities	(127,588)	(221,668)	(22,485)
Net Increase (Decrease) in Cash and Cash Equivalents	$(52,218)	$51,102	$101,648
Cash and Cash Equivalents, Beginning of Year	562,410	511,308	409,660
Cash and Cash Equivalents, End of Year	**$510,192**	**$562,410**	**$511,308**

The University's focus on managing its operations described above is reflected in the steady decrease in the cash used by operating activities over the last three fiscal years. The fluctuation in noncapital financing activities reflects the nonoperating revenue changes described above. The fluctuation in investing activities reflects the changes in market conditions during this period. 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 detailed 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 completed during Fiscal Years 2011 and 2010 are listed in Table 4 (dollars in thousands). Significant projects in progress as of June 30, 2011, are listed in Table 5 (dollars in thousands).

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

Projects Completed in 2011	Project Budget	Source of Funds
Bill & Sally Hanley Hall — Human Development	$11,500	Gifts and Grant
Calumet — Powers Building Infrastructure Upgrade	3,260	Grant and Calumet Reserves
Campus-Wide Tunnel Repair and Waterproofing, Phase I	2,000	Bonds
Fort Wayne Music Building Philharmonic Addition	4,500	Gifts
Fort Wayne Student Housing Phase 3	38,000	Bonds
Gatewood Wing — Mechanical Engineering Building	34,500	Bonds and Gifts
Lilly Hall West Wing Renovations	28,550	Bonds
McCutcheon Hall Fire Protection and Air Conditioning	11,207	Departmental Reserves
Printing Services and Grounds Maintenance Facility Relocation	5,500	F&A Recovery and Endowment Income
Wade Utility MACT Compliance	9,000	Bonds
Wetherill Air Handler Units Replacement	12,000	Bonds
Young Hall Floors 9 and 10 Renovation	4,455	Repair and Rehabilitation Funds
Total Major Projects Completed	**$164,472**	

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

Table 5. Major Construction Projects in Progress (More than $2 Million)

	Project Budget	Source of Funds
Agricultural and Biological Engineering and Central Machine Shop	$2,800	Departmental Reserves, Gift & INDOT
Bindley Bioscience Center Addition	14,900	Grant
Calumet Center for Hospitality and Tourism Management	4,700	Gift and Calumet Reserves
Calumet Center for Innovation through Visualization and Simulation	3,700	Grant and Calumet Reserves
Calumet Cooling Tower Replacement	2,700	Calumet Reserves
Elliott Hall of Music Sprinkler System Installation	3,550	Repair and Rehabilitation Funds
Energy Perf Contract — Brown, Stewart Center & Civil Engineering	4,504	Bonds
First Street Towers West	17,700	Bonds
Fort Wayne Parking Garage #3	15,500	Bonds
Fort Wayne Student Services & Library Complex	42,400	Bonds, Gifts and Appropriations
Harrison Hall Sprinkler System and AC Renovation	11,500	Departmental Reserves
Herrick Laboratory Replacement Phase I	23,500	Gift and Grant
High Voltage Improvement Phase II	25,100	Bonds
Krannert Building Management & Economics Library Remodel Phase 3	2,500	Gifts
Lilly Hall West Wing Renovations	28,550	Bonds
Mackey Complex Renovation & Addition	99,500	Gifts and Certificates of Participation
Marriott Hall of Hospitality & Tourism Management	13,000	Gifts and West Lafayette Reserves
Math Sciences Research Data Center Renovation	2,950	Grants and Departmental Reserves
Northwest Athletics Complex Phase 1	21,000	Departmental Reserves
Storm Sewer Modifications	9,500	Bonds
Student Fitness and Wellness Center Renovation & Addition	98,000	Bonds and Gifts
Wade Boiler #7 — Purchase	4,300	West Lafayette Reserves
Wang Hall of Electrical and Computer Engineering	18,000	Gift and West Lafayette Reserves
Windsor Residence Halls Renovation	59,600	Bonds
Total Major Projects in Progress	**$529,454**	

In addition, the Trustees have authorized the following major projects in which construction has not been started as of June 30, 2011, and may not have state approval (dollars in thousands).

Table 6. Major Projects Authorized — Not Started (More than $2 Million)

Authorized in 2010	**Project Budget**	**Source of Funds**
Calumet Emerging Technologies Building	$28,900	Bonds
Center for Student Excellence and Leadership	30,000	Endowment Income and Athletics
Drug Discovery Facility	20,000	Bonds
Health and Human Sciences Research Facility	53,700	Bonds and Gifts
Herrick Labs Center for Advanced Acoustics Research Addition	12,500	Grants and Departmental
North Central Student Services and Activities Complex	34,700	Bonds and Gifts
Authorized in 2011	**Project Budget**	**Source of Funds**
Ralph and Bettye Bailey Hall	$8,182	Gifts
Heine Pharmacy Building Lab Renovations	2,500	Gifts
Northwest Chiller #6 — Installation	2,900	West Lafayette Reserves
Total Major Project Budgets Authorized — Not Started	**$193,382**	

DEBT AND FINANCING ACTIVITIES

Bonds, Leases and Notes (Net) obligations totaled $973,933,000 and $846,774,000 as of June 30, 2011 and 2010, respectively. These obligations are nearly 77% and 66% of the total liabilities of the University in Fiscal Year 2011 and 2010, respectively. The University's debt portfolio as of June 30, 2011, consisted of $104,186,000 of variable rate instruments or 10.7%, compared to $869,747,000 in fixed rate obligations. The University's debt portfolio as of June 30, 2010, consisted of $143,831,000 of variable rate instruments or 16.9%, compared to $702,943,000 in fixed rate obligations. As of June 30, 2011 and 2010, the University had a credit rating of Aaa from Moody's Investors Service. Purdue's Standard & Poor's rating for fixed-rate debt was upgraded in Fiscal Year 2011 from AA to AA+. The University was one of only eight public higher education institutions whose Moody's credit rating was Aaa. In addition, the University's variable-rate debt received short-term ratings by Moody's of VMIG-1/P-1 and by Standard & Poor's of A-1+. Table 7 shows debt issued in Fiscal Years 2011 and 2010. For additional details, see Note 6.

Table 7. Debt Issued in Fiscal Years 2011 and 2010

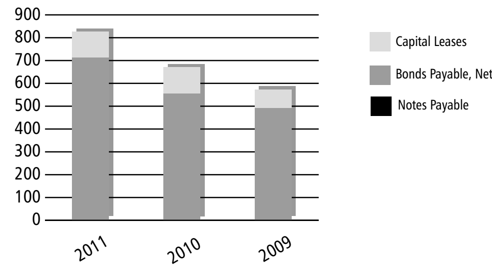
Issued in Fiscal Year 2010	Interest Rates	Maturity Dates	Issue Amount
Certificates of Participation with Ross-Ade:			
Series 2009A			
Used to finance the renovation of Mackey Arena	2.50-5.00%	2012-2015	$7,600
Series 2009B			
Used to finance the renovation of Mackey Arena	4.07-5.96%	2016-2031	42,795
Student Fee Bonds:			
Series Y			
Used to refund Student Fee Bond Series S, T and V	2.00-5.00%	2010-2027	74,130
Issued in Fiscal Year 2011	**Interest Rates**	**Maturity Dates**	**Issue Amount**
Certificates of Participation with Ross-Ade:			
Series 2011A			
Used to finance the renovation of Mackey Arena	0.03% *	2031-2035	$32,185
Student Facilities System Revenue Bonds:			
Series 2010A			
Used to finance the renovation of West Lafayette student housing facilities and refund a portion of commercial paper	1.90-5.96%	2013-2030	24,985
Series 2011A			
Used to refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A and 2007C	2.00-5.00%	2012-2025	49,440
Student Fee Bonds:			
Series Z-1			
Used to refund a portion of commercial paper and a portion of Student Fee Bond Series H, K, L, O and R	4.00-5.00%	2011-2024	68,320
Series Z-2			
Used to finance construction of the West Lafayette Student Fitness and Wellness Center and the Fort Wayne Parking Garage, and a portion of R&R projects	1.04-5.33%	2013-2035	100,705
Total Debt Issued			**$400,160**

*Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2011.

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

Figure 6

Composition of Long-term Debt
(Dollars in Millions)



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Due to the continuing economic recession and its impact on state revenues, fiscal year 2012 state operating appropriations to the University have been cut \$5.7M, or 1.8%: West Lafayette (-3.0%), Calumet (0.4%), Fort Wayne (2.0%) and North Central (6.3%). Although no funds were appropriated for repair and rehabilitation projects at any of the campuses, the University continues its commitment to these important investments using other available resources.

Tuition rate increases were set for two fiscal years (2011-2012 and 2012-2013), with a 3.5% increase for Indiana residents and nonresident students at the West Lafayette campus each year. Additionally, the West Lafayette campus implemented a fee to support the renovation of the Student Fitness and Wellness Center and introduced a new tuition for undergraduate international students. Tuition rates at each of the regional campuses will increase 2.5% for Indiana residents and nonresident students for each of the two years.

