NEW ISSUE
BOOK-ENTRY-ONLY

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

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series DD Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. Such exclusion is conditioned on continuing compliance by the Corporation with the Tax Covenants (as hereinafter defined). In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series DD Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM" and APPENDIX C herein.

PURDUE
UNIVERSITY

$90,135,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Fee Bonds, Series DD

Dated: Date of Delivery **Due: January 1, 2019, then July 1, as shown on the inside cover page**

The Trustees of Purdue University (the "Corporation") will issue its Purdue University Student Fee Bonds, Series DD, dated the date of delivery (the "Series DD Bonds"), in the original aggregate principal amount of $90,135,000. The Series DD Bonds are being issued pursuant to resolutions adopted and actions authorized by the Board of Trustees of the Corporation and under an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended from time to time (the "Amended and Restated Indenture"), and as further supplemented by a Thirty-First Supplemental and Amendatory Indenture dated as of September 1, 2018 (the "Thirty-First Supplemental Indenture" and, collectively with the Amended and Restated Indenture, the "Indenture"), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"), for the purpose of financing, refinancing, or reimbursing the Corporation for the costs of certain projects, and paying costs of issuance of the Series DD Bonds. See "PLAN OF FINANCE."

Interest on the Series DD Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2019, by check mailed to the registered owners or by wire transfer to owners of $1,000,000 or more in aggregate principal amount who have requested the same of the Trustee. The Series DD Bonds are issuable only as fully registered bonds, and will be issued in denominations of $5,000 or any integral multiple thereof. The Series DD 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 DD Bonds will be made in book-entry-only form, and purchasers of a beneficial interest in the Series DD Bonds will not receive physical delivery of the certificates representing their interests in the Series DD Bonds. The principal of and interest on the Series DD Bonds will be paid to DTC or its nominee as the registered owner of the Series DD Bonds. Disbursement of such payments to owners of beneficial interests in the Series DD Bonds will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES DD BONDS--Book-Entry-Only System."

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

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

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

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

The Series DD 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 Ice Miller LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by its internal counsel, Steven R. Schultz, Esq., General Counsel to the Corporation, West Lafayette, Indiana, and for the Underwriters by Barnes & Thornburg LLP, Indianapolis, Indiana. Blue Rose Capital Advisors, LLC is serving as financial advisor to the Corporation. It is anticipated that the Series DD Bonds will be available for delivery to DTC in New York, New York, on or about September 18, 2018.

Goldman Sachs & Co. LLC

Wells Fargo Securities **Ramirez & Co., Inc.**

Official Statement dated: September 6, 2018

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

$90,135,000
The Trustees of Purdue University
Purdue University Student Fee Bonds, Series DD

Due	Principal Amount	Interest Rate	Yield	CUSIP[1]
January 1, 2019	$1,210,000	3.000%	1.613%	746189XW4
July 1, 2019	3,515,000	3.000	1.680	746189XX2
July 1, 2020	2,795,000	5.000	1.760	746189XY0
July 1, 2021	2,935,000	5.000	1.860	746189XZ7
July 1, 2022	3,085,000	5.000	1.970	746189YA1
July 1, 2023	3,235,000	5.000	2.060	746189YB9
July 1, 2024	3,400,000	5.000	2.160	746189YC7
July 1, 2025	3,570,000	5.000	2.270	746189YD5
July 1, 2026	3,750,000	5.000	2.360	746189YE3
July 1, 2027	3,935,000	5.000	2.450	746189YF0
July 1, 2028	4,135,000	5.000	2.520	746189YG8
July 1, 2029*	4,340,000	5.000	2.620	746189YH6
July 1, 2030*	4,555,000	5.000	2.690	746189YJ2
July 1, 2031*	4,780,000	5.000	2.790	746189YK9
July 1, 2032*	5,025,000	5.000	2.820	746189YL7
July 1, 2033*	5,275,000	5.000	2.860	746189YM5
July 1, 2034*	5,535,000	5.000	2.900	746189YN3
July 1, 2035*	5,815,000	5.000	2.950	746189YP8
July 1, 2036*	6,105,000	5.000	2.990	746189YQ6
July 1, 2037*	6,410,000	5.000	3.020	746189YR4
July 1, 2038*	6,730,000	5.000	3.050	746189YS2

* Priced to the par call date of July 1, 2028

[1] Copyright 2018, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are provided for convenience and reference only. Neither the Corporation nor the Underwriters are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Series DD Bonds or as indicated above.

[1] Term expires June 2019

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

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS A PART OF THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY THE SERIES DD 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 OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES DD 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 DD BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED IN ANY STATE AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES DD BONDS FOR SALE.

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

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SUMMARY STATEMENT

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

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

The main campus of Purdue University is located in West Lafayette, about 60 miles northwest of Indianapolis. Purdue Northwest maintains regional campuses in the northwestern cities of Hammond and Westville. Purdue Fort Wayne, operated jointly with Indiana University until July 1, 2018, is in northeastern Indiana. One additional regional campus continues to be operated jointly with Indiana University in Indianapolis. The West Lafayette campus is organized academically into ten colleges. Undergraduate, masters and doctorate degrees are awarded in each school. Purdue University's 2017 Fall semester headcount enrollment for all campuses exceeded 65,000, excluding the Indianapolis campus. An additional 6,252 Purdue students attended the Indiana University-Purdue University campus in Indianapolis. See APPENDIX A.

On March 22, 2018 the Corporation closed on its acquisition of the institutional operations and assets of Kaplan University from Graham Holdings Company. All necessary state and federal approvals had already been obtained. The Corporation is now operating the former Kaplan University as Purdue University Global, which is a nonprofit public benefit corporation controlled and supervised by the Corporation. Purdue University Global will provide online educational services, and will rely on tuition and fundraising to cover its operating expenses (with no state appropriations). At closing, approximately 29,000 former students of Kaplan University transitioned to Purdue University Global. See "Acquisition of Kaplan University Launches Purdue University Global" in APPENDIX A.

PURPOSES OF ISSUE. The Corporation's Purdue University Student Fee Bonds, Series DD (the "Series DD Bonds"), are being issued (i) to finance, refinance, or reimburse the costs of the Agricultural and Biological Engineering Building on the Corporation's West Lafayette campus, and the Bioscience Innovation Building on the Hammond campus of Purdue Northwest, as hereinafter described (the "Projects"), and (ii) to pay certain costs of issuance of the Series DD Bonds. See "PLAN OF FINANCE."

SECURITY. The Series DD Bonds, together with each of the Purdue University Student Fee Bonds, Series U, Series X, Series Y, Series Z-1, Series Z-2, Series AA, Series BB-1, Series BB-2 and Series CC, remaining outstanding after the issuance of the Series DD Bonds, are limited obligations of the Corporation payable from and secured solely by a pledge of and first lien on Student Fees as provided in the Indenture, payments to the Corporation from a Qualified Swap Provider pursuant to a Qualified Swap Agreement (if any), and moneys on deposit in certain funds established under the Indenture. At the time of issuance of the Series DD Bonds, the Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreement. The Series DD Bonds are not a general obligation debt or liability of the Corporation or the State of Indiana, and no recourse shall be had for the payment of the principal of or interest on the Series DD Bonds against the State of Indiana or the Corporation, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Student Fees, Qualified Swap Receipts (if any), and the funds pledged under the Indenture for payment of the Series DD Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS."

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

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

DEBT SERVICE COVERAGE. The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2017 and June 30, 2016, and the Maximum Annual Debt Service on all Outstanding Student Fee Bonds, after giving effect to the issuance of the Series DD Bonds.

	2017	2016
	(in thousands)	
Student Fees	$786,310	$766,802
Coverage[1]	14.99 x	14.62 x

[1] Maximum Annual Debt Service (in thousands) (FY 2020) ($52,441).

In the Preliminary Official Statement dated August 27, 2018 the preliminary maximum annual debt service number of $98,942,000 was erroneously based on estimated debt service of the Corporation's total bond indebtedness rather than merely the Corporation's Student Fee Bond indebtedness.

FEE COVENANT. The Corporation covenants that it will establish and collect Student Fees so as to generate in each Fiscal Year annual sums no less than 1.0 times the Annual Debt Service Requirement for such Fiscal Year and any other amounts to be paid from Student Fees with respect to such Fiscal Year, in accordance with the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Covenants of the Corporation."

RESERVE FUND. No reserve fund exists for the Series DD Bonds.

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

CONTINUING DISCLOSURE. Pursuant to the continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation has executed and delivered an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as heretofore supplemented, to be further supplemented by an Eleventh Supplement to Continuing Disclosure Undertaking Agreement to be dated as of September 1, 2018 (as supplemented, the "Restated Undertaking"), pursuant to which the Corporation will agree to provide (i) on an annual basis to the Municipal Securities Rulemaking Board ("MSRB") certain annual financial and operating information, and (ii) notice to the MSRB upon the occurrence of certain reportable events more fully described herein. See "CONTINUING DISCLOSURE" herein. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that in the previous five years it has not fully complied with its previous undertakings including, but not limited to, the following instances: Annual and event filings in some instances were not attached to all CUSIP numbers assigned to obligations of the Corporation. The Corporation makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances.

OFFICIAL STATEMENT

$90,135,000
The Trustees of Purdue University
Purdue University Student Fee Bonds, Series DD

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 $90,135,000 aggregate principal amount of its Purdue University Student Fee Bonds, Series DD (the "Series DD Bonds").

The Series DD Bonds are being issued under Indiana Code 21-34-6 through 10, as amended (the "Act"), and pursuant to resolutions adopted by and actions authorized by the Board of Trustees of the Corporation (the "Board"), and in accordance with the provisions of an Amended and Restated Trust Indenture, dated as of May 1, 1996, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"), as supplemented and amended from time to time (the "Amended and Restated Indenture"), and as further supplemented by the Thirty-First Supplemental and Amendatory Indenture dated as of September 1, 2018, by and between the Corporation and the Trustee (the "Thirty-First Supplemental Indenture"). The Amended and Restated Indenture, as supplemented by the Thirty-First Supplemental Indenture, is referred to herein as the "Indenture."

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

The Series DD Bonds are limited obligations of the Corporation secured exclusively by and payable solely from a pledge of and a first lien on Student Fees, payments to the Corporation from a Qualified Swap Provider pursuant to a Qualified Swap Agreement (if any), and moneys on deposit in certain funds established under the Indenture. The Corporation has not entered into any Qualified Swap Agreements and has no present intention to enter into any Qualified Swap Agreements. The Series DD Bonds are not a general obligation, debt or liability of the Corporation or of the State of Indiana, and no recourse will be had for the payment of the principal of or interest on the Series DD Bonds against the State of Indiana or the Corporation, or against the property or funds of the Corporation or of the State of Indiana, except to the extent of the pledge of Student Fees, Qualified Swap Receipts (if any), and certain funds under the Indenture for payment of the Series DD Bonds. The Corporation has no taxing power.

Under the Indenture, the Corporation has issued and has outstanding as of August 1, 2018, $340,600,000 in cumulative aggregate principal amount of its (i) Purdue University Student Fee Bonds, Series U (the "Series U Bonds"); (ii) Purdue University Student Fee Bonds, Series X (the "Series X Bonds"); (iii) Purdue University Student Fee Bonds, Series Y (the "Series Y Bonds"); (iv) Tax-Exempt Purdue University Student Fee Bonds, Series Z-1 (the "Series Z-1 Bonds"); (v) Taxable Purdue University Student Fee Bonds, Series Z-2 (Build America Bonds – Direct Pay Option) (the "Series Z-2 Bonds"); (vi) Purdue University Student Fee Bonds, Series AA (the "Series AA Bonds"); (vii) Tax-Exempt Purdue University Student Fee Bonds, Series BB-1 (the "Series BB-1 Bonds"); (viii) Taxable Purdue University Student Fee Bonds, Series BB-2 (the "Series BB-2 Bonds") and (ix) Purdue University Student Fee Bonds, Series CC (the "Series CC Bonds") (the Bonds referred to in clauses (i) through (ix) are collectively referred to as the "Outstanding Student Fee Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS -- Outstanding Student Fee Bonds." The Series DD Bonds are issued on a parity with the Outstanding Student Fee Bonds and any additional Parity Bonds (as hereinafter defined) issued by the Corporation under the Indenture (the Outstanding Student Fee Bonds and the Series DD Bonds, together with any Additional Bonds (as hereinafter defined) issued by the Corporation under the Indenture, are collectively referred to as the "Student Fee Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS."

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

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

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

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

PURPOSES OF SERIES DD BONDS

The Series DD Bonds are being issued for the purposes of financing, refinancing and reimbursing the Corporation for the costs of certain capital improvements, as described under the caption "PLAN OF FINANCE." A portion of the proceeds of the Series DD Bonds will be used to pay for the costs of issuance of the Series DD Bonds.

DESCRIPTION OF SERIES DD BONDS

General

The Series DD Bonds will be issued in the aggregate principal amount of $90,135,000 and will be dated and bear interest from the date of issuance. The Series DD Bonds will bear interest (payable January 1 and July 1 of each year, with the first interest payment being January 1, 2019 (each, an "Interest Payment Date")) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series DD Bonds will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

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

The Series DD Bonds will be registered on the books of the Corporation kept for that purpose (the "Bond Register") at the corporate trust operations office of the Trustee as Bond Registrar. The principal of the Series DD Bonds is payable upon presentation and surrender thereof at the principal operations office of the Trustee. Interest on the Series DD Bonds is payable on each Interest Payment Date by check mailed on the first Business Day prior to such Interest Payment Date, by the Trustee to the Registered Owners as their names and addresses appear in the Bond Register on the 15th day of the month preceding such Interest Payment Date (each, a "Record Date"), or by wire transfer on the Interest Payment Date to any Registered Owner of $1,000,000 or more in aggregate principal amount who requests the same in writing to the Trustee prior to the Record Date for such Interest Payment Date.

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

Redemption

Optional Redemption of Series DD Bonds. The Series DD Bonds maturing on or after July 1, 2029, are subject to redemption prior to maturity at the option of the Corporation at any time on or after July 1, 2028, in whole or in part, in any order of maturity designated by the Corporation (less than all of the Series DD Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at a redemption price of 100% of the principal amount of each Series DD Bond to be redeemed, plus accrued interest to the date of redemption.