Under these conditions, each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget.

Enrollment reached an all-time high at all Purdue campuses with 70,259* for the fall semester of the 2012 academic year — up from 69,694* the previous year. Enrollment at the West Lafayette campus was 39,637, a decrease of 89 students from the fall semester of the 2011 academic year. The academic quality of its freshman class at the West Lafayette campus increased for the fifth consecutive year. Cumulative SAT scores for the freshman class increased 14 points and are 23 points better than the class that came to Purdue two years ago. Purdue's West Lafayette campus freshman class has 6,659 students, up from 6,347 last year.

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

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

STATEMENT OF NET ASSETS

	As of June 30	
	2011	2010
	(Dollars in Thousands)	
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$510,192	$562,410
Investments	55,968	100,130
Accounts Receivable, Net of Allowance for Uncollectible Amounts	85,152	81,261
Pledges Receivable, Net of Allowance for Uncollectible Amounts	27,434	40,047
Notes Receivable, Net of Allowance for Uncollectible Amounts	8,214	9,062
Other Assets	26,432	20,225
Total Current Assets	$713,392	$813,135
Noncurrent Assets:		
Investments	2,072,415	1,751,105
Pledges Receivable, Net of Allowance for Uncollectible Amounts	31,289	30,209
Notes Receivable, Net of Allowance for Uncollectible Amounts	48,526	44,842
Interest in Charitable Remainder Trusts	18,747	13,741
Capital Assets, Net of Accumulated Depreciation	1,835,976	1,712,621
Total Noncurrent Assets	**4,006,953**	**3,552,518**
Total Assets	**$4,720,345**	**$4,365,653**
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	113,913	103,967
Deferred Revenue	37,829	38,202
Deposits Held in Custody for Others	21,870	22,782
Securities Lending Liability	9,936	169,831
Accrued Compensated Absences	26,504	25,213
Bonds (Net), Leases and Notes Payable	147,570	178,778
Total Current Liabilities	**$357,622**	**$538,773**
Noncurrent Liabilities:		
Accrued Compensated Absences	31,797	32,782
Other Post Employment Benefits	27,263	18,646
Funds Held in Trust for Others	7,411	6,345
Advances from Federal Government	19,933	19,970
Bonds (Net), Leases and Notes Payable	826,363	667,996
Total Noncurrent Liabilities	**912,767**	**745,739**
Total Liabilities	**$1,270,389**	**$1,284,512**

STATEMENT OF NET ASSETS *(CONTINUED)*

	As of June 30	
	2011	**2010**
	(Dollars in Thousands)	
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	$1,035,092	$984,844
Restricted		
Nonexpendable		
Instruction and Research	223,563	225,154
Student Aid	194,476	180,470
Other	30,141	25,061
Total Nonexpendable	$448,180	$430,685
Expendable		
Instruction, Research and Public Service	153,527	163,331
Student Aid	75,895	69,501
Auxiliary Enterprises	4	2,640
Construction	30,387	50,770
Other	503,155	361,617
Total Expendable	762,968	647,859
Unrestricted	**1,203,716**	**1,017,753**
Total Net Assets	**$3,449,956**	**$3,081,141**

See Accompanying "Notes to the Financial Statements."

Cash Provided Used by Operating Activities

Discovery Park fountain

COMPONENT UNIT

Statement of Financial Position

	Purdue Research Foundation Statement Reported as of June 30, 2011 (Dollars in Thousands)
ASSETS:	
Cash and Cash Equivalents	$18,028
Accounts and Other Receivables	15,152
Pledges Receivable	190
Investments in Securities	852,065
Notes Receivable	1,805
Investment in Affiliates	9,509
Real Estate, Net	143,229
Other Assets and Equipment, Net	4,097
Interest in Charitable Perpetual Trusts	15,167
Total Assets	$1,059,242
LIABILITIES AND NET ASSETS:	
Accounts Payable and Other Accrued Expenses	$17,527
Due on Split Interest Agreements	62,788
Net Funds Held as Custodian	50,360
Bonds Payable	78,830
Mortgages, Notes Payable and Line of Credit	9,413
Gift Annuity Payable	3,786
Other Liabilities	4,183
Total Liabilities	$226,887
NET ASSETS:	
Unrestricted	$70,407
Temporarily Restricted	637,032
Permanently Restricted	124,916
Total Net Assets	**$832,355**
Total Liabilities and Net Assets	**$1,059,242**

Purdue Technology Center of Southeast Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	For the Year Ended June 30	
	2011	2010
	(Dollars in Thousands)	
Operating Revenues		
Tuition and Fees	$757,072	$700,118
Less: Scholarship Allowance	(97,240)	(84,695)
Net Tuition and Fees (pledged, see note 6)	$659,832	$615,423
Federal Grants	15,683	13,217
County Grants	7,951	6,932
Grants and Contracts	366,567	339,392
Sales and Services	65,219	64,509
Auxiliary Enterprises (Net of Scholarship Allowance of $13,344 and $11,900, respectively, pledged, see note 6)	232,213	220,023
Other Operating Revenues	4,008	3,881
Total Operating Revenues	**$1,351,473**	**$1,263,377**
Operating Expenses		
Compensation and Benefits	1,201,083	1,172,492
Supplies and Services	395,617	388,288
Depreciation Expense	119,820	112,629
Scholarships, Fellowships, and Student Awards	70,173	65,231
Total Operating Expenses	**$1,786,693**	**$1,738,640**
Net Operating Loss	**(435,220)**	**(475,263)**
Nonoperating Revenues (Expenses)		
State Appropriations	385,300	387,561
Grants and Contracts	77,973	66,634
Private Gifts	67,160	70,354
Investment Income (Loss)	270,794	211,720
Interest Expense	(27,665)	(24,718)
Other Nonoperating Revenues, Net	6,128	3,782
Total Nonoperating Revenues before Capital and Endowments	**$779,690**	**$715,333**
Capital and Endowments		
Capital Gifts	5,287	20,009
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	23,817	28,046
Plant Assets Retired and Insurance Recoveries	(4,759)	(1,627)
Total Capital and Endowments	**$24,345**	**$46,428**
Total Nonoperating Revenues	**804,035**	**761,761**
Cumulative Effect of Change in Accounting Policy		
Assets under Capitalization Level Written Off	–	(19,340)
INCREASE (DECREASE) IN NET ASSETS	$368,815	$267,158
Net Assets, Beginning of Year	$3,081,141	$2,813,983
Net Assets, End of Year	$3,449,956	$3,081,141

See Accompanying "Notes to the Financial Statements."

Cash Provided Used by Operating Activities

COMPONENT UNIT

STATEMENT OF ACTIVITIES

	Purdue Research Foundation Statement Reported as of June 30, 2011 (Dollars in Thousands)
Revenue and Support	
Amount Received for Purdue University Research Projects	$6,374
Less Payments to Purdue University	(6,374)
Administrative Fee on Research Projects	–
Contributions	$16,350
Income on Investments	13,965
Net Unrealized and Realized Gains	153,388
Change in Value of Split Interest Agreements	(14,230)
Increase in Interests in Perpetual Trusts	1,679
Rents	10,128
Royalties	6,228
Other	2,884
Net Assets Released from Restrictions	–
Total Revenue and Support	**$190,392**
Expenses and Losses	
Expenses for the Benefit of Purdue University	
Contributions to Purdue University	$18,568
Patent and Royalty	7,536
Grants	11,576
Services for Purdue University	1,023
Development Office	700
Other	2,949
Total Expenses for the Benefit of Purdue University	**$42,352**
Administrative and Other Expenses	
Salaries and Benefits	$8,391
Property Management	9,277
Professional Fees	2,647
Supplies	421
Interest	4,673
Research Park	692
Other	4,028
Total Administrative and Other Expenses	**$30,129**
Change in Net Assets	$117,911
Net Assets, Beginning of Period	710,565
Restatement	3,879
Net Assets, Beginning of Period, as Restated	714,444
Net Assets, End of Period	**$832,355**

STATEMENT OF CASH FLOWS

	For the Year Ended June 30	
	2011	2010
	(Dollars in Thousands)	
Cash Flows by Operating Activities		
Tuition and Fees, Net of Scholarship Allowances	$660,296	$613,890
Federal Appropriations	15,683	13,217
County Appropriations	7,951	6,932
Grants and Contracts	366,836	334,518
Sales and Services	63,250	63,486
Auxiliary Enterprises, Net of Scholarship Allowances	233,540	220,398
Other Operating Revenues	3,038	593
Compensation and Benefits	(1,189,377)	(1,163,287)
Supplies and Services	(394,809)	(391,725)
Scholarships, Fellowships and Student Awards	(71,018)	(64,250)
Student Loans Issued	(11,240)	(7,749)
Student Loans Collected	8,385	8,229
Cash Used by Operating Activities	**$(307,465)**	**$(365,748)**
Cash Flows by Noncapital Financing Activities		
State Appropriations	385,300	387,561
Grants and Contracts	77,973	66,634
Gifts for Other than Capital Purposes	80,512	93,700
Funds Held in Trust for Others	45	695
Other Nonoperating Revenues, Net	6,128	3,816
Cash Provided by Noncapital Financing Activities	**$549,958**	**$552,406**
Cash Flows by Investing Activities		
Purchases of Investments	(3,701,303)	(6,291,124)
Proceeds from Sales and Maturities of Investments	3,492,882	6,331,009
Interest and Dividends on Investments, Net	41,298	46,227
Cash Provided (Used) by Investing Activities	**$(167,123)**	**$86,112**
Cash Flows by Capital and Related Financing Activities		
Debt Repayment	(192,161)	(116,181)
Capital Debt Proceeds	322,256	134,123
Interest Expense	(31,225)	(28,557)
Capital Gifts Received	18,752	13,113
Construction or Purchase of Capital Assets	(245,210)	(224,166)
Cash Used by Capital and Related Financing Activities	**$(127,588)**	**$(221,668)**
Net Increase (Decrease) in Cash and Cash Equivalents	(52,218)	51,102
Cash and Cash Equivalents, Beginning of Year	562,410	511,308
Cash and Cash Equivalents, End of Year	**$510,192**	**$562,410**

STATEMENT OF CASH FLOWS *(CONTINUED)*

Reconciliation of Cash Used for Operating Activities (Indirect Method)

	For the Year Ended June 30	
	2011	**2010**
	(Dollars in Thousands)	
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$(435,220)	$(475,263)
Depreciation Expense	119,820	112,629
Noncash investing, capital and financing activities	1,138	489
Changes in Assets and Liabilities:		
Accounts Receivable	(4,173)	(4,963)
Notes Receivable	(2,835)	(15)
Other Assets	(5,102)	10
Accrued Compensated Absences	8,924	11,381
Accounts Payable	7,877	(2,646)
Deferred Revenue	2,143	(8,472)
Deposits Held in Custody for Others	–	1,050
Advances from Federal Government	(37)	52
Cash Used by Operating Activities	**$(307,465)**	**$(365,748)**

See Accompanying "Notes to the Financial Statements."

Discovery Park

For the Fiscal Year Ending June 30, 2011

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

ORGANIZATION:

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

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

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

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

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

REPORTING ENTITY:

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," defines 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 for which the primary government is financially accountable and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

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

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

As additionally required by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," organizations that raise and hold economic resources for the direct benefit of the University are included in the reporting entity as discretely presented component units.

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

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

RELATIONSHIP TO 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. 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, 2011 and 2010.

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 2011, the University adopted GASB Statement No. 59, "Financial Instruments Omnibus." During fiscal year 2010, the University adopted GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," GASB Statement No. 53, "Accounting and Financial

Reporting for Derivative Instruments," and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

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

BASIS OF ACCOUNTING:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value. 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 Receivable. Notes receivable primarily represent student loan repayments due the University and are presented net of allowance for doubtful accounts.

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

Prepaid Expenses. Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, equipment leases, services of consultants, subscriptions and certain subcontracts. Bond issuance costs, premiums and discounts are only capitalized when such costs exceed $500,000 per single issue. Premium and discount amortization is computed using the declining balance method with a yearly convention over the life of the debt.

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

The University records its interest in PRF Trusts' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. The University's discretely presented component unit reflects their respective PRF Trust interest on the Statement of Financial Position. As of June 30, 2011 and 2010, the fair value of funds held by PRF Trusts for the University was approximately $28,083,000 and $24,299,000, respectively. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added and the maturation and liquidation of existing trusts.

Capital Assets. Capital assets are stated at cost or fair market value at 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

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

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

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

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

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

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

- Invested in capital assets, net of related debt: Resources resulting from capital acquisition or construction, net of accumulated depreciation and net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- Restricted-nonexpendable: Net assets subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the University's permanent and term endowment funds and are categorized as instruction and research, student aid, and other.
- Restricted-expendable: Net assets that may be spent provided certain third-party restrictions are met. The following categories of restricted-expendable net assets are presented: instruction, research and public service; student aid; auxiliary enterprises; construction; and other. As of June 30, 2011 and 2010, approximately 88% or $443,232,000 and 88% or $316,562,000, respectively, of the "other" category results from undistributed gain on endowment funds and the fair value of funds functioning as endowments where the donor has restricted the use of the funds for a particular purpose. Neither component is available for general institutional use.

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

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

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

- **Operating revenues:** Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as Intercollegiate Athletics and Housing and Food Services), sales and service operations, federal land-grant appropriations, and county appropriations.
- **Operating Expenses**. Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent and staff spouse fee remissions are included with compensation and benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses and Changes in Net Assets. Functional reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.
- **Nonoperating Revenues and Expenses.** Revenues and related expenses that do not meet the definition of operating revenues, capital revenues or endowment additions. They are primarily derived from activities that are non-exchange transactions, and from activities defined as such by the GASB cash flow standards. Examples include state appropriations, private gifts, investment income and certain federal financial aid. Nonoperating expenses primarily include interest on short-term and long-term borrowings.

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

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

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

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

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $6,149,000 and $2,133,000 was recognized during the years ending June 30, 2011 and 2010, respectively.

Student Aid. Monies received that are restricted for aid to students by donors who have not specified the recipient are reported in the financial statements as gifts. When aid is awarded to students, it is either reflected as a scholarship allowance or expense.

Use of Estimates. To prepare the financial statements in conformity with accounting principles generally accepted, 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, 2011 and 2010, the bank balance of the University's deposits (demand deposit accounts) was approximately $83,455,000 and $80,985,000, respectively; $250,000 was covered by federal depository insurance. The remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Engineering Fountain and Hovde Hall

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

Investment Type	June 30, 2011	June 30, 2010
U.S. Agencies	$142,466	$67,149
Asset-Backed Securities	39,134	42,031
Corporate Bonds	344,059	357,432
U.S. Equity	400,864	349,666
International Equity	235,930	186,052
International Fixed Income	7,138	13,913
Marketable Alternatives	251,512	172,918
Mortgage-Backed Securities	213,500	176,287
Private Equity	156,976	122,550
Real Estate	22,466	11,855
U.S. Treasuries and Securities	165,478	217,119
Securities Lending Cash Collateral	9,936	169,831
Mutual Funds and Cash	565,660	445,857
Total	**$2,555,119**	**$2,332,660**

Investment values included accumulated unrealized gains of $194,822,000 and $34,601,000 as of June 30, 2011 and 2010, respectively. Investment income included unrealized gains of $160,221,000 and $100,826,000 during the years ended June 30, 2011 and 2010, respectively.

Investment Policies, Interest Rate and Credit Risks. Investments are managed by two separate policies, both of which are approved by the Trustees:

- 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; and high-yield bonds, including corporate bonds and bank loans (minimum credit quality of BB-/Ba3); inclusion in investments managed under the University's endowment investment policy.

  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. The portfolio will result in a weighted average duration between 2 and 5 years and will be positioned to maintain sufficient liquidity to meet the operating needs of the University. Funds not required to meet cash needs will be invested over a longer-term horizon.

- The University's endowment investment policy outlining the parameters for endowment investments was approved on July 9, 2010. Authorized investments include equity, fixed income and alternative investments, including comingled 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. 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 bankers 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, 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, 2011			**Maturity**		
Sector	**0-1 year**	**1-5 years**	**6-10 years**	**>10 years**	**Totals**
U.S. Agencies	$31,755	$99,959	$10,752	–	$142,466
Asset-Backed Securities	–	21,046	15,597	2,491	39,134
Corporate Bonds	14,982	212,074	97,106	19,897	344,059
International Fixed Income	7,138	–	–	–	7,138
Mortgage-Backed Securities	9,935	2,761	71,476	129,328	213,500
U.S. Treasuries and Securities	8,998	127,734	16,571	12,175	165,478
Securities Lending Cash Collateral	9,936	–	–	–	9,936
Mutual Funds and Cash	469,371	42,773	19,279	34,237	565,660
Total	**$552,115**	**$506,347**	**$230,781**	**$198,128**	**$1,487,371**

June 30, 2010			**Maturity**		
Sector	**0-1 year**	**1-5 years**	**6-10 years**	**>10 years**	**Totals**
U.S. Agencies	$5,009	$38,372	$23,768	–	$67,149
Asset-Backed Securities	–	30,784	8,407	2,840	42,031
Corporate Bonds	13,168	210,876	87,866	45,522	357,432
International Fixed Income	–	10,672	–	3,241	13,913
Mortgage-Backed Securities	521	2,367	38,535	134,864	176,287
U.S. Treasuries and Securities	92,941	91,981	32,197	–	217,119
Securities Lending Cash Collateral	169,831	–	–	–	169,831
Mutual Funds and Cash	342,483	38,598	3,767	61,009	445,857
Total	**$623,953**	**$423,650**	**$194,540**	**$247,476**	**$1,489,619**

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

	June 30, 2011		June 30, 2010	
AAA	$653,567	25.6%	$610,165	26.2%
AA	124,134	4.9%	83,428	3.6%
A	154,370	6%	190,039	8.1%
BAA	116,314	4.6%	114,815	4.9%
BA	21,635	0.8%	32,970	1.4%
B	3,113	0.1%	4,031	0.2%
CAA	603	0%	4,270	0.2%
Unrated	1,481,383	58%	1,292,942	55.4%
Total	**$2,555,119**	**100%**	**$2,332,660**	**100%**

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. As of June 30, 2011 and 2010, 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 $430,954,000 and $307,323,000, respectively.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the University. Please refer to the Investment Type table for the University's exposure to international investments. In addition to those investments, the University estimates international exposure in its alternative investments of approximately $65,165,000 and $40,770,000 as of June 30, 2011 and 2010, respectively.