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

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

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

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

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

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

Open Market Purchases. At its option, the Corporation may (a) deliver to the Trustee Series DD Bonds purchased with available moneys of the Corporation and (b) instruct the Trustee to apply the principal amount of such Series DD Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Series DD Bonds of the same maturity to be redeemed on such redemption date.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series DD Bonds. The Series DD 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 DD Bond certificate will be issued for the Series DD Bonds (designating each maturity thereof and the interest rate for each maturity or within a maturity) and will be deposited with DTC.

DTC, the world's largest 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 issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Series DD 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 DD Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series DD Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series DD Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, distributions, and other payments on the Series DD Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series DD 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, certificates for such Series DD Bonds 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, certificates for such Series DD Bonds will be printed and delivered.

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

Disclaimer

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

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

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

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

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

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

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

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

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

(iii) registering transfers with respect to the Series DD Bonds; and

(iv) the selection of Series DD Bonds for redemption.

Payment of Principal and Interest on Series DD Bonds

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

Interest Account. The Trustee shall establish and maintain, so long as any Series DD Bonds are outstanding, a separate account within the Sinking Fund created by the Indenture known as the Series DD Interest Account. The Trustee will allocate from amounts in the Sinking Fund to the Series DD Interest Account amounts which are sufficient to pay interest on the Outstanding Series DD Bonds as such becomes due. On or before the first day of each January and July, commencing January 1, 2019 (or, if such day is not a Business Day, then on the first Business Day after such day), the Trustee will deposit in the Series DD Interest Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the interest due on the Series DD Bonds on such Interest Payment Date and (b) the amount of money on deposit in the Series DD Interest Account available to pay such interest on the Series DD Bonds. Moneys on deposit in the Series DD Interest Account shall be used by the Trustee to pay interest on the Series DD Bonds on regularly scheduled Interest Payment Dates.

Principal Account. The Trustee shall establish and maintain, so long as any Series DD Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series DD Principal Account. All payments made by the Corporation in respect to principal of the Series DD Bonds shall be deposited as and when received by the Trustee in the Series DD Principal Account. On or before January 1, 2019, then on or before the first day of each July, commencing July 1, 2019 (or, if such day is not a Business Day, then on the first Business Day after such day), the Trustee will deposit in the Series DD Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series DD Bonds maturing on January 1, 2019 or on such July 1 and (b) the amount of money then on deposit in the Series DD Principal Account available to pay the principal of the Series DD Bonds. Moneys on deposit in the Series DD Principal Account shall be used by the Trustee to pay the principal of the Series DD Bonds when due.

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

Transfer and Exchange of Series DD Bonds

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

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

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

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

Upon surrender for transfer or exchange of any of the Series DD Bonds at the corporate trust operations office of the Bond Registrar, the Corporation shall execute, and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees, a new fully registered Series DD Bond or Series DD Bonds of the same maturity of authorized denominations for a like aggregate principal amount. Any Series DD Bond or Series DD Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of any Series DD Bond or Series DD Bonds of the same maturity of other authorized denominations. The Trustee will not be required to transfer or exchange any Series DD Bond after notice calling such Series DD Bond or portion thereof for redemption has been mailed or during the period of 15 days prior to the mailing of a notice of redemption of any Series DD

Bond of the same maturity. No service charge or payment shall be required to be made by the Owner of any Series DD Bond requesting an exchange, registration or transfer of any Series DD Bond, but the Corporation, the Trustee and the Bond Registrar may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer. For a more detailed description, see "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

SECURITY AND SOURCES OF PAYMENT FOR STUDENT FEE BONDS

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

Student Fees

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

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

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

Reserve Fund

While a Reserve Fund has been established pursuant to the Indenture, no Reserve Fund Requirement (as hereinafter defined) exists for the Series DD Bonds (or any other Student Fee

Bonds which are Outstanding). Accordingly, the Series DD Bonds will have no claim on the Reserve Fund. However, the Corporation may issue Additional Bonds at some later date which will have a claim on the Reserve Fund in the manner prescribed in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE--Flow of Funds."

Fee Covenant

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

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

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

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

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

Issuance of Additional Bonds

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

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

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

In addition, the Corporation may issue bonds or other evidences of indebtedness, for any of the purposes described above, with a lien which is junior to the Student Fee Bonds in all respects.

All computations regarding debt service and Student Fees shall be made by the Treasurer of the Corporation. Compliance with the Indenture will be conclusively evidenced to the Trustee by a certificate of the Treasurer of the Corporation.

Outstanding Student Fee Bonds

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

Obligation	Delivery Date	Final Maturity	Original Amount Issued	Amount Outstanding as of August 1, 2018
Series U Bonds	July 20, 2005	July 1, 2022	$35,200,000	$12,630,000
Series X Bonds	April 9, 2009	July 1, 2019	106,925,000	5,265,000
Series Y Bonds	March 17, 2010	July 1, 2020	74,130,000	8,390,000
Series Z-1 Bonds	November 23, 2010	July 1, 2024	68,320,000	16,440,000
Series Z-2 Bonds	November 23, 2010	July 1, 2035	100,705,000	85,575,000
Series AA Bonds	August 9, 2012	July 1, 2032	54,555,000	43,095,000
Series BB-1 Bonds	January 7, 2015	July 1, 2034	48,630,000	34,105,000
Series BB-2 Bonds	January 7, 2015	July 1, 2032	18,985,000	15,235,000
Series CC Bonds	May 26, 2016	July 1, 2036	121,885,000	119,865,000

The Act further provides general authorization for the incurrence of indebtedness by the Corporation, for miscellaneous purposes, subject to approvals from the General Assembly (unless, after the issuance thereof, the total amount of outstanding bonds issued by the Corporation without General Assembly approval will not exceed $2,000,000), the Governor, the State Budget Committee and State Budget Agency. As of August 1, 2018, the Corporation has no indebtedness outstanding which does not have General Assembly approval.

The Act also provides for the incurrence of indebtedness by the Corporation to finance qualified energy savings projects, subject to any necessary approvals from the Governor, the State Budget Committee and State Budget Agency, if annual operating savings arising from the project are reasonably expected to be at least equal to annual debt service requirements on the indebtedness. The Corporation has previously used a tax-exempt commercial program to finance, on an interim basis, among other things, the costs of various projects which may be financed on a permanent basis with Student Fee Bonds (or auxiliary revenue bonds). This program was fully paid in January, 2015 and ended on April 1, 2018.

DEBT SERVICE COVERAGE

The following debt service coverage summary is based on Student Fees for the Fiscal Years ended June 30, 2017 and June 30, 2016, and the Maximum Annual Debt Service on all Outstanding Student Fee Bonds, after giving effect to the issuance of the Series DD Bonds.

	2017	2016
	(in thousands)	
Student Fees	$786,310	$766,802
Coverage[1]	14.99 x	14.62 x

[1] Maximum Annual Debt Service (in thousands) (FY 2020) ($52,441).

In the Preliminary Official Statement dated August 27, 2018 the preliminary maximum annual debt service number of $98,942,000 was erroneously based on estimated debt service of the Corporation's total bond indebtedness rather than merely the Corporation's Student Fee Bond indebtedness.

ANNUAL DEBT SERVICE REQUIREMENTS

The aggregate Annual Debt Service Requirements for all Student Fee Bonds, after giving effect to the issuance of the Series DD Bonds, are as follows:

Fiscal Year Ending June 30	Series U Bonds	Series X Bonds	Series Y Bonds	Series Z-1 Bonds	Series Z-2 Bonds*	Series AA Bonds	Series BB-1 Bonds	Series BB-2 Bonds	Series CC Bonds	Series DD Bonds	Total†
2019	$3,921,176	$5,398,500	$4,406,750	$7,220,175	$7,917,521	$4,109,588	$5,050,850	$1,387,168	$6,496,250	$2,472,394	$48,380,371
2020	3,891,056	5,396,625	4,407,250	6,181,550	7,869,999	4,106,463	4,866,875	1,389,779	6,492,725	7,838,225	52,440,547
2021	3,887,425		4,407,500	4,717,050	7,827,524	4,109,688	4,867,875	1,384,455	11,723,100	6,995,625	49,920,241
2022	3,066,394			2,294,675	7,769,873	4,107,663	4,285,125	1,386,204	15,941,725	6,992,375	45,844,033
2023	3,068,488			2,296,300	7,718,778	4,108,288	4,015,875	1,380,634	15,939,850	6,991,875	45,520,088
2024				2,297,550	7,662,587	4,107,538	4,015,875	1,382,959	15,904,850	6,983,875	42,355,233
2025				300,900	8,316,058	4,110,038	4,008,375	1,377,754	15,905,225	6,983,000	41,001,349
2026					8,536,312	4,110,413	3,998,250	1,373,607	15,888,975	6,978,750	40,886,306
2027					8,446,262	4,108,413	3,990,125	1,375,938	15,387,350	6,975,750	40,283,837
2028					8,338,905	4,103,788	1,087,750	1,376,854	15,010,000	6,968,625	36,885,921
2029					8,226,310	4,105,963	1,084,375	1,376,355	10,129,325	6,966,875	31,889,203
2030					8,113,088	4,108,088	1,092,375	1,374,442	2,237,000	6,960,000	23,884,992
2031					8,003,590	4,107,413	1,087,325	1,374,331	2,233,125	6,952,625	23,758,409
2032					5,580,277	4,105,000	1,096,450	1,370,874	2,235,250	6,944,250	21,332,102
2033					5,499,714	4,110,731	1,085,625	1,370,609	2,233,125	6,944,125	21,243,929
2034					5,410,616		2,381,000		2,226,750	6,936,625	16,954,991
2035					5,322,717		902,000		2,225,875	6,926,375	15,376,967
2036					5,225,750				2,225,125	6,922,625	14,373,500
2037									2,224,250	6,914,625	9,138,875
2038										6,906,750	6,906,750
2039										6,898,250	6,898,250

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

PLAN OF FINANCE

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

The Projects

The Agricultural and Biological Engineering (ABE) Building project will include the renovation of and an addition to the ABE building, located on the existing ABE building site on the Corporation's West Lafayette campus. The project will include the demolition of the existing, southern portion of ABE, the construction of a new addition (125,000 GSF) and the renovation of the existing northern portion (37,250 GSF) of the facility. The new and renovated space will better accommodate cell and molecular biology, wet chemistry, bio-process equipment, computing research and teaching space. This further development of cutting edge research and instructional excellence will also help support the Purdue Moves Expanding Engineering and Plant Sciences initiatives. The planned lab spaces will provide flexible layouts for instruction and design and the project will result in the consolidation of ABE resources currently spread across campus.

Construction is expected to begin in October 2018 with expected completion in October 2020. The estimated total project cost of $80,000,000 will be funded with $69,000,000 in proceeds from the Series DD Bonds and $11,000,000 in Corporation and gift funds.

The Bioscience Innovation Building project will include construction of a new 68,000 GSF facility located on the Corporation's Purdue Northwest campus in Hammond. The new facility will contain offices and research and teaching labs for the College of Nursing and the Department of Biological Sciences. The new facility will be located south of the student union and library. As part of this project, the Gyte Annex, where some of the activities are currently located, will be demolished. The new facility will prepare students for 21st century jobs in nursing and life sciences while advancing economic development in northwest Indiana.

Construction is expected to begin in August 2018 with expected completion in April 2020. The estimated total project cost of $40,500,000 will be funded with $35,100,000 in proceeds from the Series DD Bonds, previously received State Appropriations of $2,400,000, and $3,000,000 in Corporation and gift funds.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of Series DD Bonds	$90,135,000.00
Original Issue Premium	14,493,251.00
Equity Contribution	15,174,046.00
Estimated Investment Earnings[1]	1,225,954.00
Total Sources of Funds	$121,028,251.00
Uses of Funds:	
Project Costs, ABE Building	$80,000,000.00
Project Costs, Bioscience Innovation Building	45,500,000.00
Underwriters' Discount	208,246.80
Costs of Issuance	320,004.20
Total Uses of Funds	$121,028,251.00

[1]Includes interest earnings on Project Fund at 1.40%

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Parity Bonds" means the Series U Bonds, Series X Bonds, Series Y Bonds, Series Z-1 Bonds, Series Z-2 Bonds, Series AA Bonds, Series BB Bonds, Series CC Bonds, Series DD Bonds and all Additional Bonds which are secured by a pledge, assignment and grant of a first lien and security interest against the Pledged Funds, except as otherwise provided with respect to the Reserve Fund.

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

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

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

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

2. Escrowed Municipals;

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

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

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

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

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

"Projects" means the following: (i) the renovation of and an addition to the Agricultural and Biological Engineering Building on the Corporation's West Lafayette campus, and (ii) the construction of the Bioscience Innovation Building on the Corporation's Purdue Northwest campus in Hammond.

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

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

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

"Qualified Swap Provider" means any Qualified Counterparty with whom the Corporation has entered into a Qualified Swap.

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

"Rebate Agreement" means the Construction and Rebate Agreement between the Corporation and the Trustee, dated as of September 1, 2018.

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

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

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

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

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

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

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

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

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

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

"Series BB-2 Bonds" means the Taxable Purdue University Student Fee Bonds, Series BB-2, in the initial aggregate principal amount of Eighteen Million Nine Hundred Eighty-Five

Thousand Dollars ($18,985,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series CC Bonds" means the Purdue University Student Fee Bonds, Series CC, in the initial aggregate principal amount of One Hundred Twenty-One Million Eight Hundred Eighty-Five Thousand Dollars ($121,885,000), and any Student Fee Bonds in substitution or replacement therefor.

"Series DD Bonds" means the Purdue University Student Fee Bonds, Series DD, in the initial aggregate principal amount of Ninety Million One Hundred Thirty-Five Thousand Dollars ($90,135,000), and any Student Fee Bonds in substitution or replacement therefor.

"Student Fees" means all academic fees (including tuition), however denominated, assessed by the Corporation against students attending Purdue University, except fees which may be subsequently released from the lien of the Indenture, as provide therein.