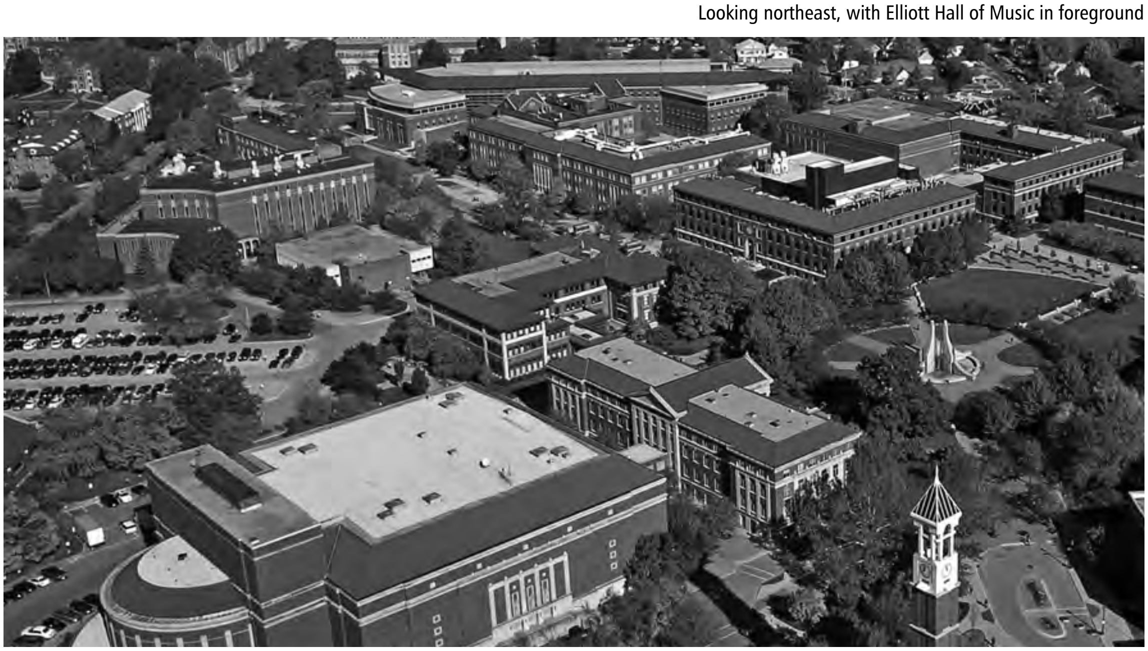
Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. As of June 30, 2011 and 2010, consistent with policy limits, no single issuer, with the exception of U.S. Treasury and agencies, held more than 5% of total investments.

Donor-Restricted Endowments. The University's endowment funds (including true, term and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. Prior to and after July 9, 2010, the approved spending policy distributed 4.5 % and 5.0%, respectively, of the average of the ending values for the prior 12 quarters in semiannual distributions. The distribution includes both income and equity components. As of June 30, 2011 and 2010, accumulated market appreciation of the pool was approximately $457,071,000 and $282,286,000, respectively. Of this amount, 38.46% and 33.18% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2011 and 2010, 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.

Securities Lending. The treasurer of the University, in accordance with policies established by the Trustees, has entered into an agreement with a trust company to participate in a securities-lending program. The market value of the cash collateral is recorded as an asset in the Statement of Net Assets along with a corresponding liability. As of June 30, 2011 and 2010, the University had securities involved in loans with a market value of approximately $9,756,000 and $166,348,000, respectively. These loans were supported by collateral of approximately $9,974,000 and $170,325,000 as of June 30, 2011 and 2010, respectively. The collateral amounts included cash of approximately $9,936,000 and $169,831,000 as of June 30, 2011 and 2010, respectively, which are included in cash and cash equivalents in the Statement of Net Assets. Acceptable non-cash collateral totaled approximately $38,000 and $494,000 as of June 30, 2011 and 2010, respectively. The University does not have the ability to pledge or sell the non-cash collateral received except in the case of borrower default. Non-cash collateral is not included in the University's Statement of Net Assets. Securities lending of domestic securities is cash collateralized on the contract date at 102%, and foreign securities are cash collateralized at 105%. Credit risk is calculated as the aggregate of the lender's exposures to individual borrowers or on individual loans. At June 30, 2011 and 2010, the University had no aggregate credit risk. However, although collateralized, the University would bear the risk if the cash collateral is impaired.

The University and the borrowers of its securities maintain the right to terminate all securities-lending transactions on demand. The cash collateral received on each loan is invested, together with the cash collateral of other lenders, in a comingled investment pool owned by the custodian. The maximum weighted maturity of the fund is 90 days. Since the loans may be called on demand, their duration does not generally match the duration of the investment made with the cash collateral. If the University had to terminate a term loan, the lending agent has the ability to substitute the same security from a different client while returning the University's security. During the years ended June 30, 2011 and 2010, income from its participation in this securities-lending program was approximately $316,000 and $555,000, respectively, with related expense of approximately $200,000 and $316,000, respectively. During the years ended June 30, 2011 and 2010, net income to the University from this program was approximately $116,000 and $239,000, respectively. Under the securities-lending agreement, the custodian remits to the University earnings less rebate fees and expenses on a monthly basis. See additional information in Note 12.

Looking northeast, with Elliott Hall of Music in foreground



NOTE 3 — ACCOUNTS, PLEDGES AND NOTES RECEIVABLES

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

	June 30, 2011	June 30, 2010
Grants and Contracts	$48,251	$47,371
Student and General	26,843	22,128
Other Accrued Revenues	15,719	15,267
Less: Allowance for Doubtful Accounts	(5,661)	(3,505)
Total Accounts Receivable, Net	**$85,152**	**$81,261**

	June 30, 2011	June 30, 2010
Pledges Receivable	$60,900	$72,893
Less: Allowance for Doubtful Pledges	(2,177)	(2,637)
Total Pledges Receivable	58,723	70,256
Less: Noncurrent Portion	(31,289)	(30,209)
Pledges Receivable, Current Portion	**$27,434**	**$40,047**

	June 30, 2011	June 30, 2010
Perkins Loans	$27,803	$26,121
Other Student Loans	29,191	28,094
Less: Allowance for Doubtful Loans	(254)	(311)
Total Notes Receivable	$56,740	$53,904
Less: Noncurrent Portion	(48,526)	(44,842)
Notes Receivable, Current Portion	**$8,214**	**$9,062**

University Hall

NOTE 4 — CAPITAL ASSETS

Capital asset activity is summarized below (dollars in thousands). Interest that qualified for interest capitalization was approximately $10,976,000 and $6,433,000 during the years ended June 30, 2011 and 2010, respectively.

Capital Assets Activity	Balance July 1, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Capital Assets, Not Being Depreciated:					
Land	$23,634	–	–	$4,545	$28,179
Construction in Progress	205,053	174,931	–	(47,755)	332,229
Total, Capital Assets, Not Being Depreciated	$228,687	$174,931	–	($43,210)	$360,408
Capital Assets, Being Depreciated:					
Land Improvements	70,248	1,450	–	(3,726)	67,972
Infrastructure	63,694	2,708	–	1,438	67,840
Buildings	2,116,797	23,927	–	43,722	2,184,446
Equipment	449,424	44,987	32,212	1,208	463,407
Software	54,894	–	–	568	55,462
Total, Capital Assets, Being Depreciated	$2,755,057	$73,072	$32,212	$43,210	$2,839,127
Less Accumulated Depreciation:					
Land Improvements	49,314	2,710	–	–	52,024
Infrastructure	27,232	4,320	–	–	31,552
Buildings	891,041	73,381	–	–	964,422
Equipment	279,995	34,996	27,384	–	287,607
Software	23,541	4,413	–	–	27,954
Total Accumulated Depreciation	$1,271,123	$119,820	$27,384	–	$1,363,559
Total Capital Assets, Net of Accumulated Depreciation	$1,712,621	$128,183	$4,828	–	$1,835,976

Capital Assets Activity	Balance July 1, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Capital Assets, Not Being Depreciated:					
Land	$23,256	–	–	$378	$23,634
Construction in Progress	237,727	127,698	–	(160,372)	205,053
Total, Capital Assets, Not Being Depreciated	$260,983	$127,698	–	($159,994)	$228,687
Capital Assets, Being Depreciated:					
Land Improvements	63,736	4,549	–	1,963	70,248
Infrastructure	62,778	747	–	169	63,694
Buildings	1,897,016	62,830	352	157,303	2,116,797
Equipment	503,539	44,251	98,925	559	449,424
Software	59,230	–	4,336	–	54,894
Total, Capital Assets, Being Depreciated	$2,586,299	$112,377	$103,613	$159,994	$2,755,057
Less Accumulated Depreciation:					
Land Improvements	46,565	2,749	–	–	49,314
Infrastructure	23,166	4,066	–	–	27,232
Buildings	821,365	69,968	292	–	891,041
Equipment	327,296	31,089	78,390	–	279,995
Software	22,181	5,044	3,684	–	23,541
Total Accumulated Depreciation	$1,240,573	$112,916	$82,366	–	$1,271,123
Total Capital Assets, Net of Accumulated Depreciation	**$1,606,709**	**$127,159**	**$21,247**	**–**	**$1,712,621**

NOTE 5 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	June 30, 2011	June 30, 2010
Construction Payables	$25,640	$26,823
Accrued Insurance Liabilities	28,386	26,333
Interest Payable	17,188	13,174
Accrued Salary and Wages	9,094	5,172
Vendor and Other Payables	33,605	32,465
Total Accounts Payable	**$113,913**	**$103,967**

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 $7,000,000.

Separate funds have been established to account for these risks. All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2011 and 2010, the University reflected approximately $73,000 and $280,000, 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, 2011	June 30, 2010
Beginning Liability	$26,333	$21,226
Claims Incurred	141,837	133,197
Claims Payments	(139,785)	(128,090)
Ending Liability	**$28,385**	**$26,333**

NOTE 6 — DEBT RELATED TO CAPITAL ASSETS

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

Debt-Related Liabilities	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion
Commercial Paper	$33,849	$30,000	$43,905	$19,944	$19,944
Notes Payable	1,305	–	209	1,096	221
Leases Payable	118,117	32,440	3,874	146,683	37,975
Bonds Payable					
Student Facilities System Revenue Bonds	314,334	80,593	64,667	330,260	60,687
Student Fee Bonds	379,169	174,945	78,164	475,950	28,743
Total Bonds Payable	693,503	255,538	142,831	806,210	89,430
Total Debt-Related Liabilities	**$846,774**	**$317,978**	**$190,819**	**$973,933**	**$147,570**

Debt-Related Liabilities	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion
Commercial Paper	$34,386	$–	$537	$33,849	$33,849
Notes Payable	464	1,018	177	1,305	208
Leases Payable	73,212	50,915	6,010	118,117	3,829
Bonds Payable					
Student Facilities System Revenue Bonds	322,286	–	7,952	314,334	116,579
Student Fee Bonds	400,723	82,190	103,744	379,169	24,313
Total Bonds Payable	723,009	82,190	111,696	693,503	140,892
Total Debt-Related Liabilities	**$831,071**	**$134,123**	**$118,420**	**$846,774**	**$178,778**

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman Sachs & Company. This agreement authorized a maximum borrowing of $50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. The University can set the maturity dates up to 270 days. As of June 30, 2011 and 2010, the balance outstanding was $19,944,000 and $33,849,000, respectively.

Notes Payable. As of June 30, 2011 and 2010, the balance of notes outstanding was approximately $1,096,000 and $1,305,000, respectively, representing financing for various activities.

On March 1, 1998, an Energy Savings Loan Agreement was negotiated with Bank One, now JP Morgan Chase & Co. This agreement authorized a maximum line of credit of approximately $10,000,000 to borrow for the costs of qualified energy savings projects through December 31, 2001. Projects included both capital and non-capital improvements to the physical plant. Individual notes may have either a fixed or floating interest rate with maturities not extending beyond 2011. The outstanding balance of these notes, all of which have floating interest rates, was approximately $147,000 and $287,000 as of June 30, 2011 and 2010, respectively. The current portion of these notes was approximately $147,000 and $140,000 as of June 30, 2011 and 2010, respectively. The interest rate for the notes was 1.66% and 1.74% as of June 30, 2011 and 2010, respectively. The floating-rate notes can be reset at the University's option every one, two, three or six months and is based on London Interbank Offered Rate (LIBOR) at the reset dates.

On June 10, 2010, the University entered into a loan agreement with PRF to refinance its capital lease with PRF. This agreement authorized the transfer of the Schneider Avenue building from PRF to the Calumet campus in exchange for the original promise to pay approximately $1,140,000 over 13 annual payments. The outstanding balance of this note was approximately $949,000 and $1,018,000 as of June 30, 2011 and 2010, respectively. The current portion of this note was approximately $74,000 and $69,000 as of June 30, 2011 and 2010, respectively. The interest rate for the note was fixed at 8.00% as of June 30, 2011 and 2010.

Purdue Memorial Union

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

Issue	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2011	Outstanding June 30, 2010
Certificates of Participation with Ross-Ade:					
Series 1998	1998	3.20-5.25%	1999-2015	$3,330	$4,070
Series 2006	2006	4.00-5.25%	2007-2027	52,130	54,595
Series 2009A	2009	2.50-5.00%	2012-2015	7,600	7,600
Series 2009B	2009	4.07-5.96%	2016-2031	42,795	42,795
Series 2011A	2011	0.03% *	2031-2035	32,185	–
Leases with Purdue Research Foundation:					
Academic Learning Center	2004	3.00-5.00%	2006-2030	6,920	7,150
Remo Property	2011	6.38%	2011-2015	210	–
				145,170	116,210
Net Unamortized Premiums and Deferred Costs				1,513	1,907
Total				**$146,683**	**$118,117**

*Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2011.

The Certificates of Participation are secured by a pledge of available income, except student fees and state appropriations.

As of June 30, 2011 and 2010, long-term debt included amounts relating to properties with a net book value (net of accumulated depreciation) of approximately $97,553,000 and $101,003,000, respectively, leased from either the Ross-Ade Foundation or Purdue Research Foundation.

As of June 30, 2011, the University had approximately $32,185,000 included in Current Liabilities related to variable rate Certificates of Participation (Series 2011A). The anticipated redemption schedule for these certificates of participation is included in the scheduled debt payments table.

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

On February 16, 2011, the Ross-Ade Foundation issued $32,185,000 of tax-exempt adjustable demand Certificates of Participation, Series 2011A. This series was issued to provide additional financing for the Mackey Arena renovation and will be repaid from auxiliary athletic revenues.

On June 1, 2011, the University entered into a $588,000 lease agreement with PRF for the Remo property near the West Lafayette campus. The fair value of the land was valued at more than 25% of the total fair value of the property; as a result, the portion of the lease related to land was treated as an operating lease. The fair value of the building was treated as a capital lease with a value of $255,000.

Bonds Payable. As of June 30, 2011 and 2010, the balance of bonds outstanding was approximately $806,210,000 and $693,503,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

Issuance and Description	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2011	Outstanding June 30, 2010
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	4.00-5.38%	2004-2014	$18,800	$23,390
Series 2003B					
Used to finance construction of Fort Wayne student housing facilities	2003	2.00-4.25%	2005-2018	5,015	5,355
Series 2004A					
Used to finance construction of Calumet student housing and parking garage facilities	2004	0.03% *	2008-2033	17,800	27,900
Series 2005A					
Used to finance construction and renovation of West Lafayette housing and food service facilities	2005	0.03% *	2005-2029	6,785	20,870
Series 2007A					
Used to refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	5.00-5.25%	2014-2029	61,865	61,865
Series 2007B					
Used to finance construction of the new West Lafayette dining court and Fort Wayne student housing facility	2007	4.00-5.00%	2008-2032	25,205	25,850
Series 2007C					
Used to renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility	2007	0.03% *	2009-2032	27,325	60,925
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	3.50-5.00%	2009-2034	34,875	34,960
Series 2009B					
Used to finance Fort Wayne and West Lafayette student housing facilities, and refund a portion of commercial paper	2009	3.00-5.00%	2010-2035	41,320	41,525
Series 2010A					
Used to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper	2010	1.90-5.96%	2013-2030	24,985	–
Series 2011A					
Used to refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A and 2007C	2011	2.00-5.00%	2012-2025	49,440	–
				$313,415	$302,640
Net unamortized premiums and deferred costs				16,845	11,694
Total Student Facilities System Revenue Bonds				**$330,260**	**$314,334**

*Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2011.