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

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

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

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

Flow of Funds

Sinking Fund. The Corporation will maintain with the Trustee a separate fund known as the Sinking Fund ("Sinking Fund") pursuant to the Indenture. Within the Sinking Fund the Trustee will establish and maintain so long as any Series DD Bonds are Outstanding separate accounts known as the Series DD Principal Account and the Series DD Interest Account for the Series DD Bonds. On or before each interest or principal payment date on the Series U Bonds, the Series X Bonds, the Series Y Bonds, the Series Z-1 Bonds, the Series Z-2 Bonds, the Series AA Bonds, the Series BB Bonds, the Series CC Bonds, the Series DD Bonds and any additional Parity Bonds (except for any Optional Tenders for which a Credit Support Instrument has been provided), the Corporation will transfer and remit Student Fees to the Trustee by wire transfer in immediately available funds for deposit in the Sinking Fund in an amount which, when added to any amount then in the Sinking Fund, equals the amount of such principal and interest on all Parity Bonds becoming due on such interest or principal payment date (other than Optional Tenders for which a Credit Support Instrument is provided) and any deficiencies then in existence in regard to the Sinking Fund. On or before any interest or principal payment date on

Subordinated Bonds or Optional Tenders for which a Credit Support Instrument was provided but which was not paid through a Credit Support Instrument, after making the transfers required above and described in the paragraph below concerning the Reserve Fund, the Corporation will transfer and remit Student Fees to the Trustee by wire transfer in immediately available funds for deposit in the special account therefor in the Sinking Fund, in an amount which, when added to any amount in said special account and other funds legally available for that purpose, equals the principal amount of Subordinated Bonds or Optional Tenders not paid through a Credit Support Instrument due on that payment date and interest accrued to that date in the order of priority established by the applicable supplemental indenture. Payments of such Optional Tenders from the Sinking Fund will be subordinate to the payment of the principal of and interest on any Parity Bonds.

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

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

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

Any withdrawal from the Reserve Fund of money on deposit therein will be subsequently replaced and restored from the first available Pledged Funds after all required transfers to the

Sinking Fund have been made in full if the amount thereafter in the Reserve Fund is less than the Reserve Fund Requirement. Such replacement and restoration will first be provided in regard to the Reserve Fund Credit Instrument or Reserve Fund Credit Instruments on a pro rata basis and thereafter in favor of any portion of the Reserve Fund to be maintained in cash or Permitted Investments.

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

Series DD Project Fund. Pursuant to the Rebate Agreement, the Corporation will establish a separate fund to be known as the Series DD Project Fund (the "Series DD Project Fund"), into which a portion of the proceeds of the Series DD Bonds will be deposited to be used by the Corporation for the purpose of funding the costs of the Projects.

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

> Agricultural and Biological Engineering Building Account. A portion of the proceeds of the Series DD Bonds will be deposited into the "Agricultural and Biological Engineering Building Account." Amounts in such Account will be applied only toward the cost of (or to reimburse the Corporation for payment theretofore made by it on account of) the applicable component of the Projects. Upon the completion of the applicable component of the Projects, any balance of moneys in such Account may, at the option of the Corporation, be (i) applied to pay other costs associated to the equipping and furnishing of the Projects, to the extent permitted under federal tax laws and regulations, (ii) transferred to the Series DD Interest Account of the Sinking Fund to pay interest on the Series DD Bonds, (iii) transferred to the Series DD Principal Account of the Sinking Fund to pay principal of the Series DD Bonds, (iv) deposited in the Rebate Fund, or (v) transferred to an additional project account as provided in the Indenture and the Rebate Agreement.
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> Bioscience Innovation Building Account. A portion of the proceeds of the Series DD Bonds will be deposited into the "Bioscience Innovation Building Account." Amounts in such Account will be applied only toward the cost of (or to reimburse the Corporation for payment theretofore made by it on account of) the applicable component of the Projects. Upon the completion of the applicable component of the Projects, any balance of moneys in such Account may, at the option of the Corporation, be (i) applied to pay other costs associated to the equipping and furnishing of the Projects, to the extent permitted under federal tax laws and regulations, (ii) transferred to the Series DD Interest Account of the Sinking Fund to pay interest on the Series DD Bonds, (iii) transferred to the Series DD Principal Account of the Sinking Fund to pay principal of the Series DD Bonds, (iv) deposited in the Rebate Fund, or (v) transferred to an additional project account as provided in the Indenture and the Rebate Agreement.

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

Earnings Account. Amounts in the "Earnings Account" shall, at the option of the Corporation, (i) be used as needed to pay costs of the Projects, or any other costs associated with the equipping, landscaping or furnishing of such Projects, prior to the completion of construction of such Projects; or (ii) if funds are available, be applied to pay construction period interest. After completion of the Projects, amounts held in the Earnings Account may, at the option of the Corporation, (i) be transferred to the Rebate Fund established pursuant to the Rebate Agreement; (ii) be deposited in the Series DD Interest Account of the Sinking Fund, to pay interest on the Series DD Bonds; (iii) be deposited in the Series DD Principal Account of the Sinking Fund, to pay principal of the Series DD Bonds; or (iv) be transferred to an additional project account, if any, described above.

Expense Account. The Corporation will establish a separate account in the Series DD Project Fund to be known as the "Expense Account," to the credit of which deposits are to be made from the proceeds of the Series DD Bonds. Moneys on deposit in the Expense Account will be applied to pay certain costs of issuing the Series DD Bonds. Any moneys remaining in the Expense Account on December 15, 2018, will be transferred to the Series DD Interest Account of the Sinking Fund.

Moneys on deposit in the Series DD Project Fund and all the Accounts thereof will be invested in accordance with the provisions of the Rebate Agreement, and income or losses resulting from such investments will be credited or debited to the Earnings Account.

Additional Security

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

Partial Release of Lien on Student Fees

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

Covenants of the Corporation

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

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

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

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

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

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

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

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

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

The Corporation has also entered into the following tax covenants regarding the Series DD Bonds:

(a) that it will not permit the facilities financed with the proceeds of the Series DD Bonds to be used in such manner as would result in the loss of the exclusion of interest on the Series DD Bonds from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "1986 Code") (or any successor section of such 1986 Code or subsequent federal income tax statute or code), nor will the Corporation act in any other manner which would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series DD Bonds; this covenant is based solely on current law in effect and in existence on the date of delivery of said Series DD Bonds; and

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

However, it will not be an event of default under the Indenture if the interest on the Series DD Bonds becomes includable in the gross income for federal income tax purposes or otherwise subject to federal income taxes pursuant to any provision of the 1986 Code which is not currently in effect and in existence on the date of issuance of the Series DD Bonds.

Investments

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

Defaults and Remedies

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

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

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

3. default is made by the Corporation or any of its officers in the performance or observance of any of the other covenants, conditions or obligations in the Student Fee Bonds or in the Indenture expressed and such default is not remedied within 30 days after written notice from the Trustee to remedy such default, which may serve such notice in its discretion and will serve the same at the written request of the holders of not less than 25% in the principal amount of Student Fee Bonds then Outstanding under the Indenture or of the provider of any Credit Support Instrument; or

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

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

Upon any Event of Default, the Trustee may, in its discretion, and, upon the written request of the holders of 25% in principal amount of the Student Fee Bonds then outstanding or the provider of any Credit Support Instrument and upon being indemnified to its satisfaction by the party or parties requesting such action, will proceed to protect and enforce its rights and the rights of the holders of the Student Fee Bonds by suit or suits at law or in equity, whether for the specific performance of any covenant or agreement contained in the Indenture, or in the execution or aid of any power granted in the Indenture, or for the enforcement of any other proper legal or equitable remedy as the Trustee, being advised by counsel, deems most effectual to protect and enforce its rights and the rights of such holders of the Student Fee Bonds.

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

The Trustee is appointed the special agent and representative of the holders of Student Fee Bonds and vested with full power in their behalf to effect and enforce the Indenture for their benefit as provided therein. However, the holders of 51% or more in aggregate principal amount of all Student Fee Bonds then Outstanding are entitled to direct and control the conduct of any proceeding for exercising any remedies available to the Trustee.

Unless an Event of Default has occurred and has not been cured, the Corporation will remain in full possession and control of the Student Fees, subject always to the observance of the covenants of the Indenture with respect thereto. Upon the occurrence of an Event of Default, the Trustee will have the right, upon a demand to the Corporation, to have all Student Fees deposited, as they are collected, in a Student Fee Fund to be maintained by the Trustee, to invest that Fund in Permitted Investments, to apply amounts in that Fund first to the payment of principal of and interest on the Student Fee Bonds and the maintenance of the Reserve Fund, then to repay providers of Reserve Fund Credit Instruments, and finally to remit all other amounts in such Fund not needed to be held aside for those purposes to the Corporation.

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

Defeasance

If (1) the Corporation pays, or causes to be paid, or there is otherwise paid to the holders of all Student Fee Bonds, the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, (2) the Corporation pays all expenses and fees of the Trustee and Paying Agent, and (3) the Corporation keeps, performs and observes all and singular the covenants and promises in the Student Fee Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the pledge of Student Fees and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Corporation to the holders of the Student Fee Bonds, will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will cause an accounting for such period or periods as is requested by the Corporation to be prepared and filed with the Corporation, and upon request of the Corporation will execute and deliver all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent will pay over to or deliver to the Corporation all moneys or securities held by them pursuant to the Indenture which are not required for the payment of principal and interest payments on the Student Fee Bonds. If the Corporation pays or causes to be paid, or makes provisions for payment in accordance with the Indenture, to the holders of all Student Fee Bonds then Outstanding of a particular series, or of a particular maturity within a series, the principal and the interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Student Fee Bonds will cease to be entitled to any lien, benefit or security under the Indenture (except for the moneys, Federal Securities and Escrowed Municipals deposited as described in the Indenture) and all covenants, agreements and obligations of the Corporation to the holders of such Student Fee Bonds will thereupon cease, terminate and become void and be discharged and satisfied.

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

Supplemental Indentures; Amendments

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

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

2. to add to the covenants and agreements or to surrender any right or power of the Corporation in the Indenture;

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

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

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

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

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

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

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

10. for any other purpose not prohibited by the terms of the Indenture which does not impair the security afforded thereby or for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective or inconsistent provision contained in the Indenture or in a supplemental indenture; or

11. to provide for the terms under which Qualified Swap Agreements may be entered into by the Corporation in connection with any Student Fee Bonds, including the relation of Qualified Swap Receipts and Qualified Swap Payments by the Corporation to the flow of funds set forth in the Indenture applicable to such Student Fee Bonds, and all other necessary or appropriate terms and conditions of such Qualified Swap consistent with the Indenture; provided, however, that such Qualified Swap Agreement does not have an adverse effect on any rating of the Student Fee Bonds by any nationally recognized rating agency currently rating such Student Fee Bonds, without regard to any other factors which may affect such rating.

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

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series DD Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. This opinion relates only to the exclusion from gross income of interest on the Series DD Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants (as hereinafter deemed). Failure to comply with the Tax Covenants could cause interest on the Series DD Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series DD Bonds is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Series DD Bonds for State income tax purposes. 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 DD Bonds as a condition to the exclusion from gross income of interest on the Series DD Bonds for federal income tax purposes. The Corporation will covenant not to take any action within its power and control, nor fail to take any action with respect to the Series DD Bonds, that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series DD Bonds pursuant to Section 103 of the Code (collectively, the “Tax Covenants”). The Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series DD Bonds establish procedures under which compliance with the requirements of the Code can be met.

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

Although Bond Counsel will render an opinion that interest on the Series DD Bonds is excludable from gross income under Section 103 of the Code for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series DD Bonds may otherwise affect a Bondholder’s federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon a Bondholder’s particular tax status and a Bondholder’s other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series DD Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series DD Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series DD Bonds.

BOND PREMIUM

The initial public offering prices of the Series 2018 Bonds maturing on and after July 1, 2029 (collectively, the “Premium Bonds”) are greater than the principal amounts payable at maturity or the call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial 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 or call date. The amount of amortizable Bond Premium will be computed on the basis of the owner’s yield. Rules for determining (i) yield, (ii) the amount of amortizable Bond Premium and (iii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code and the Regulations accompanying that section. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but the 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 the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

LITIGATION

Absence of Litigation Related to the Series DD Bonds

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

Other Proceedings

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Global Ratings, a division of The McGraw-Hill Companies, Inc. ("S&P") have given the Series DD Bonds the ratings of "Aaa" and "AAA," respectively. An explanation of the rating by Moody's may be obtained from such agency at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, and an explanation of the rating by S&P may be obtained from such agency at 55 Water Street, New York, New York, 10004.

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

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into an Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010, as previously supplemented and as further supplemented by a Eleventh Supplement to Continuing Disclosure Undertaking Agreement, dated as of September 1, 2018 (as supplemented, the "Undertaking"). Each Underwriter, by its agreement to purchase any Series DD Bonds, accepts and assents to the Undertaking and the exchange of (i) such agreement for (ii) the promises of Corporation, and assigns all its rights under the Undertaking to the holders of Series DD Bonds or Beneficial Owners (as such terms are defined in the Undertaking). Beneficial Owners and holders of Bonds (including the Series DD Bonds) are named as third party beneficiaries of the Undertaking.

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

- <u>Audited Financial Statements</u>. To the Municipal Securities Rulemaking Board ("MSRB"), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2018, together with the auditor's report and all notes thereto; and

- <u>Financial Information in Official Statement</u>. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2018, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided under the following headings in this Official Statement (collectively, the "Annual Information"); provided, however, that the updating information may be provided in such format as the Corporation deems appropriate:

  ANNUAL DEBT SERVICE REQUIREMENTS

  (Total Debt Service Column Only)

  APPENDIX A

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

- <u>Event Notices</u>. 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 DD Bonds, in each case (i) in an electronic format as prescribed by MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

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

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

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

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

Corporation will cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

The Corporation has agreed to make a good faith effort to obtain Annual Information. However, failure to provide any component of Annual Information, because it is not available to the Corporation on the date by which Annual Information is required to be provided under the Undertaking, will not be deemed to be a breach of the Undertaking. The Corporation has further agreed to supplement the Annual Information filing when such data is available.

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

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

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking, any holder or beneficial owner of Series DD 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 DD 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 DD 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 DD 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 DD 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 DD Bonds, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the Trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of 51% or more of Outstanding Series DD Bonds as required under the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

Prior Compliance. In order to assist the Underwriters in complying with the Underwriters' obligations pursuant to the Rule, the Corporation represents that in the previous five years it has not fully complied with its previous undertakings including, but not limited to, the following instances: annual and event filings in some instances were not attached to all CUSIP numbers assigned to obligations of the Corporation.