Issuance and Description	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2011	Outstanding June 30, 2010
Student Fee Bonds:					
Series H					
Used to finance construction of a West Lafayette steam turbine generator	1993	2.78-5.25%	1998-2015	$1,100	$7,200
Series K					
Used to finance the West Lafayette telephone computer network	1995	2.20-5.63%	1997-2020	1,000	12,600
Series L					
Used to finance the West Lafayette telephone computer network	1995	3.00-5.63%	1997-2020	800	11,000
Series N					
Used to refund Student Fee Bond Series B and D	1998	3.55-5.50%	1998-2014	11,690	14,855
Series O					
Used to finance the construction of the Fort Wayne Science building, the West Lafayette Food Science building and the Calumet Classroom Office building	1998	2.68-5.63%	2000-2019	1,920	20,750
Series P					
Used to refund Student Fee Bond Series M	1998	4.00-5.25%	1999-2017	28,255	31,930
Series Q					
Used to finance the renovation of the West Lafayette Purdue Memorial Union North Club, construction of the West Lafayette Visual and Performing Arts building, and to construct a new West Lafayette boiler	2000	2.63-6.00%	2002-2010	–	2,090
Series R					
Used to renovate the West Lafayette Recreational Sports Center, purchase a chiller to provide additional cooling capacity on the West Lafayette campus and refund Student Fee Bond Series F and G	2002	3.00-5.38%	2002-2023	1,520	13,885
Series U					
Used to refund a portion of Student Fee Bond Series Q	2005	3.50-5.25%	2006-2022	34,700	34,800
Series W					
Used to finance West Lafayette strategic infrastructure and utilities improvements	2006	4.00-5.00%	2007-2026	36,560	38,115
Series X					
Used to finance the construction of the West Lafayette Health and Human Science facility, add a wing to the West Lafayette Mechanical Engineering building, construct the Fort Wayne Student Services and Library Complex, for repair and rehabilitation projects, and to refund a portion of commercial paper	2009	2.00-5.50%	2009-2028	100,800	104,185
Series Y					
Used to refund Student Fee Bond Series S, T and V	2010	2.00-5.00%	2010-2027	70,555	74,130
Series Z-1					
Used to refund a portion of commercial paper and a portion of Student Fee Bond Series H, K, L, O and R	2010	4.00-5.00%	2011-2024	68,320	–
Series Z-2					
Used to finance construction of the West Lafayette Student Fitness and Wellness Center and the Fort Wayne Parking Garage, and a portion of R&R projects	2010	1.04-5.33%	2013-2035	100,705	–
				$457,925	$365,540
Net unamortized premiums and deferred costs				18,025	13,629
Total Student Fee Bonds				**$475,950**	**$379,169**

The Student Facilities System Revenue Bonds are secured by a pledge of auxiliary revenues and any other available income, except student fees and state appropriations.

Student Fee Bonds are secured by a pledge of mandatory student fees. Mandatory student fees (net of scholarship allowance) were approximately $659,832,000 and $615,423,000 during the years ended June 30, 2011 and 2010, respectively.

As of June 30, 2011 and 2010, the University had approximately $51,910,000 and $109,695,000, respectively, 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 anticipated redemption schedule for these bonds is included in the scheduled debt payments table.

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

On November 23, 2010, Student Fee Bonds, Series Z-1 and Series Z-2, were issued at a par value of $169,025,000 and a premium of approximately $10,198,000. The Series consist of a tax-exempt Series Z-1 and a taxable Series Z-2 (Build America Bonds Direct Pay Option), and have an original principal amount of $68,320,000 and $100,705,000, respectively. Series Z-1 was issued to refund approximately $53,850,000 of Student Fee Bonds Series H, K, L, O and R and approximately $19,970,000 of commercial paper. The Series Z-2 bonds are issued under the America Recovery and Reinvestment Act and the University will receive a 35% interest expense credit from the federal government. These bonds were issued to provide financing for the West Lafayette Student Fitness and Wellness Center, a Fort Wayne parking garage, and various R&R projects. As a result of the refunding, the University will reduce its aggregate debt service payments over the next 13 years by approximately $5,686,000. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $4,893,000.

On December 15, 2010, Student Facilities System Revenue Bonds, Series 2010A, were issued at a par value of $24,985,000. The Series 2010A (Build America Bonds Direct Pay Option) bonds are issued under the America Recovery and Reinvestment Act and the University will receive from the federal government a 35% interest expense credit. This series was issued to finance the renovation of West Lafayette student housing facilities and refund approximately $4,838,000 of commercial paper.

On June 24, 2011, Student Facilities System Revenue Bonds, Series 2011A, were issued at a par value of $49,440,000 and a premium of approximately $6,168,000. This series was issued to refund $55,200,000 of Student Facility System Revenue Bonds 2004A, 2005A and 2007C. All of the refunded debt had variable interest rates. As a result of the refunding, the University estimates a reduction in its aggregate debt service payments over the next 15 years of approximately $2,371,000. The refunding resulted in an estimated economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $1,996,000.

The University may direct a change in the type of interest rate borne by the variable rate debt, 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 the repurchased bonds at a price equal to 100 percent 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 bonds or certificates of participation.

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
2012	$60,622	$39,246	$99,868
2013	41,421	37,280	78,701
2014	47,420	35,070	82,490
2015	45,806	32,907	78,713
2016	42,766	30,916	73,682
2017-2021	210,630	125,314	335,944
2022-2026	215,720	73,575	289,295
2027-2031	181,170	25,904	207,074
2032-2036	91,995	4,559	96,554
	$937,550	$404,771	$1,342,321
Net unamortized premiums and deferred costs	36,383	–	36,383
Total	**$973,933**	**$404,771**	**$1,378,704**

Defeased Bond Issues. The University defeased bonds by prepayment or issuing new debt as shown on p. 45 (dollars in thousands). U.S. 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.

Description of Bonds	Final Maturity/ Call Date	Amount Outstanding June 30, 2011	June 30, 2010
Student Fee and Facilities:			
Student Fee Bonds Series H	1/1/2012	$5,100	–
Student Fee Bonds Series K	1/1/2012	10,700	–
Student Fee Bonds Series L	1/1/2012	9,400	–
Student Fee Bonds Series O	1/1/2012	16,990	–
Student Fee Bonds Series Q	7/1/2010	–	34,955
Student Fee Bonds Series R	7/1/2012	11,660	–
Student Facilities System Revenue Bonds, Series 2003A	7/1/2013	48,345	48,345
Student Facilities System Revenue Bonds, Series 2003B	7/1/2013	17,950	17,950
Certificates of Participation, Issued by Ross-Ade Foundation:			
Certificates of Participation, Series 2001A	7/1/2011	53,280	55,215

Direct Financing Lease. In 1998, the University agreed to refinance the construction of the Animal Disease Diagnostic Laboratory Building (ADDL) and lease it to the Indiana Department of Administration on behalf of the Indiana State Board of Animal Health. Lease payments are equal to the University's debt service payments. Nonrecourse bonds for approximately $10,830,000 were issued to the Indiana Bond Bank, secured solely by lease payments from the Indiana Department of Animal Health through annual appropriations for this purpose from the state of Indiana. The University's rights to receive lease payments have been assigned to the trustees for the Indiana Bond Bank. As of June 30, 2011 and 2010, the outstanding amount of these bonds was approximately $510,000 and $1,495,000, respectively. The ADDL building, the lease receivable and the bonds payable are not reflected in the accompanying financial statements.

Operating Leases. The University has entered into various operating leases for buildings and equipment. Net expenses for rent under these leases for the year ending June 30, 2011 and 2010, were approximately $10,309,000 and $10,336,000, respectively.

NOTE 7 — OTHER LIABILITY INFORMATION

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

Long-term Liabilities	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion
Accrued Compensated Absences	$57,995	$25,519	$25,213	$58,301	$26,504
Other Post Employment Benefits	18,646	14,755	6,138	27,263	–
Funds Held in Trust for Others	6,345	5,529	4,463	7,411	–
Advances from Federal Government	19,970	–	37	19,933	–
Total	**$102,956**	**$45,803**	**$35,851**	**$112,908**	**$26,504**

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

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. Approximately 490 employees took advantage of this program. As of June 30, 2011, the outstanding liability associated with the health reimbursement accounts was approximately $13,412,000.

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

The post-retirement medical plans are single-employer plans administered by the University, as authorized by the 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 healthcare 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 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, 2011	For Fiscal Year Ending June 30, 2010
Normal Cost	$8,051	$7,752
Amortization of the Unfunded		
Actuarial Accrued Liability	7,009	5,197
Total Annual Required Contribution (End of Year)	**$15,060**	**$12,949**

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%

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%

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

Net OPEB Obligation (NOO)

Actuarial Valuation Date	Fiscal Year End	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Year (g)
January 1, 2007	June 30, 2008	$11,014	–	–	$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

Valuation Date	January 1, 2009
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Amortization Method	20 Years from Date of Establishment, Closed, Level Percent of Pay
Asset Valuation Method	N/A, No Assets in Trust

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

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

NOTE 8 — OPERATING EXPENSES BY FUNCTION

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

June 30, 2011 **Function**	**Compensation & Benefits**	**Supplies & Services**	**Depreciation**	**Scholarships, Fellowships & Student Awards**	**Total**
Instruction	$550,319	$72,080	–	–	$622,399
Research	175,660	78,706	–	–	254,366
Extension and Public Service	81,946	62,205	–	–	144,151
Academic Support	12,562	11,568	–	–	24,130
Student Services	32,467	7,621	–	–	40,088
Physical Plant Operations and Maintenance	76,490	51,877	–	–	128,367
General Administration and Institutional Services	139,095	34,605	–	–	173,700
Depreciation	–	–	$119,820	–	119,820
Student Aid	–	1,225	–	$70,173	71,398
Auxiliary Enterprises	132,544	75,730	–	–	208,274
Total	**$1,201,083**	**$395,617**	**$119,820**	**$70,173**	**$1,786,693**

June 30, 2010 **Function**	**Compensation & Benefits**	**Supplies & Services**	**Depreciation**	**Scholarships, Fellowships & Student Awards**	**Total**
Instruction	$546,553	$67,569	–	–	$614,122
Research	153,061	74,340	–	–	227,401
Extension and Public Service	79,834	62,309	–	–	142,143
Academic Support	13,117	13,739	–	–	26,856
Student Services	34,894	7,465	–	–	42,359
Physical Plant Operations and Maintenance	84,613	46,738	–	–	131,351
General Administration and Institutional Services	131,509	37,614	–	–	169,123
Depreciation	–	–	$112,629	–	112,629
Student Aid	–	819	–	$65,231	66,050
Auxiliary Enterprises	128,911	77,695	–	–	206,606
Total	**$1,172,492**	**$388,288**	**$112,629**	**$65,231**	**$1,738,640**

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, 2011 and 2010, the University's cost was approximately $50,828,000 and $50,507,000, respectively, under this program.

Faculty and Administrative/Professional Staff. Effective January 1, 2011, faculty, professional and certain administrative employees of the University participate in a defined contribution plan administered through Fidelity Investments. Benefit provisions are established and/or amended by the Trustees. Funds in all defined contribution plans are immediately vested. Faculty and management personnel participate immediately upon employment; all others must satisfy a three-year waiting period. The University contributes 10% of each participating employee's salary. Employee contributions are not required but may be made on a voluntary basis. 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. Prior to January 1, 2011, faculty, professional and certain administrative employees of the University participated in a defined contribution plan administered through the Teachers Insurance and Annuity Association (TIAA). Under the TIAA plan, the University contributed 11% of each participating employee's salary up to $9,000 and 15% of the salary above $9,000. For the years ended June 30, 2011 and 2010, the University made contributions totaling approximately $63,651,000 and $73,277,000, respectively, to these plans. For the years ended June 30, 2011 and 2010, there were 6,839 and 6,767 employees, respectively, participating in the plans with annual pay equal to approximately $481,419,000 and $464,692,000, respectively.

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

Plan*	Fiscal Year Ending June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded (Excess) Actuarial Liability	Funded Ratio	Annual Covered Payroll	Liability to Payroll	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
PERF†	2008	$204,286	$207,956	$3,670	98.2%	$138,063	2.7%	$7,859	106.4%	$(8,434)
	2009	182,104	209,699	27,595	86.8%	146,097	18.9%	9,059	99.1%	(8,353)
	2010	154,960	230,080	75,120	67.4%	149,890	50.1%	9,779	96.9%	(8,054)
Police/Fire	2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	83.6%	112
	2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	74.6%	229
	2010	20,163	23,131	2,968	87.2%	5,582	53.2%	956	91.8%	78

*Data for 2010 not available from actuaries.
†University portion only.

PERF. Regular clerical and service staff employed at least half-time participate in the Public Employees Retirement Fund (PERF), a retirement program administered by an agency of the state of Indiana. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the state of Indiana. There are two parts to this plan: an annuity savings plan to which the University contributes 3% of the employee's salary and a defined benefit agent multi-employer plan to which the University currently contributes 7% of the employee's salary. Employee contributions are not required but may be made on a voluntary basis. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. For the years ended June 30, 2011 and 2010, there were 5,224 and 5,239 employees, respectively, participating in PERF. The University made contributions to this plan totaling approximately $14,148,000 and $13,915,000 for the years ending June 30, 2011 and 2010, respectively.

The required employer's contribution was determined as part of the July 1, 2009, actuarial valuation using the entry age normal cost method. The actuarial assumptions included: (a) 7% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% per year, and (c) 1% per year cost-of-living adjustments. Actuarial information related to the University's portion of the plan is disclosed in the three-year-trend information table presented earlier in this note.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204; by calling 317-232-3882; or by visiting www.in.gov/perf.

Police/Fire. A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Trustees on March 13, 1990, and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Benefit provisions are established and/or amended by the Trustees. The program is an agent single-employer defined benefit plan administered through the Teachers Insurance and Annuity Association (TIAA). The plan provides for vesting after the completion of 10 years of covered employment, and employees are eligible for normal retirement benefits after the completion of 20 years of covered employment and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a nonprobationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF. For the years ending June 30, 2011 and 2010, there were 110 and 109 employees, respectively, participating in Police/Fire.

Employees covered by this plan are required to make contributions equal to 3% of the current salary for a nonprobationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2010. Because the plan was implemented on a retroactive basis to cover all current police officers and firefighters, the University has an unfunded actuarial liability of approximately $2,968,000 at July 1, 2010, and $3,164,000 at July 1, 2009, which is being amortized over a 30-year period. The actual amount contributed by the University was approximately $878,000 and $670,000 for the years ending June 30, 2011 and 2010, respectively. The required contribution was determined as part of the July 1, 2010, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 7% investment rate of return, (b) projected salary increases of 4% per year, and (c) 3% per year cost-of-living adjustments.

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

Cooperative Extension Service. As of June 30, 2011 and 2010, there were 30 and 41 staff members, respectively, with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System.

NOTE 10 — RELATED PARTY

The University has entered into an agreement with Alfred Mann Institute for Biomedical Development. The Institute's charitable mission includes the intensive development of technology originating from the University's inventors in order to enhance public benefit from Purdue technology. As of June 30, 2011 and 2010, the University received approximately $872,000 and $2,523,000, respectively, from the Institute.

In addition to items listed in Note 6, Debt Related to Capital Assets, PRF provided grants, contracts and gifts to the University totaling approximately $31,792,000 and $28,394,000 as of June 30, 2011 and 2010, 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, 2011 and 2010, contractual obligations for capital construction projects were approximately $135,849,000 and $129,425,000, respectively.

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

Limited Partnership Agreements. Under the terms of various limited partnership agreements approved by the University's Board of Trustees, the University is obligated to make periodic payments for commitments to venture capital, private equity, natural resources and real estate investments over the next several fiscal years. As of June 30, 2011 and 2010, the University had the following unfunded commitments: approximately $49,805,000 and $55,045,000, respectively, to approximately 45 private equity/venture capital managers; $19,968,000 and $18,401,000, respectively, to approximately 15 private real estate managers; $38,646,000 and $33,637,000, respectively, to approximately 20 natural resource managers; and $125,000 and $398,000, respectively, to the Indiana Future Fund. These amounts are not included as liabilities in the accompanying Statement of Net Assets. Outstanding commitments are estimated to be paid based on the capital calls from the individual managers, subject to change due to market conditions, as shown in the table to the right (dollars in thousands):

Fiscal Year	Amount
2009-2010	$27,136
2010-2011	27,136
2011-2012	27,136
2012-2013	27,136

NOTE 12 — SUBSEQUENT EVENTS

On August 1, 2011, the University made its final scheduled payment on the Energy Savings Loan described in Note 6. The payment totaled approximately $148,000 and consisted of principal and interest of approximately $147,000 and $1,000.

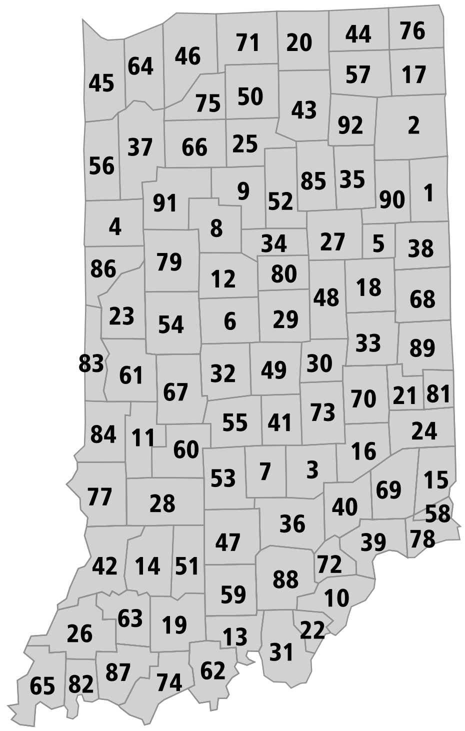
In September 2011, the University terminated its involvement in the Securities Lending program described in Note 2. A final payment of approximately $1,842,000 was made on September 21, 2011. This payment consisted of the remaining liability, and realized losses associated with the final transaction, of approximately $1,777,000 and $65,000.