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

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series DD Bonds are subject to the approval of Ice Miller LLP, Bond Counsel and Disclosure Counsel. Certain legal matters will be subject to the approval of Barnes & Thornburg LLP, counsel to the Underwriters. Certain legal matters will be subject to the approval of Steven R. Schultz, Esq., Legal Counsel to the Corporation, West Lafayette, Indiana, internal counsel to the Corporation. The form of the approving opinion of Bond Counsel with respect to the Series DD 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 DD 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 DD 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 DD Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

UNDERWRITING

Goldman Sachs & Co. LLC, for itself and as the representative of others as shown on the cover page hereof (the "Underwriters"), has agreed to purchase the Series DD Bonds subject to certain conditions precedent, and the Underwriters are obligated to purchase all Series DD Bonds issued at an aggregate purchase price of $104,420,004.20 (representing the aggregate par amount of Series DD Bonds, plus original issue premium of $14,493,251.00, and less the Underwriters' discount of $208,246.80). The Underwriters may offer and sell the Series DD Bonds to certain dealers (including dealers depositing the Series DD 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.

FINANCIAL ADVISOR

Blue Rose Capital Advisors, LLC (the "Financial Advisor"), has been retained by the Corporation to provide certain financial advisory services in connection with the issuance of the Series DD Bonds, including limited assistance with the preparation of the Official Statement. The fee to be paid to the Financial Advisor for services provided in connection with the issuance of the Series DD Bonds is contingent upon the closure of the Series DD Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the information set forth in this Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Corporation to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series DD Bonds.

The Financial Advisor is under common ownership with HedgeStar, LLC ("HedgeStar") and MuniPriceTracker, LLC ("MPT"). HedgeStar provides hedge accounting, fair value accounting, and valuation services for financial instruments including, but not limited to, fixed-income securities and derivatives, which services may have been used in the preparation of the Corporation's financial statements. MPT provides secondary market bond trading reporting services, which may be relied upon for tax compliance and trading performance evaluation by the Corporation, or by other parties involved in the issuance, in connection with the Series DD Bonds. HedgeStar and MPT currently do not, and in connection with the Series DD Bonds are not expected to, provide services to the Corporation.

SPECIAL RELATIONSHIPS

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the Underwriters of the Series DD Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series DD Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series DD Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series DD Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MISCELLANEOUS

During the initial offering period for the Series DD Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the University, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of Goldman Sachs & Co. LLC, 200 West Street, 30th Floor, New York, NY 10282. APPENDICES A and D have been prepared by the Corporation and APPENDIX B, the Corporation's financial statements, were furnished by the Corporation. APPENDIX C has been prepared by Ice Miller LLP, Bond Counsel to the Corporation. All of the Appendices hereto are incorporated as an integral part of this Official Statement.

THE TRUSTEES OF PURDUE UNIVERSITY

/s/ William E. Sullivan
William E. Sullivan, Treasurer

Dated: September 6, 2018

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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

Purdue University
and
The Trustees of Purdue University

General

Purdue University ("Purdue" or the "University") was established in 1869 as one of the land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to an estimated population in excess of 65,000 full-time and part-time students and approximately 5,300 faculty and lecturers on its main, regional, and statewide campuses as of Fall 2017. An additional 6,254 Purdue students were enrolled in Fall 2017 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 and Westville as Purdue University Northwest (PNW) and in Fort Wayne as Purdue University Fort Wayne (PFW). Until July 1, 2018, the Fort Wayne campus was known as Indiana University-Purdue University Fort Wayne (IPFW). See "Review of Indiana University-Purdue University Fort Wayne Role and Governance" below. Purdue University also operates a Statewide Technology Program at numerous locations throughout Indiana.

On April 27, 2017, Purdue announced it would acquire the institutional operations and assets of Kaplan University from Graham Holdings Company, including its 14 campuses and learning centers, 29,000 students, 2,500 employees, and decades of experience in distance education. The closing was effective March 22, 2018. See "Acquisition of Kaplan University Launces Purdue University Global" below.

Academic Colleges and Schools of Purdue University

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

The major areas and fields of study at the West Lafayette campus are organized into ten academic colleges as follows: Agriculture; Education; Engineering; Health and Human Sciences; Liberal Arts; Management; Pharmacy; Science; Polytechnic Institute; and Veterinary Medicine. Undergraduate, Master's, 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:

<u>Purdue Fort Wayne</u> - Arts & Sciences; Business; Continuing Studies; Professional Studies; Engineering, Technology & Computer Science; Library; and Visual & Performing Arts. This reflects programmatic changes which became effective July 1, 2018 – See "Review of Indiana University-Purdue University Fort Wayne Role and Governance" below.

<u>Purdue Northwest</u> – Business; Engineering and Sciences; Humanities, Education and Social Sciences; Nursing; Technology; Hospitality, Tourism and Management.

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, an organization comprised of 62 distinguished research universities across the United States.

Extension to Employment Agreement for Purdue President Mitch Daniels

On April 17, 2018, Purdue's Board of Trustees approved an extension to President Mitch Daniels' employment agreement allowing the president to serve in the role until such time either party gives one year's notice. Daniels' initial employment agreement was extended by two years in 2015. See details at http://www.purdue.edu/newsroom/releases/2018/Q2/trustees-extend-president-daniels-employment-agreement.html.

Review of Indiana University-Purdue University Fort Wayne Role and Governance

The 2015 State Budget Bill (Public Law 213-2015) enacted by the Indiana General Assembly directed Purdue University and Indiana University, in consultation with the Chancellor of Indiana University-Purdue University Fort Wayne ("IPFW"), the IPFW Community Council, and the IPFW Senate, to conduct a study to evaluate the role and governance of IPFW and explore options for improvement of its role and governance. The law further directed Purdue University and Indiana University to make findings and recommendations to the Boards of Trustees of Purdue University and Indiana University that could facilitate IPFW's development as a multisystem metropolitan university. The State Budget Bill also directed the Legislative Services Agency to conduct a study of these issues.

At the request of Legislative Services Agency and the Chair of the Legislative Council, which oversees the Legislative Services Agency, representatives of Purdue University, Indiana University, the IPFW Chancellor, the IPFW Community Council, and the IPFW Senate agreed to serve as a working group to present proposals to Purdue University, Indiana University, and the Legislative Services Agency. The full report dated January 15, 2016, can be found at https://iga.in.gov/legislative/2016/publications/evaluation_report/. In December 2016 the Purdue University Board of Trustees and the Indiana University Board of Trustees approved an agreement and plan of realignment for IPFW. Final approval of agreements for the realignment was received from the respective Boards of Trustees in June, 2017. A new name, Purdue University Fort Wayne (or "Purdue Fort Wayne" or "PFW"), was effective July 1, 2018. Effective on that date, Indiana University is responsible for health sciences programs on the campus and Purdue will manage all other academic programs.

Acquisition of Kaplan University Launches Purdue University Global

On April 27, 2017, Purdue University announced its intent to acquire the institutional operations and assets of Kaplan University (KU) from Graham Holdings Company. Approvals were sought and obtained from the Indiana Commission for Higher Education (August 10, 2017), the U.S. Department of Education (September 19, 2017) and the Higher Learning Commission (March 5, 2018). The Corporation's Board of Trustees approved the name change to Purdue University Global ("Purdue Global") on January 11, 2018 and the financial closing occurred on March 22, 2018.

Purdue Global is an Indiana nonprofit public benefit corporation controlled and supervised by Purdue University. The creation of a new public university will extend Purdue's land grant mission and further expand access to higher education by reaching beyond Purdue's traditional residential student base. The initiative is meant to address the need for postsecondary education for working adults and others unable to attend a traditional college campus, and the growth of online technologies as a means of delivering education to students of all types. Purdue University believes the demand for online educational services will continue to grow and by acquiring the assets and institutional operations of KU, Purdue University will acquire decades' worth of experience in online education expertise that the Corporation expects will benefit the entire university system.

Purdue Global will be distinct from other institutions in the Purdue system, relying primarily on tuition and fundraising to cover operating expenses. No state appropriations will be utilized. Purdue Global will operate primarily online, but has 14 locations across the United States, including an existing facility in Indianapolis, with potential for growth.

Purdue Global is governed by a six-member Board of Trustees, composed of five members of Purdue University's Board of Trustees and one independent trustee. The independent trustee must have significant prior experience in higher education. Purdue University and the Purdue Global Board of Trustees will control and operate Purdue Global.

Purdue Global has entered into a long-term support services agreement with Kaplan Higher Education (KHE), the Kaplan affiliate that provided back-office support functions to KU prior to the acquisition. Once Purdue Global is compensated for its operating costs, KHE will be eligible to recover its support costs and a fee for back-office support services equal to 12.5% of gross revenues (less bad debt) over the contract period to the extent of remaining available cash. The fee increases to 13% for fiscal years 2023 – 2027, and reverts to 12.5% for the remainder of the term. In addition, Purdue Global has the option after six years to acquire the support assets and personnel provided by KHE for 1.25x the revenues of Purdue Global. KHE will have no control over Purdue Global's operations.

At closing, approximately 29,000 students, most of whom are working adults, had transitioned to Purdue Global. The online programs, 14 campuses and learning centers, along with 2,500 full and part-time employees, comprise the new Purdue Global. Purdue Global offers degree programs at the Master's, Bachelor, Associate and Certificate levels in 11 different areas of interest:

- Business
- Criminal Justice
- Education
- Fire Science
- Health Sciences
- Information Technology
- Legal Studies
- Nursing
- Open College
- Social & Behavioral Sciences
- Special Military Programs

Purdue Moves

In 2013, Purdue's President Mitch Daniels announced a new set of initiatives, referred to as "Purdue Moves," to leverage Purdue's strengths as a university and invest in those disciplines with the greatest potential to change the world. Progress to date in the four initiatives at the West Lafayette campus includes:

➢ Affordability & Accessibility
- Purdue students and their families will pay less to attend Purdue in 2019 than they did in 2012.
- Breaking a 36-year series of tuition increases, Purdue tuition will remain near the 2012-13 levels through the 2019-20 academic year for all students.
- Housing costs have been held flat since 2014.
- Meal plan charges have been cut 10%, then held flat since 2014.
- Purdue student and parent borrowing for college costs is down by 30% since 2012.
- Through an innovative partnership with Amazon, Purdue students can save an average of about 31% on textbooks purchased at purdue.amazon.com. Amazon has returned $1.7 million to support scholarships since 2015.
- Demand for a Purdue education is growing. Purdue West Lafayette received 12,000 more applications for the fall 2018 semester than the fall 2014 semester.
- Purdue's College of Liberal Arts now offers a three-year bachelor of arts degrees.

➢ STEM Leadership
- Since the beginning of its five-year expansion plan, the College of Engineering has grown its student population by 2,000 and its faculty by 100. From 2007 through the most current ranking as of 2016, The American Society for Engineering Education named Purdue a top producer of female graduates in the engineering technology field, and the fourth-highest producer of women earning bachelor's degrees in engineering fields.
- The Department of Computer Science has surpassed planned levels of expansion, growing student enrollment by 117%, compared to a planned growth of 27%.
- The Purdue Polytechnic Institute was officially formed in May 2015, and delivered a transformed first-year experience to more than 600 students in Fall 2015. New beginner enrollment in the Purdue Polytechnic Institute continues to grow, and now includes the enrollment of a record number of women and underrepresented minority students.
- The Purdue Polytechnic Institute received final approval from the Higher Learning Commission for the nation's first-ever competency-based degree program at a public research university, in Transdisciplinary Studies, in spring 2016. This program combines individualized plans of study, close faculty mentoring and a competency-based approach to learning.
- The Purdue Polytechnic High School Indianapolis (PPHS) opened on July 31, 2017, with 162 ninth-grade students. The high school focuses on STEM education for inner-city students and offers successful students the opportunity for direct path admission to Purdue's undergraduate programs. The PPHS is a 501(c)3 organization, separate and distinct from Purdue University. As a charter school, PPHS receives funding directly from the State of Indiana; aside from some academic support for a small number of staff and faculty, no funding is currently provided by Purdue. While Purdue may choose to provide funding in the future if the need arises, the University is under no legal obligation to do so.

➢ World-Changing Research
- In early 2016, Purdue pledged to invest more than $250 million in the life sciences over the next five years, including Purdue's Pillars of Excellence in the Life Sciences Initiative, aimed at enhancing Purdue's research and graduate education in the life sciences.
- Purdue has invested more than $28 million in the College of Agriculture for plant sciences research and education since Fall 2013.

- Purdue ranked 12th in the world among universities granted U.S. utility patents in 2016. Twenty-one startups were formed from Purdue intellectual property in the 2016-17 fiscal year; more than 100 new companies have been formed over the last five years.

➢ Transformative Education
- Summer enrollment has increased by 37% since 2012 among undergraduate, graduate and professional students combined. The number of credit hours taken during the summer session by undergraduate students has increased by 40% since summer 2012.
- During the 2016-17 academic year, 2,409 undergraduate students studied abroad, up 85% since 2012.
- Approximately 25% of undergraduates have studied abroad before graduation.
- About 13,000 undergraduate students on the West Lafayette campus — about 41% of the fall 2017 undergraduate student population — reside in University Residences facilities.

On June 15, 2018, the Board reaffirmed Purdue Moves as the university's strategic plan including formalizing five initiatives previously added since Purdue Moves was first announced: Online Learning, Data Science, Life Sciences, Degree in 3, and Purdue Polytechnic High School.

Each area of the University is engaged in moving the University forward, dedicated to offering higher education at its highest proven value.

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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 are as follows:

The Board of Trustees of the Corporation

Sonny Beck[1]
Michael R. Berghoff
JoAnn Brouillette
Vanessa Castagna
Malcolm S. DeKryger[1]
Michael Klipsch
Gary J. Lehman
Daniel Romary[1]
Thomas E. Spurgeon
Don Thompson[1]

Officers of the Corporation

The current officers of the Corporation are listed below.