On October 1, 2011, the final scheduled payment was made on the direct financing lease related to the ADDL Building described in Note 6. The payment totaled approximately $522,000 and consisted of principal and interest of approximately $510,000 and $12,000.

IN-STATE ENROLLMENT (UNAUDITED)

Total In-State Enrollment by County, Fall 2010-2011 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 69,694 students for the 2010-2011 fall semester. The breakdown was: West Lafayette, 39,726; Calumet, 9,807; Fort Wayne, 14,192; North Central, 4,614; and Technology Statewide, 1,355. (The enrollment figures do not include 5,056 Purdue University students at Indiana University-Purdue University Indianapolis.) Although students came to Purdue from all over the world, 66% system-wide came from within Indiana.



	County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
1	Adams	86	431	1	518
2	Allen	1,015	7,617	3	8,635
3	Bartholomew	212	0	82	294
4	Benton	93	2	4	99
5	Blackford	21	25	1	47
6	Boone	434	5	7	446
7	Brown	14	0	4	18
8	Carroll	151	3	11	165
9	Cass	140	20	19	179
10	Clark	98	1	59	158
11	Clay	33	2	0	35
12	Clinton	194	9	17	220
13	Crawford	8	0	2	10
14	Daviess	38		2	40
15	Dearborn	111	2	1	114
16	Decatur	92	4	34	130
17	De Kalb	100	617	1	718
18	Delaware	147	30	5	182
19	Dubois	139	2	2	143
20	Elkhart	381	291	47	719
21	Fayette	22	5	22	49
22	Floyd	118	5	47	170
23	Fountain	82		5	87
24	Franklin	86	3	9	98
25	Fulton	73	76	3	152
26	Gibson	54	0	0	54
27	Grant	102		11	113
28	Greene	51		0	51
29	Hamilton	1,735	37	22	1,794
30	Hancock	254	2	10	266
31	Harrison	32	0	21	53
32	Hendricks	550	11	28	589
33	Henry	75	5	18	98
34	Howard	332	35	109	476
35	Huntington	82	382	2	466
36	Jackson	70	1	23	94
37	Jasper	171	250	1	422
38	Jay	26	24	7	57
39	Jefferson	54		3	57
40	Jennings	25	2	13	40
41	Johnson	304		25	329
42	Knox	80	3	8	91
43	Kosciusko	188	684	4	876
44	Lagrange	41		1	42
45	Lake	1,522	7,603	1	9,126
46	La Porte	264	1,851	0	2,115
47	Lawrence	69	3	8	80
48	Madison	163	25	42	230
49	Marion	1,674	85	48	1,807
50	Marshall	154	115	15	284
51	Martin	18	0	2	20
52	Miami	78	39	23	140
53	Monroe	143	14	2	159
54	Montgomery	165	9	4	178
55	Morgan	132	4	7	143
56	Newton	55	64	2	121
57	Noble	89	594	0	683
58	Ohio	6	0	0	6
59	Orange	26	0	4	30
60	Owen	26	0	1	27
61	Parke	38		0	38
62	Perry	22	0	2	24
63	Pike	8		2	10
64	Porter	666	2,520	1	3,187
65	Posey	53		1	54
66	Pulaski	65	60	0	125
67	Putnam	82	2	1	85
68	Randolph	39	7	6	52
69	Ripley	77		12	89
70	Rush	50		3	53
72	St. Joseph	728	262	108	1,098
73	Scott	13		12	25
74	Shelby	77		6	83
75	Spencer	34		2	36
76	Starke	48	175	1	224
77	Steuben	73	315	0	388
78	Sullivan	20	0	0	20
79	Switzerland	9		0	9
80	Tippecanoe	3,890	49	118	4,057
81	Tipton	51		13	64
82	Union	7	1	2	10
83	Vanderburgh	276		1	277
84	Vermillion	21		1	22
85	Vigo	129	3	0	132
86	Wabash	74		1	75
87	Warren	50		0	50
88	Warrick	155	3	2	160
89	Washington	32		15	47
90	Wayne	124		59	183
91	Wells	75		1	76
92	White	197	12	15	224
93	Whitley	77	511	0	588
	Total	19,958	24,912	1,238	46,108

ACKNOWLEDGEMENTS

The following staff members of the Department of Accounting Services, Office of the Comptroller, prepared the 2010-11 Financial Report and the included financial statements.

James S. Almond — *Senior Vice President for Business Services and Assistant Treasurer*

Mary Catherine Gaisbauer — *Comptroller*

Matthew D. Westhuis — *Assistant Comptroller of Accounting Services*

Lisa A. Geisler — *Property Accounting Manager*

Kimberly K. Hoebel — *Assistant Comptroller of Cost Accounting*

Kay L. Parker — *Manager of Reporting*

Barbara B. Knochel — *Gift Funds Accountant*

Kathy Roark — *Unrestricted/Restricted Funds Accountant*

Stacy L. Umlauf — *Systems and Reporting Accountant*

Leslie M. Wampler — *Property Accounting Administrator*

JoAnn Wiley — *Manager of Endowment, Plant and Auxiliary Funds*

APPENDIX C

FORM OF APPROVING OPINION
OF BOND COUNSEL

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_____________, 2012

The Trustees of Purdue University
West Lafayette, Indiana

Re: The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2012A

Ladies and Gentlemen:

We have acted as bond counsel to The Trustees of Purdue University (the "Issuer"), in connection with the issuance by the Issuer of $44,770,000 aggregate principal amount of its Purdue University Student Facilities System Revenue Bonds, Series 2012A, dated the date hereof (the "Bonds"), pursuant to Indiana Code 21-32-1-1, *et seq*., 21-32-2-1, *et seq*., 21-35-1-1, *et seq*., 21-35-3-1, *et seq*., and 21-35-5-1, *et seq*., each as amended to date, resolutions adopted by the Board of Trustees of the Issuer on August 30, 2010, July 12, 2011, and July 20, 2012 (the "Resolutions"), and an Indenture of Trust between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date and as supplemented and amended by a Fifteenth Supplemental and Amendatory Indenture between the Issuer and the Trustee, dated as of August 1, 2012 (such Indenture of Trust, as so supplemented and amended, the "Indenture"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer contained in the Resolutions and the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer and others, including without limitation certifications contained in the tax and arbitrage certificate of the Issuer dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of Stuart & Branigin LLP, Lafayette, Indiana, counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied upon the report of Causey Demgen & Moore, Inc., independent certified public accountants, dated the date hereof, as to the matters stated therein.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding special and limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Pledged Revenues (as defined in the Indenture) and the other Available Funds (as defined in the Indenture).

2. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

3. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause interest on the

Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

5. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement dated August 21, 2012, or any other offering material relating to the Bonds.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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APPENDIX D

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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 heretofore supplemented, to be further supplemented by a Fifth Supplement to Continuing Disclosure Undertaking Agreement, dated as of August 1, 2012 (collectively, the "Undertaking"). Each Underwriter, by its agreement to purchase any Series 2012A 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 or beneficial owners of the Series 2012A Bonds.

Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series 2012A Bonds are Outstanding:

- Audited Financial Statements. To the Municipal Securities Rulemaking Board (the "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, 2012, 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, 2012, 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 then 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:

  FACILITIES AND SYSTEM

  ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS (or corollary sections) (Estimated 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 2012A Bonds:

  — 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 2012A Bonds, or other material events affecting the tax status of the Series 2012A Bonds;
— modifications to the rights of owners of the Series 2012A Bonds, if material;
— Series 2012A Bond calls, if material, and tender offers;
— defeasances;
— release, substitution or sale of property securing repayment of the Series 2012A 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 failure 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 will agree 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 (a "Dissemination 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 2012A Bonds, the Indenture or any other agreement to which the Corporation is a party and will not give rise to any other rights or remedies.

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 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 2012A 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 a majority of Outstanding Series 2012A Bonds 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.

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APPENDIX E

REFUNDED SERIES 2003B BONDS

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APPENDIX E

REFUNDED SERIES 2003B BONDS

The Refunded Series 2003B Bonds consist of The Trustees of Purdue University, Purdue University Student Facilities System Revenue Bonds, Series 2003B, issued May 29, 2003, identified below (the "Refunded Series 2003B Bonds"):

Maturity Date	Principal	Interest Rate	CUSIP
July 1, 2014	$575,000	3.50%	746189FE4
July 1, 2015	650,000	4.00	746189FF1
July 1, 2016	725,000	4.00	746189FG9
July 1, 2017	800,000	4.00	746189FH7
July 1, 2018	900,000	4.25	746189FJ3

The Refunded Series 2003B Bonds will be called for redemption prior to maturity, at a redemption price equal to 100% of the principal thereof, on July 1, 2013.

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