Michael R. Berghoff, *Chairman*
Thomas E. Spurgeon, *Vice Chairman*
William E. Sullivan, *Treasurer*
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Janice A. Indrutz, *Corporate Secretary*
Steven R. Schultz, *General Counsel*
Trenton D. Klingerman, *Deputy General Counsel and Chief Privacy Officer*

Principal Administrative Officers of the University

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

Mitchell E. Daniels, Jr., President
Jay T. Akridge, Provost, Executive Vice President for Academic Affairs and Diversity
Michael A. Bobinski, Vice President and Director of Intercollegiate Athletics
Gina C. DelSanto, Chief of Staff
Suresh Garimella, Executive Vice President for Research and Partnerships
Dan Hasler, Executive Vice President for Communication
William G. McCartney, Executive Vice President for Purdue Online
Alysa Christmas Rollock, Vice President for Ethics and Compliance
Steven R. Schultz, General Counsel
William E. Sullivan, Treasurer and Chief Financial Officer
Vacant, Executive Vice President for Information Technology and System Chief Information Officer

Regional Campus Staff
Ronald L. Elsenbaumer, Chancellor, Purdue University Fort Wayne
Thomas L. Keon, Chancellor, Purdue University Northwest
Stephen R. Turner, Vice Chancellor for Finance and Administration, Purdue University Northwest
David Wesse, Vice Chancellor for Financial and Administrative Affairs, Purdue University Fort Wayne
Betty Vandenbosch, Chancellor, Purdue University Global

[1] Term expires June 2019

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.

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2013-14	30,955	18,684	60.4%	6,283	33.6%	59.2%
2014-15	39,706	23,506	59.2%	6,373	27.1%	55.9%
2015-16	45,023	26,524	58.9%	6,812	25.7%	55.9%
2016-17	48,776	27,227	55.8%	7,243	26.6%	56.1%
2017-18	48,916	28,093	57.4%	7,567	26.9%	55.0%

The freshman applicants at the West Lafayette campus for the fall semesters 2013 through 2017 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1270, 1283, 1282, 1278[1] and 1256[2]. Approximately 81% of the Fall 2017 freshman class had a high school grade point average between 3.5 and 4.0 and 98% of the Fall 2017 freshman class had a high school grade point average between 3.0 and 4.0.

[1] Restated scores. In March 2016, the College Board changed the SAT exam and scoring methodology. As result, concordance tables provide the equivalence to the scores reported above. Under the previous scoring methodology, average SAT scores for freshman applicants for the fall semesters 2013 through 2016 were 1200, 1213, 1212 and 1208.

[2] In 2017, the University changed its methodology for calculating the average score. Previously, the average was based on the sum of best scores for each of the 2 test sections; the new score is based on the highest total of a single test session.

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 2014-15 through 2019-20. Approximately 55% of the total undergraduate and graduate students at the West Lafayette campus and approximately 13% of regional campus students were non-residents of the State of Indiana at Fall 2017.

WEST LAFAYETTE CAMPUS TUITION AND FEES[1]

	FULL-TIME (PER ACADEMIC YEAR)		PART-TIME (PER CREDIT HOUR)	
ACADEMIC YEAR	INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2014-15	$10,002	$28,804	$348	$948
2015-16	10,002	28,804	348	948
2016-17	10,002	28,804	348	948
2017-18	9,992	28,794	348	948
2018-19	9,992	28,794	348	948
2019-20	9,992	28,794	348	948

[1] Includes various fees implemented for different academic years.

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

The table on the following page sets forth the tuition and fees charged per academic year to students attending each regional campus of the University for the academic years 2014-15 through 2018-19. 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)

Fort Wayne	UNDERGRADUATE		GRADUATE	
ACADEMIC YEAR	INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2014-15 [1]	$7,949	$19,092	$7,840	$17,752
2015-16 [2]	8,079	19,407	7,969	18,044
2016-17 [3]	8,213	19,727	8,100	18,342
2017-18 [4]	8,330	20,004	8,215	18,600
2018-19 [5]	8,450	20,288	8,334	18,864

PNW Hammond	UNDERGRADUATE			GRADUATE		
YEAR	INDIANA RESIDENT	NON-RESIDENT	NON-RESIDENT DOMESTIC	INDIANA RESIDENT	NON-RESIDENT	NON-RESIDENT DOMESTIC
2014-15 [1]	$7,241	$16,356		$7,055	$15,025	
2015-16 [2]	7,359	16,625		7,171	15,272	
2016-17 [3]	7,478	16,895		7,266	15,501	
2017-18 [4]	7,581	17,129		7,367	15,716	
2018-19 [5,6,7]	7,686	17,367	$11,153	7,469	15,935	$10,978

PNW Westville	UNDERGRADUATE			GRADUATE		
YEAR	INDIANA RESIDENT	NON-RESIDENT	NON-RESIDENT DOMESTIC	INDIANA RESIDENT	NON-RESIDENT	NON-RESIDENT DOMESTIC
2014-15 [1]	$7,329	$17,447		$7,121	$16,032	
2015-16 [2]	7,358	17,516		7,148	16,094	
2016-17 [3]	7,478	16,895		7,266	15,501	
2017-18 [4]	7,581	17,129		7,367	15,716	
2018-19 [5,6,7]	7,686	17,367	$11,153	7,469	15,935	$10,978

[1] Includes the R&R fee of $3.10, $3.45 and $2.50 per credit hour for Fort Wayne, Hammond and Westville, respectively, in Fall 2014.
[2] Includes the R&R fee of $3.15, $3.50 and $2.55 per credit hour for Fort Wayne, Hammond and Westville, respectively, in Fall 2015.
[3] Includes the R&R fee of $3.20, $3.55 and $2.60 per credit hour for Fort Wayne, Hammond and Westville, respectively, in Fall 2016.
[4] Includes the R&R fee of $3.20, $3.60 and $2.60 per credit hour for Fort Wayne, Hammond and Westville, respectively, in Fall 2017.
[5] Includes the R&R fee of $3.40, $3.35 and $3.35 per credit hour for Fort Wayne, Hammond and Westville, respectively, in Fall 2018.
[6] Tuition and Fee rates for the Calumet and North Central Campuses were aligned in 2016-17 as the campuses were consolidated as Purdue Northwest.
[7] PNW implemented new tuition rates for new domestic non-resident students effective in 2018-19.

Tuition and fees for 2019-20 for regional campuses are to be approved at a later date.

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Student Enrollment

The University attracts students from a variety of backgrounds and geographical locations. In the most recent year reported below, approximately 54% of the University's undergraduate students are residents of Indiana. The student body represents all 50 states and 122 countries. The following table presents the University's combined headcount enrollment for the Fall semester of the academic years 2013-14 through 2017-18. For Fall 2018, the undergraduate enrollment at the West Lafayette campus is the largest in Purdue's history.

	WEST LAFAYETTE CAMPUS			REGIONAL CAMPUSES				
ACADEMIC YEAR	FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL[1]
2013-14	35,213	3,575	38,788	15,960	14,041	30,001	1,018	69,807
2014-15	34,115	4,655	38,770 [2]	14,930	13,962	28,892	987	68,649
2015-16	34,479	4,930	39,409	14,446	13,732	28,178	1,072	68,659
2016-17	35,287	5,164	40,451	13,444	13,852	27,296	1,071	68,818
2017-18	36,071	5,502	41,573	12,491	9,994	22,485	1,128	65,186

[1] Includes the Indiana University students enrolled at the Purdue University campus in Fort Wayne and excludes the Purdue University students enrolled at the Indiana University-Purdue University campus in Indianapolis.
[2] Effective 2014-15, process for determination of full- and part-time status was modified.

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.

	WEST LAFAYETTE				PURDUE SYSTEM
ACADEMIC YEAR	UNDER GRADUATE	GRADUATE & PROFESSIONAL	TOTAL	FULL-TIME EQUIVALENT[2]	FULL-TIME EQUIVALENT[1, 2]
2013-14	29,440	9,348	38,788	37,401	57,285
2014-15	29,255	9,515	38,770	36,984	56,700
2015-16	29,497	9,912	39,409	37,341	56,644
2016-17	30,043	10,408	40,451	38,144	56,478
2017-18	31,006	10,567	41,573	39,063	55,348

[1] Includes the Indiana University students enrolled at the Indiana University-Purdue University campus in Fort Wayne and excludes the Purdue University students enrolled at the Indiana University-Purdue University campus in Indianapolis.
[2] Calculated by dividing total credit hours by 15 for undergraduate, professional and certificate students and by 12 for graduate students.

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Faculty and Employees

As of November 4, 2017, the University's faculty and staff aggregate total was 20,311. Of the total faculty, 62% held tenured/tenure track appointments. No labor organization is a collective bargaining representative for any of the Corporation's employees.

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	53	24	77
Academic Department Heads	96	45	141
Professors	809	130	939
Associate Professors	486	256	742
Assistant Professors	459	126	585
Instructors		4	4
Sub-Total of Tenured/Tenure Track Faculty	**1,903**	**585**	**2,488**
Non-Tenure Appointments			
Clinical/Professional	209	79	288
Research Faculty	37		37
Visiting Faculty	97	49	146
Post Doctoral	476	3	479
Sub-Total of Non-Tenure Appointments	**819**	**131**	**950**
Continuing Lecturers and Limited-Term Lecturers			
Continuing Lecturers	195	100	295
Limited-Term Lecturers	239	706	945
Sub-Total of Continuing Lecturers and Limited-Term Lecture	**434**	**806**	**1,240**
Adjunct Faculty			
Adjunct Faculty	370	217	587
Sub-Total of Adjunct Faculty	**370**	**217**	**587**
Graduate Student Staff			
Graduate Assistants	1,727	137	1,864
Fellow Administered as Graduate Assistant	197		197
Graduate Lecturers	4	1	5
Graduate Research Assistants	2,856	49	2,905
Graduate Administrative/Professional	164	30	194
Graduate Aides		46	46
Sub-Total of Graduate Student Staff	**4,948**	**263**	**5,211**
Staff			
Management	600	109	709
Administrative Staff	1,238	298	1,536
Operations Assistant	533	80	613
Professional Staff	385	13	398
Professional Assistant	1,426	188	1,614
Technical Assistant	291	23	314
Extension Educators	258		258
Clerical Staff - Regular	854	242	1,096
Clerical Staff - Temporary	68	47	115
Service Staff - Regular	1,870	256	2,126
Service Staff - Temporary	768	288	1,056
Sub-Total of Staff	**8,291**	**1,544**	**9,835**
GRAND TOTAL ALL STAFF	**16,765**	**3,546**	**20,311**

Facilities (as of Fall 2017 unless noted otherwise)

Academic, Administrative, Athletic and Residential Facilities: The University has 250 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. The University, together with related foundations, owns approximately 19,847 acres of land including acreage used for agricultural purposes throughout the state.

Libraries: The Purdue University Libraries system on the West Lafayette campus includes six subject-oriented libraries, the Hicks Undergraduate Library, and the Virginia Kelly Karnes Archives and Special Collections Research Center. Staff totals more than 220, including 90 faculty and professionals. The campus library system includes 3,876,830 printed volumes and electronic books; 164,663 electronic and print journals; and government documents and microforms in excess of 377,000 and 86,000, respectively. To complement the online collections, the Purdue Libraries houses 628,452 volumes in closed stacks that can be requested by individuals for next-day delivery. In addition, any item held in the Big Ten Academic Alliance libraries can be requested directly and typically arrives within a few days.

Research Facilities: The University has approximately 1.55 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. Construction of a new Engineering Flexible Laboratory at the West Lafayette campus was recently completed.

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 room and board, room only and apartments are available to both undergraduate and graduate students.

The West Lafayette campus provided 12,699 spaces for students in Fall 2017. The Fort Wayne campus provided 1,204 spaces and the PNW Hammond campus provided 744 spaces for students in Fall 2017. Occupancy on the West Lafayette campus was over-capacity for Fall 2017; overflow student housing was provided in area apartments. Occupancy was 77% on the Fort Wayne campus and 96% on the PNW Hammond campus for Fall 2017. Additional housing at the West Lafayette campus is under consideration. See "Capital Programs".

The predominant rate for room and board at the West Lafayette campus for the 2017-18 academic year was $9,414. The 2017-18 academic year housing rates at the Fort Wayne campus and PNW Hammond campus ranged from $4,590 to $9,700 and $5,595 to $6,514, respectively.

Athletic Facilities: The University's West Lafayette campus is home to Ross-Ade football stadium which seats 57,236 and Mackey Arena with seating capacity of 14,264 and a total capacity (including non-ticketed individuals) of 14,846. Additional facilities include the Birck Boilermaker Golf Complex, Boilermaker Aquatic Center, Holloway Gymnasium, Drew and Brittany Brees Student-Athlete Academic Center, Lambert Fieldhouse, Mollenkopf Athletic Center, Rankin Track and Field, Schwartz Tennis Center, the Northwest Athletic site for baseball and soccer, a softball complex, and a cross-country course. A major renovation of and addition to the Mollenkopf Athletic Center is substantially complete.

Parking Facilities: The University has six parking garages on the West Lafayette campus, one on the PNW Hammond campus and three on the Fort Wayne campus. Additional parking capacity is provided by surface lots on all 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. Construction of the Thomas S. and Harvey D. Wilmeth Active Learning Center was completed during the summer of 2017. In February 2018, the University acquired the Gabis Arboretum at Purdue Northwest, through a gift of 300 acres of property and all its assets.

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Financial Operations of the Corporation

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

During fiscal year 2017, the University adopted GASB Statement 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement 80 *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, and GASB Statement 82 *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*.

The effect of GASB Statement 73:
- This Statement establishes requirements for defined benefit pensions and defined contribution pensions that were not within the scope of GASB 68. Additional disclosures required by this GASB are presented in Note 9 of the Financial Statement and Required Supplementary Information related to pensions.

The effect of GASB Statement 80:
- This statement provides additional guidance on reporting component units. No changes were necessary to the current presentation as a result of this additional guidance.

The effect of GASB Statement 82:
- This statement amends Statements 67 and 68 to change the covered payroll presented in the disclosures. The required disclosures under this GASB are reported in Note 9 of the Financial Statement.

During fiscal year 2016, the University adopted GASB Statement 72, *Fair Value Measurement and Application* and GASB Statement 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The effect of GASB Statement 72:
- This Statement establishes investment valuation techniques that are appropriate for specific investment categories in the measurement of fair value. Required disclosures are made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Note 2 includes these updated disclosures.

The effect of GASB Statement 76:
- This Statement supersedes GASB Statement 55, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. It identifies the GAAP Hierarchy within the context of the current governmental financial reporting environment, reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

During fiscal year 2015, the University adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The effect of GASB Statements No. 68 and 71:
- Changed the definition of reportable pension liability from Net Pension Obligation to Net Pension Liability, which significantly increased the liability and required a prior period adjustment in order to record the additional liability from previous years for defined benefit pension plans. These statements also introduced new deferred inflow and outflow items related to defined benefit pension plans. Changes to the Required Supplementary Information related to defined benefit pension plans also resulted from these new GASB statements. In accordance with the adoption of these statements, the University has reported an $85.7 million change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014.

During fiscal year 2014, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

The effect of GASB Statement No. 65:
- Changed the presentation of certain items previously required to be reported as assets or liabilities to properly record them as either deferred outflows of resources or deferred inflows of resources, or to recognize certain items that were previously reported as assets or liabilities as outflows of resources (expenses) or inflows of resources (revenues).

Refer to the 2017 Financial Statements for complete details.

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

	Fiscal Year Ended June 30 (dollars in thousands)			
	2017	2016	2015 [1]	2014 [2]
Operating Revenues				
Tuition and Fees	$902,701	$880,699	$862,346	$839,367
Less: Scholarship Allowance	(116,391)	(113,897)	(114,833)	(112,111)
Net Tuition and Fees	$786,310	$766,802	$747,513	$727,256
Federal Grants	23,661	14,796	21,750	16,398
County Grants	4,514	8,501	8,283	7,760
Grants and Contracts	360,904	356,066	360,411	344,537
Sales and Services	83,117	79,172	81,033	74,721
Auxiliary Enterprises (Net of Scholarship Allowance of $16,155, $14,750, $14,585, and $14,254, respectively)	262,235	255,113	241,962	254,567
Other Operating Revenues	8,657	8,776	10,851	9,970
Total Operating Revenues	**$1,529,398**	**$1,489,226**	**$1,471,803**	**$1,435,209**
Operating Expenses				
Compensation and Benefits	$1,401,010	$1,292,247	$1,218,807	$1,201,478
Supplies and Services	469,902	442,099	439,007	485,556
Depreciation Expense	166,704	161,889	157,751	148,356
Scholarships, Fellowships, and Student Awards	70,452	78,355	72,079	72,291
Total Operating Expenses	**$2,108,068**	**$1,974,590**	**$1,887,644**	**$1,907,681**
Net Operating Loss	**($578,670)**	**($485,364)**	**($415,841)**	**($472,472)**
Non-operating Revenues (Expenses)				
State Appropriations	$397,705	$411,503	$399,039	$392,293
Grants and Contracts	50,605	54,248	59,260	61,534
Private Gifts	83,984	89,500	83,129	85,226
Investment Income	169,341	(21,617)	58,858	280,979
Interest Expense	(23,669)	(27,302)	(32,035)	(23,142)
Other Non-operating Revenues, Net	6,387	5,338	4,146	6,223
Total Non-operating Revenues before Capital/Endowments	**$684,353**	**$511,670**	**$572,397**	**$803,113**
Capital and Endowments				
State Capital Appropriations	$27,894	$38,251	$0	$6,322
Capital Gifts	10,865	10,078	14,029	16,116
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	28,847	31,774	31,712	29,075
Gain (Loss) on Retirement of Capital Assets, Net of Proceeds and Insurance Recoveries	(1,220)	(220)	3,651	257
Total Capital and Endowments	**$66,386**	**$79,883**	**$49,392**	**$51,770**
Total Nonoperating Revenues	**$750,739**	**$591,553**	**$621,789**	**$854,883**
Increase in Net Assets	**$172,069**	**$106,189**	**$205,948**	**$382,411**
Net Assets, Beginning of Year	**$4,426,942**	**$4,320,753**	**$4,194,369**	**$3,811,958**
Prior Period Adjustments	**-**	**-**	**($79,564)**	**-**
Net Assets, End of Year	**$4,599,011**	**$4,426,942**	**$4,320,753**	**$4,194,369**

[1] Includes prior period adjustment under GASB 68 to record the University's net pension liability and related items and to incorporate the net position of student organizations.

[2] Restated to accurately characterize a prepaid lease of $18 million that had been expensed in 2014.

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 2013 through 2017, and preliminary and budgeted for fiscal years 2018 and 2019, 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.

	Normal Recurring Appropriations					
Fiscal Year	Unrestricted		Restricted			
Ended	General	Fee	Repair &		Non-Recurring	
June 30	Operating	Replacement	Rehabilitation	Special	Appropriations	Total
Historical						
2013	$312,325	$31,069 [1]	-	$26,953	-	$370,347
2014	318,606	30,146	$9,265	34,276	$5,750 [2]	398,043
2015	325,109	29,529 [3]	9,265	34,093	1,034 [2]	399,030
2016	325,156	26,805 [4]	10,567	36,465	50,751 [2,5]	449,744
2017	326,131	27,541	10,567	33,466	27,894	425,599
Budgeted						
2018	321,832	25,127	11,251	36,402	5,351 [2,6]	399,964
2019	323,787	32,280	11,251	36,402	2,000	405,721

Sums may not equal totals due to rounding.

[1] Net of interest savings of $272,100 and other savings of $842,486 appropriated by the State but not claimed by the University.
[2] Capital appropriations towards construction of West Lafayette Active Learning Center ($50,000,000) and IPFW South Campus Renovations ($21,350,000) are and will be funded based on the actual timing of the recognition of expenses.
[3] Net of savings of $108,263 largely generated by refunding of outstanding bonds.
[4] Net of savings of $2,377,755 largely generated by refunding of outstanding bonds.
[5] Also includes Non-Recurring Appropriations $12,500,000 for Deferred Maintenance.
[6] Non-Recurring Appropriations for Fiscal 2018 include IPFW Music ($1,000,000), Regional Campus Deferred Maintenance ($1,500,000), Animal Disease Diagnostic Laboratory ($2,030,000), and the balance of appropriations towards the IPFW South Campus Renovations ($821,276).

Student Financial Aid

Among Purdue students, there was a 0.4% increase in State Awards and a 7.5% decrease in Federal Pell Grants from academic year 2015-16 to 2016-17. Total grants and scholarships decreased by 0.02% compared to a decrease of 4.1% in total loans in academic year 2016-17 from the previous year.

The following table summarizes the financial aid provided to students of the University from a limited set of various sources for the 2016-17 academic year.

STUDENT FINANCIAL ASSISTANCE[1]

Academic Year 2016-17

	West Lafayette	Regional Campuses	Total
Scholarships and Grants:			
University Scholarships, Grants & Fee Remissions	$94,728,683	$9,810,959	$104,539,642
University Incentive Grant	11,445,942	-	11,445,942
Purdue Opportunity Awards	464,097	-	464,097
Athletic Grant-in-Aid	11,287,090	2,451,406	13,738,496
State Awards	28,701,457	17,327,660	46,029,116
Private Awards	13,413,718	4,974,892	18,388,610
Fellowships	11,659,734	-	11,659,734
Federal Pell Grants	21,595,039	26,431,043	48,026,082
Federal SEOG	1,667,917	669,452	2,337,369
Other Federal Grants	14,888,729	214,504	15,103,233
Total Scholarships and Grants	**$209,852,405**	**$61,879,915**	**$271,732,321**
Loans:			
Federal Stafford Loans	$94,060,953	$60,996,469	$155,057,422
Federal Parent Loans for Undergraduate Students	38,648,220	3,657,125	42,305,345
Federal Graduate PLUS Loans	3,336,958	173,050	3,510,008
Federal Perkins and Health Professions Loans	2,209,633	30,759	2,240,392
Purdue Loans	7,532,251	-	7,532,251
Private Loans	25,892,154	4,131,953	30,024,107
Total Loans	**$171,680,169**	**$68,989,356**	**$240,669,525**
Employment and Employment Related:			
Work-Study Salaries	$1,541,140	$627,712	$2,168,852
Graduate Student Staff Salaries	101,031,638	2,500,589	103,532,227
Other Part-Time University Salaries	21,543,691	4,558,397	26,102,088
Employment Related Fee Remissions	54,328,029	2,545,117	56,873,146
Other Employment Related Awards	3,133,461	-	3,133,461
Total Employment Related	**$181,577,958**	**$10,231,815**	**$191,809,773**
Total Student Financial Assistance	**$563,110,533**	**$141,101,086**	**$704,211,619**

[1] Reported by Academic Year. Data does not tie to Fiscal Year reporting provided in the Financial Report.

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 2013 through 2017 are shown below. These values are not pledged under the Indenture and do not include endowments separately held by the Corporation valued at $54,096,903 on June 30, 2017. In October 2017, the Board of Trustees approved a change to the spending policy to provide additional flexibility in the distribution from the endowment. Previously, the spending policy was five percent (5%) of the average of the ending market values of the endowment for the prior 12 quarters. The current spending policy for the endowment allows for up to five percent (5.0%) within the range of (a) the current market value of the endowment and (b) the average of the ending market values for the prior twelve quarters.

FISCAL YEAR ENDED JUNE 30	ENDOWMENT MARKET VALUE
2013	$1,400,657,554
2014	1,592,824,888
2015	1,549,142,743
2016	1,456,248,771
2017	1,572,080,183

As of May 31, 2018, the unaudited market value of the Corporation's endowment was $1,669,660,366 (including net additions).

Related Foundations

The foundations listed below are organized exclusively to serve the Corporation and the University by providing funds and other resources. The funds and other assets managed by Purdue Research Foundation ("PRF") are comprised primarily of the Corporation's endowment, as described above under "Endowment and Similar Funds", and PRF's endowment. The asset value, income and support to the Corporation for each foundation for the fiscal year ending June 30, 2017 is shown in the following table.

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation*	$2,583,876,450	$195,171,956	$44,583,127
Ross-Ade Foundation	232,634,817	9,229,824	7,195,057
Indiana-Purdue Foundation at Fort Wayne	12,082,038	1,768,112	2,010,183
Total	**$2,828,593,305**	**$206,169,892**	**$53,788,367**

*Includes book value of endowment (net) of $773,466,619 (Purdue Research Foundation) and $1,403,102,388 (Corporation) (market values of $862,676,904 and $1,572,080,183, respectively).

As of May 31, 2018, the unaudited market value of the Purdue Research Foundation endowment was $859,188,488 (including net additions). The year-to-date decline in the Foundation endowment is due to transfers to the Corporation in its regular support of the Corporation.

Purdue Research Foundation: The Purdue Research Foundation, organized in 1930, 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 6,677 acres of land, 5,832 acres of which are leased to the University.

Ross-Ade Foundation: The Ross-Ade Foundation was organized in 1923 through gifts from alumni to promote and develop the educational and physical welfare of students with funds that could not be provided from state appropriations. This Foundation has built the football and softball stadiums and parking garages, and has been instrumental in the development of the regional campuses by acquiring the land and constructing the facilities. All the facilities are leased to the Corporation on a cost basis. The five-member Board of Directors of this Foundation includes two members of the Board of Trustees of the Corporation and the University President, who serves as President of the Board.

IPFW Foundation: The 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. Following the campus name change effective July 1, 2018 to Purdue University Fort Wayne, along with other organizational changes, the name of the foundation will change to Purdue University Fort Wayne Foundation.

Other Related Entities

Purdue International, Inc.: Effective July 1, 2014, the Purdue Foundation was reorganized as Purdue International, Inc. (PII). PII supports the University with a particular focus on facilitating the University's international education, research, and exchange activities.

Fundraising Activity

The Campaign for Purdue University, Ever True was announced on October 9, 2015. With a goal of $2.019 billion, Ever True is the largest fundraising effort in Purdue history. The campaign spans July 1, 2012, through June 30, 2019, concluding in the Corporation's 150th anniversary year. This campaign will propel the Purdue Moves initiatives — Affordability & Accessibility, STEM Leadership, World-Changing Research, and Transformative Education — and reinforce the Corporation's overarching commitment to keep a rigorous college education within students' financial reach: "higher education at the highest proven value." With 84.6% of the time elapsed in the campaign as of June 1, 2018, $1,937,388,202 had been raised for the campaign, which is 96% of the overall goal.

Fundraising in fiscal 2017 produced the highest total in the Corporation's history with $351.9 million in new commitments (pledges and gifts). An all-time high number of individual donors (85,465) made gifts during the year, a 3% increase over the previous year's record total of 82,598. First-time donors making gifts to the Corporation totaled 16,065. This is the third highest total of first-year donors in Purdue history, following up on the record in fiscal year 2015 and second highest total in fiscal year 2016. Donor acquisition continues to be very strong during the Ever True Campaign period (2013-2019). Preliminary results for gifts to the Corporation in Fiscal 2018 totaled $451.5 million. Fiscal 2018 was the first one-year period that contributions exceeded $400 million.

The table below summarizes gift giving by category for fiscal years 2013 through 2017.

TOTAL GIFT GIVING BY CATEGORY
(dollars in thousands)

	2017	2016	2015	2014	2013
Cash/Securities *	$146,272	$148,690	$166,355	$119,538	$100,923
Real Estate	63	0	437	4,178	0
Gifts-in-Kind	95,796	82,699	82,124	54,930	50,446
Irrevocable Deferred	2,851	2,463	4,558	4,666	6,003
Revocable Deferred	80,489	81,712	71,105	47,643	91,921
New Pledge Balances*	68,956	61,408	52,807	72,192	30,498
Total Production	**$394,427**	**$376,972**	**$377,386**	**$303,147**	**$279,791**
Less: Prior Year Pledge payments *	($42,569)	($44,987)	($34,033)	($67,493)	($60,863)
Net Production	**$351,858**	**$331,985**	**$343,353**	**$235,654**	**$218,928**

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

Grants and Contracts

System-wide sponsored program expenditures for the 2016-17 fiscal year were $407.5 million, an increase of $35 million, or approximately 9%, above previous year expenditures. The following list represents fiscal 2018 expenditures through May 31, 2018 by departments with sponsored research program expenditures in excess of $10 million.

Department	($ millions)
Electrical & Computer Engineering	$33.9
Mechanical Engineering	23.6
Civil Engineering	15.0
Chemistry	14.1
Aeronautics & Astronautics	13.3
Biological Sciences	13.0
Computer Science	12.8
Nutrition Science	11.6
Materials Engineering	10.8
Physics and Astronomy	10.5

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

	2017	2016	2015	2014	2013
Federal Sources					
Department of HHS	$52,115	$42,789	$37,898	$44,424	$56,779
National Science Foundation	66,757	65,737	73,650	84,696	91,826
Department of Energy	24,069	22,469	21,288	26,384	30,543
Department of Defense	40,805	34,599	29,543	28,659	35,087
Department of Agriculture	19,072	22,224	21,659	22,172	22,325
Other Federal Agencies	38,862	38,381	33,642	29,299	35,360
Total Federal Sources	**$241,679**	**$226,200**	**$217,679**	**$235,634**	**$271,920**
State of Indiana	$26,042	$23,140	$19,915	$17,513	$19,855
Business and Foundations	114,146	96,640	84,845	76,187	75,240
Non-Profit Organizations	20,440	20,754	19,282	17,675	11,260
Foreign Government	5,236	5,846	3,341	4,060	2,309
Total Non-Federal Sources	**$165,864**	**$146,380**	**$127,384**	**$115,435**	**$108,664**
Total All Sources [1]	**$407,543**	**$372,580**	**$345,063**	**$351,069**	**$380,584**

[1] Sums may not equal totals due to rounding

Preliminary research funding awards for Fiscal 2018 totaled $454.5 million, an increase of $36 million over the previous year.

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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, residence halls, 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. On June 1, 2018, the Corporation called and prepaid a total of $600,000 in variable rate debt with respect to the final maturities of Student Facilities System Revenue Bonds Series 2004A, 2005A and 2007C and Certificates of Participation (COPS) 2011A.

Debt Outstanding	Final Maturity	Amount Outstanding as of 9/18/2018	
Bonds Outstanding			
Student Fee Bonds, Series U	2022	$ 12,630,000	(1)
Student Fee Bonds, Series X	2019	5,265,000	(1)
Student Fee Bonds, Series Y	2020	8,390,000	(1)
Student Fee Bonds, Series Z-1	2024	16,440,000	(1)
Student Fee Bonds, Series Z-2	2035	85,575,000	(1)(4)
Student Fee Bonds, Series AA	2032	43,095,000	(1)
Student Fee Bonds, Series BB-1	2034	34,105,000	(1)
Student Fee Bonds, Series BB-2	2032	15,235,000	(1)(5)
Student Fee Bonds, Series CC	2036	119,865,000	(1)
Student Fee Bonds, Series DD	2038	90,135,000	(1)
Student Facilities System Revenue Bonds, Series 2004A	2033	16,475,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2005A	2029	5,975,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007A	2029	50,490,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007C	2032	25,330,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2010A	2030	18,025,000	(2)(3)(4)
Student Facilities System Revenue Bonds, Series 2011A	2025	28,410,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2012A	2032	23,765,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2015A	2040	93,135,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2016A	2036	61,020,000	(2)(3)
Leasehold Indebtedness			
COPS 2006	2025	24,025,000	(3)
COPS 2009B	2031	36,385,000	(3)(4)(6)
COPS 2011A	2035	31,945,000	(3)
COPS 2014A	2027	19,050,000	(3)
COPS 2016A	2037	83,440,000	(3)
Total Outstanding Indebtedness		**$ 948,205,000**	

(1) Secured by a pledge of Student Fees.
(2) Secured by a pledge of the Net Income of the designated Auxiliary Enterprise.
(3) Payable from available funds of the Corporation.
(4) Taxable Build America Bonds.
(5) Taxable Bonds.
(6) Escrowed funds will be used to call the balance of $34,130,000 on 7/1/2019

Effective November 20, 2015, Purdue Research Foundation transferred the Bowen Civil Engineering Laboratory to the Corporation, and the Corporation formally assumed Purdue Research Foundation's obligation to pay debt service for a portion of certain bonds issued by the Indiana Finance Authority in 2012 for the benefit of the Foundation in order to finance or refinance Bowen. Previously, the Foundation granted access to Bowen to the Corporation under a Facilities Use Agreement which covered the operating costs and debt service related to the facility. The outstanding balance of $5,820,000 is allocable to Bowen. The final maturity is payable by the Corporation on June 30, 2029.

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of approximately 19,847 acres of land and 480 buildings. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $7.2 billion as of June 30, 2017. The following table sets forth the increase in net plant investment for the five years ended June 30, 2013 through 2017. 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 [1]
2013	$3,602,007,093	$1,589,082,494	$2,012,924,600
2014	3,782,512,325	1,712,859,720	2,069,652,605
2015	3,957,413,715	1,843,388,778	2,114,024,937
2016	4,230,028,552	1,981,321,395	2,248,707,157
2017	4,536,408,973	2,128,122,901	2,408,286,072

[1] Sums may not equal totals due to rounding

Insurance

Open Risk Property Coverage: All facilities of the Corporation are insured under a blanket form property policy, including new construction not yet completed. The blanket form covers buildings for loss up to the total of its replacement cost value (unless otherwise specified as actual cash value). There is a $250,000 deductible clause which is applicable to each occurrence of loss. The Corporation self-insures losses within the $250,000 deductible through its Risk Management Reserve Fund. The 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 per occurrence policy limit for all property coverage is $1.5 billion.

Premises and Operations Liability: The Corporation procures insurance for liability brought by third parties arising out of accidents on University premises and in connection with its operations globally. Except for the airport (covered by a separate $50,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is $50,000,000 per occurrence annual aggregate over a $2,000,000 per occurrence self-insured retention. Losses handled within this retention are funded through the Office of Risk Management allocated reserve fund.

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction recently completed on the West Lafayette campus includes the Active Learning Center, the Bechtel Innovation Design Center, the Agricultural and Life Sciences Facility, the Engineering Flexible Laboratory, and various strategic infrastructure and utility improvements. Major construction recently completed on the PNW Westville campus includes the James B. Dworkin Student Services and Activities Complex (DSAC). Major projects currently under construction on the West Lafayette campus include a new and renovated Football Performance Complex (substantially complete) and a variety of repair and rehabilitation projects. Renovations of the South Campus are underway on the Fort Wayne Campus. Construction of the new Bioscience Innovation Building on the PNW Hammond campus is also underway. Additionally, the Board of Directors has granted approval to plan, finance, construct and award construction for various projects to be funded by gifts and University sources. These projects include, among others, an addition to the Martin C. Jischke Hall of Biomedical Engineering ($14 million), the STEM Teaching Lab Building (estimated project cost of $64 million) and a new Veterinary Medicine Teaching Hospital Phase I (estimated project cost of $35 million). In addition, the University has $117 million of major construction projects greater than $500,000 in progress or awarded. In conjunction with the State of Indiana's biennial budget, the University will submit its prioritized 10-year capital plan to the State of Indiana in September 2018.

Each campus is authorized to issue up to $15 million in qualified energy savings (QES) bonds. Construction on all debt-funded QES projects is completed. Total debt outstanding for these QES projects is $1.8 million and is included in Student Fee Bonds, Series BB-1.

Additional residential housing planned on West Lafayette campus

On March 5, 2018, the Corporation issued a Request for Proposals for a Public Private Partnership (P3) to design, build, finance, operate and maintain (DBFOM) two separate housing facilities to provide up to 1,300 beds on the West Lafayette campus (the "Project"), representing approximately 10% of Purdue's 12,699 beds as of Fall 2017. The Corporation intends to use an availability payment structure for the proposed P3. This additional housing is needed to address the increasing interest in on-campus housing. In July 2018, the Corporation selected its preferred provider, Plenary Partners LLC, a team comprised of Plenary Group USA Concessions Ltd., Corvias LLC, Gilbane Building Co., MSKTD & Associates, Mackey Mitchell Architects, Schneider Corp., MKSK and Applied Engineering. The Corporation selected the Plenary team because it concluded Plenary is best positioned to meet the project goals including: student affordability and long-term cost predictability; building aesthetics that meet the Corporation's requirements; and a strategic, long-term partnership with a qualified private partner. Following the review and approval by the Board of Trustees at its August 3, 2018 stated meeting, the Project was submitted for review and approval by the Indiana Commission of Higher Education and the governor. Commercial and financial close for the Project are anticipated to be completed in Fall 2018. Construction would begin immediately thereafter, with targeted completion and occupancy available for the Fall 2020 semester. The P3 approach contemplates the Corporation's first long-term arrangement with an outside entity to construct, operate and maintain a University facility.

State Street Redevelopment Project

Construction for the State Street Redevelopment Project began in Summer 2016. The project is a partnership between the Purdue Research Foundation and the City of West Lafayette with the goal of transforming State Street into a gathering place and destination for the community as well as visitors. The project is being completed using a P3 project delivery method, allowing for faster project completion and significant cost savings. The City and the Corporation are investing a total of $122.7 million to fund the project to cover the costs to design, build, finance, operate and maintain the project over a 22-year operating term. The City's commitment of $60 million, backed by a Tax Increment Financing (TIF #1), leaves significant TIF resources available for other projects. The Corporation's commitment of $62.7 million is provided by a credit support facility from the Purdue Research Foundation backing revenues from a second TIF district.

Retirement Plans

The Corporation participates in a defined contribution retirement plan for its faculty, professional and certain administrative employees. The retirement plan provides fully-vested, fully-funded, investment options. Employees are required to make a mandatory contribution equal to 4% of salary combined with the University's contribution of 10% of salary. Voluntary participation in a 403(b) plan and/or a 457(b) plan is also available to certain employees. This plan is administered by Fidelity Investments. The Corporation is current with all payments due to Fidelity Investments.

All clerical and service staff hired on or after September 9, 2013 and employed at least half-time participate in a defined contribution retirement plan which is subject to a three year cliff vesting. The University will contribute 4% of an employee's salary and make an additional match up to 4% of the employee's salary. There is not a material forfeiture balance at this time.

The clerical and service staff hired on or prior to September 8, 2013 and employed at least half-time participate 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.

For the year ended June 30, 2017, there were 3,153 employees participating in PERF. The Corporation's proportionate share of PERF's Net Pension Liability, based on covered payroll of approximately $86,639,000, was 1.80776% for the measurement date June 30, 2016, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by the Indiana Public Retirement System ("INPRS") under GASB 68 guidance was approximately $82,044,000 as of June 30, 2017.

The Corporation made contributions to the plan totaling approximately $14,403,000 for the year ending June 30, 2017. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $14,581,000 for the year ended June 30, 2017. The proportionate shares of pension plan expense for the year ended June 30, 2017, as calculated under GASB 68 guidance, was approximately $15,505,000, less net amortization of deferred amounts of approximately $3,918,000, leaving a net pension expense of approximately $11,587,000.

During fiscal 2016, the Corporation made a payment in the amount of $2,242,668 to the INPRS toward the Unfunded Actuarial Accrued Liability pursuant to Indiana Public Law 241-2015. The Corporation made an additional supplemental contribution in August 2016 in the amount of $20,184,015, satisfying the total liability of $22,426,683. The payment made in August 2016 is included in Accounts Payable and Accrued Expenses at June 30, 2016, and additional disclosure is made in Note 5. 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 other retirement plans offered by the Corporation, 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. The Corporation is current with all payments due to TIAA-CREF.

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

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Public Retirement Fund, One North Capitol Ave., Suite 001, Indianapolis, IN 46204, or visiting www.in.gov/inprs/annualreports.

See Note 9 – Retirement Plans and the Required Supplementary Information to the Financial Statements for Purdue University for further information. See also Note 1 – Basis of Presentation and Summary of Significant Accounting Policies for a discussion of changes resulting from the adoption of GASB 68 and 71.

Other Post-Employment Benefits (OPEB)

In the financial statements for the year ending June 30, 2017, the University reported Other Post-Employment Benefits (OPEB) annual cost of $6,978,000. The University currently offers participation in its medical plan to official retirees and their dependents. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible. Official retirees under the age of 65 and their dependents 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 fiscal year ended June 30, 2017, the Trustees approved a voluntary early retirement incentive program for certain employees aged 60 or older with at least 10 years of employment. The incentive program included contributions to a health reimbursement account (HRA), with maximum dollar amounts and length of participation based on the campus of employment at the date of retirement. 201 employees took the retirement incentive, and the actuarial calculations have been updated to take this into account.

Previous to this fiscal year, the Trustees had approved similar early retirement arrangements. For the years ended June 30, 2017 and 2016, there were 71 and 165 employees, respectively, participating in the previous voluntary retirement incentive programs.

Outstanding liabilities associated with all retiree related health reimbursement accounts as of June 30, 2017 and 2016 were approximately $4,545,000 and $1,504,000, respectively.

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

See Note 7 – Other Debt Information for further information.

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

FINANCIAL REPORT OF
THE CORPORATION FOR THE FISCAL YEAR
ENDED JUNE 30, 2017

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PURDUE
UNIVERSITY
FINANCIAL REPORT 2017

LETTER OF TRANSMITTAL

October 11, 2017

To the Board of Trustees of Purdue University:

We are pleased to submit this, the 95th annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2017, 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 herein.

Respectfully submitted,

MITCHELL E. DANIELS, JR.
President

Respectfully submitted,

WILLIAM E. SULLIVAN
Treasurer and Chief Financial Officer

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

BOARD OF TRUSTEES

July 1, 2016-June 30, 2017

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

OFFICERS OF THE UNIVERSITY

As of June 30, 2017

OFFICERS OF THE BOARD OF TRUSTEES

Michael R. Berghoff, Chairman

Thomas E. Spurgeon, Vice Chairman

William E. Sullivan, Treasurer

James S. Almond, Assistant Treasurer and Assistant Secretary

Janice A. Indrutz, Secretary

Steven R. Schultz, Legal Counsel

ADMINISTRATIVE OFFICERS

Mitchell E. Daniels, Jr., President

Debasish Dutta, Executive Vice President for Academic Affairs & Diversity and Provost

William E. Sullivan, Treasurer and Chief Financial Officer

Michael A. Bobinski, Director of Intercollegiate Athletics

Gina C. DelSanto, Chief of Staff

Suresh Garimella, Executive Vice President for Research and Partnerships

Julie K. Griffith, Vice President for Public Affairs

William G. McCartney, Vice President for Information Technology and System Chief Information Officer

Alysa Christmas Rollock, Vice President for Ethics and Compliance

Steven R. Schultz, University Legal Counsel

REGIONAL CAMPUS STAFF

Vicky L. Carwein, Chancellor, Indiana University-Purdue University Fort Wayne

Thomas L. Keon, Chancellor, Purdue University Northwest

Stephen R. Turner, Vice Chancellor for Finance and Administration, Purdue University Northwest

David Wesse, Vice Chancellor for Financial and Administrative Affairs, Indiana University-Purdue University Fort Wayne

REPORT OF THE PRESIDENT

This report presents Purdue University's financial statements for the 2016-17 fiscal year. These financial statements have been audited by the Indiana State Board of Accounts and their report, which is an unmodified opinion, appears on pages 5 through 7.

Purdue's financial results emphasize our commitment to provide higher education at the highest-proven value. We judge this value by the efficiency of our operations, the savings delivered to our students, and most importantly, the successes enjoyed by our students, entrepreneurs and researchers.

In pursuit of value on our West Lafayette campus, we will hold tuition at 2012 rates through at least 2019, and we have already lowered textbook costs, and improved our room and board rates from one of the most expensive in the Big Ten to one of the most affordable. The result is that it's less expensive to attend today than it was four years ago, and our students and their families have saved hundreds of millions of dollars compared to regional and national average price increases. This, combined with improved debt advising and a first-of-its-kind debt alternative in the form of Income Share Agreements, has led to a steady decline in student debt.

In pursuit of value we also have made strategic investments in quality, aimed at growing our leadership in the STEM disciplines and advancing student success. We have expanded our college of engineering and our department of computer science, adding well more than 100 new faculty and thousands more students. We have transformed our College of Technology into the Purdue Polytechnic Institute, and are investing in the life sciences to cure disease and develop plant technology to feed a growing population. Finally, we have developed a robust program to transform courses normally taught by lecture into courses that adhere to what research tells us is more likely to lead to student success, mainly courses that encourage active, student-focused learning.

Throughout, we've refocused our efforts on serving Indiana and fulfilling our land-grant mission. We are shaping our regional campuses to meet new needs in their communities, and we are preparing to add a new online tier to the Purdue system to meet the needs of 700,000 Hoosiers who started, but never earned a college degree.

We have admitted more Hoosiers in each of the past four years, and we have advanced Purdue research into a record number of startup companies that are already growing the Hoosier economy.

We can confidently say that if the state did not have a Purdue University, Indiana would be clamoring to create one. We consider it an honor to have served this state for nearly 150 years, and a duty to be well positioned to do so for many more.

As we do, we remain ever grateful for your continued support.

Sincerely,

Mitchell E. Daniels, Jr.

President

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows of the business-type activities and the aggregate discretely presented component units of Purdue University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Purdue Research Foundation (Foundation), a component unit of the University as discussed in Note 1, which represents 92 percent, 98 percent, and 95 percent, respectively, of the total assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit 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 from material misstatement. The financial statements of the Foundation were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT
(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Purdue's Share of the Net Pension Liability - Indiana Public Employee Retirement Fund (PERF), Schedule of Purdue's Contributions - Indiana Public Employee Retirement Fund (PERF), and Retirement Plans - Schedule of Funding Progress - Police/Fire Supplemental be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Letter of Transmittal, Board of Trustees, Officers of the University, Report of the President, Total In-State Enrollment by County, and Acknowledgements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Letter of Transmittal, Board of Trustees, Officers of the University, Report of the President, Total In-State Enrollment by County, and Acknowledgements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

October 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017 and 2016

We are pleased to present this financial discussion and analysis of Purdue University (the University). It is intended to provide an overview of the financial position and activities of the University for the fiscal years ended June 30, 2017 and 2016, along with comparative financial information for the fiscal year ended June 30, 2015. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

The University's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The University's financial statements, related footnote disclosures, and discussion and analysis have been prepared by University management in accordance with Governmental Accounting Standards Board (GASB) principles.

> ***Statement of Net Position*** is the University's balance sheet. The statement presents the University's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal years. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs. Net position is the residual of all other elements presented in the Statement of Net Position and is one indicator of the current financial condition of the University.
>
> ***Statement of Revenues, Expenses, and Changes in Net Position*** is the University's income statement**.** The statement presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.
>
> ***Statement of Cash Flows*** provides additional information about the University's financial results by presenting detailed information about cash activity during the year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to generate future net cash flows, the ability to meet obligations as they come due, and the need for external financing.

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 these functions as they were carried out during the year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant non-financial indicators to assess the University's performance. Examples of non-financial data indicators include trend and quality of applicants, freshman class size, student retention, the condition of our facilities, and campus safety metrics. Information about non-financial indicators is not included in this analysis but may be obtained from the University's Office of Institutional Research, Assessment and Effectiveness online at https://www.purdue.edu/datadigest/.

Statement of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2017, 2016, and 2015, is summarized below.

Table 1

Summary Statement of Net Position (Dollars in Thousands)

	2017	2016	2015
Current Assets	$ 649,350	$ 885,552	$ 918,164
Capital Assets	2,408,286	2,248,707	2,114,025
Other Assets	2,930,044	2,743,364	2,646,778
Total Assets	5,987,680	5,877,623	5,678,967
Deferred Outflows of Resources	76,129	68,933	22,829
Current Liabilities	349,527	353,370	335,965
Noncurrent Liabilities	1,088,716	1,145,850	1,025,445
Total Liabilities	1,438,243	1,499,220	1,361,410
Deferred Inflows of Resources	26,555	20,394	19,633
Net Investment in Capital Assets	1,454,962	1,316,781	1,236,479
Restricted - Nonexpendable	661,428	625,253	590,555
Restricted - Expendable	973,918	962,781	1,034,870
Unrestricted	1,508,703	1,522,127	1,458,849
Total Net Position	**$ 4,599,011**	**$ 4,426,942**	**$ 4,320,753**

Assets

Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital assets include non-depreciable land, as well as buildings and equipment, net of depreciation. Other assets include pledges receivable, investments, and funds held in trust by others.

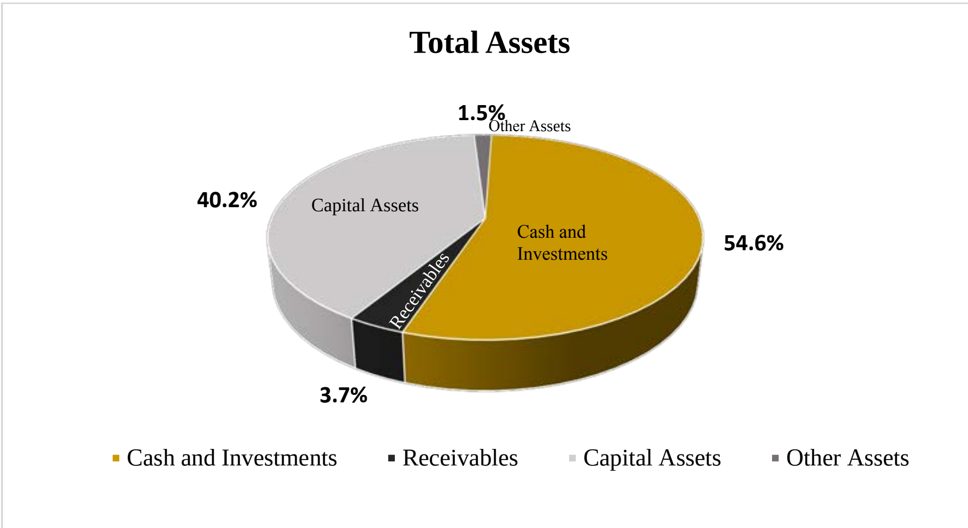
Current assets decreased approximately $236.2 and $32.6 million during the respective fiscal years, resulting in balances of approximately $649.4 and $885.6 million at June 30, 2017 and 2016. As of June 30, 2017 cash and cash equivalents were approximately $282.3 million, a decrease of approximately $162.2 million from the balance of $444.5 million at June 30, 2016. Included in this amount is $42.1 million at June 30, 2017 and $123.6 million at June 30, 2016, that represent invested bond proceeds related to the University's capital financing activities. The remaining $240.2 million as of June 30, 2017 and $320.9 million as of June 30, 2016 of cash and cash equivalents were available for operations.

Noncurrent assets increased approximately $346.3 million, or 6.9% during fiscal year 2017, due predominantly to the acquisition of capital assets and an increase in investments. For the fiscal year ended

June 30, 2016, noncurrent assets increased approximately $231.3 million, or 4.9% due primarily to the acquisition of capital assets, an increase in investments, and an increase in funds held in trust by others. Please reference a more detailed discussion in the Statement of Revenues, Expenses, and Changes in Net Position section and in Notes 2 and 4.

As of June 30, 2017 and 2016, total assets were approximately $6.0 and $5.9 billion, an increase of $110.1 and $198.7 million, or 1.9% and 3.5% respectively, over the previous year. The overall growth in assets is attributed to an increase in capital assets and investments.

Figure 1 represents the composition of total assets as of June 30, 2017.



Total Assets

(in thousands of dollars)

Cash and Investments	$	3,269,321	54.6%
Receivables		218,650	3.7%
Capital Assets		2,408,286	40.2%
Other Assets		91,423	1.5%
Total Assets	**$**	**5,987,680**	**100.0%**

Deferred Outflows of Resources

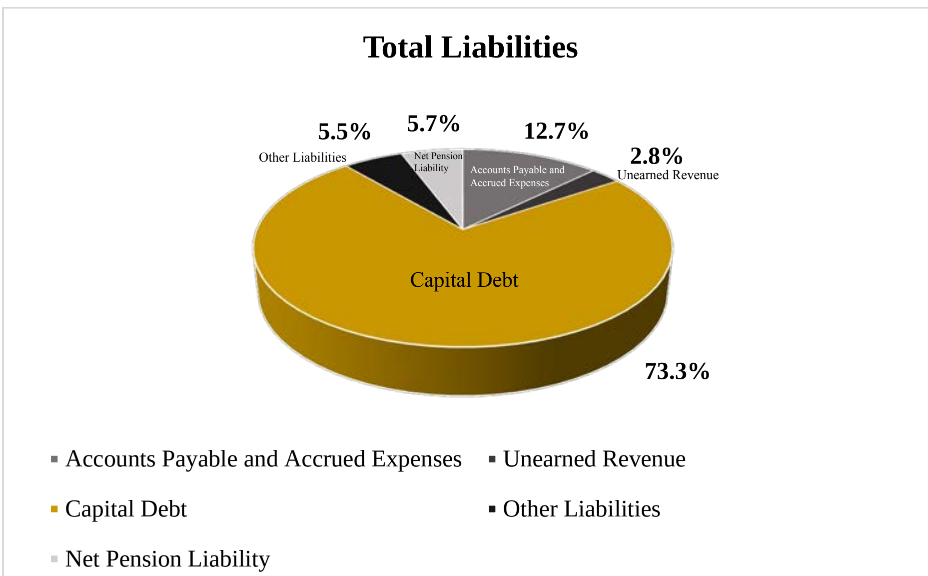
Deferred outflows of resources represent a consumption of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues and Expenses because they are not expense items relating to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Asset section because they are not items the University owns. Instead, they are presented on the Statement of Net Position as deferred outflows to reflect the fact that the recognition of the related expense will happen at a future date. The amounts recorded as deferred outflows for the fiscal years presented result from pension related items and capital debt refunding transactions.

Liabilities

Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned revenues, current portion of long-term debt, and salaries along with 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 $1.4 billion and $1.5 billion as of June 30, 2017 and 2016, respectively.

Bonds, leases, and notes payable decreased by $61.3 million in fiscal year 2017 principally due to repayment of debt principal, and increased $120.1 million in fiscal year 2016 primarily due to issuance of new debt. 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 represents the composition of total liabilities as of June 30, 2017.



Total Liabilities

(in thousands of dollars)

Accounts Payable and Accrued Expenses	$	182,429	12.7%
Unearned Revenue		40,298	2.8%
Capital Debt		1,054,435	73.3%
Other Liabilities		79,037	5.5%
Net Pension Liability		82,044	5.7%
Total Liabilities	**$**	**1,438,243**	**100.0%**

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues and Expenses because they are not revenue items relating to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Liability section because they are not items the University owes. Instead, they are presented on the Statement of Net Position as deferred inflows to reflect the fact that the recognition of the related revenue will happen at a future date. The amounts recorded as deferred inflows for the fiscal years presented result from pension related items.

Net Position

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into four categories:

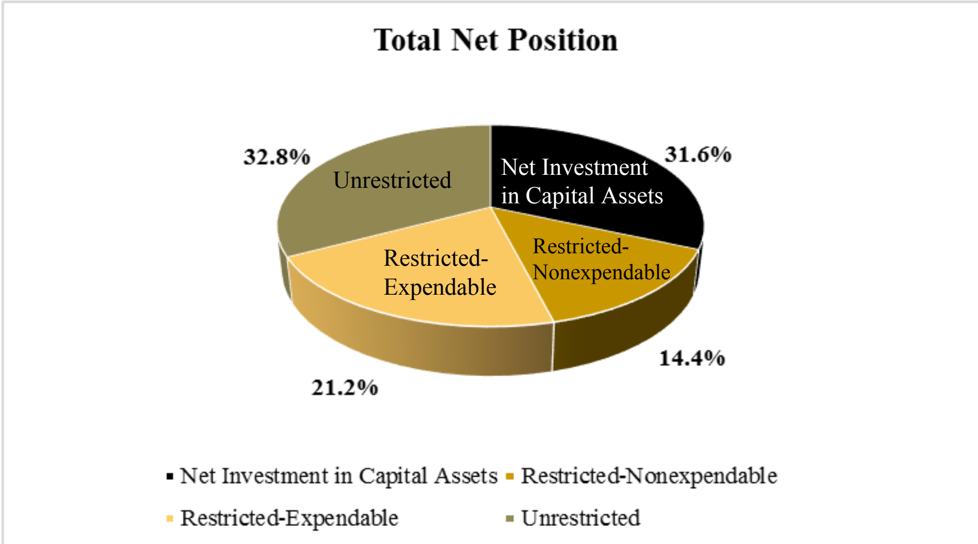
Net Investment in Capital Assets represents the University's investment in capital assets such as moveable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.

Restricted–Nonexpendable represents the corpus of the University's permanent endowment received from donors for the purpose of creating present and future income. The corpus must be held inviolate and in perpetuity.

Restricted–Expendable represents the portion of net position that may be spent provided certain third party restrictions are met. Examples include balances from scholarships, grant and contracts, and spendable earnings from endowments.

Unrestricted represents the portion of net position that have no third-party restrictions. Management designates the majority of this balance for specific purposes to fulfill strategic initiatives and operational needs.

Figure 3 represents the composition of net position as of June 30, 2017.



Total Net Position

(in thousands of dollars)

Net Investment in Capital Assets	$	1,454,962	31.6%
Restricted-Nonexpendable		661,428	14.4%
Restricted-Expendable		973,918	21.2%
Unrestricted		1,508,703	32.8%
Total	**$**	**4,599,011**	**100.0%**

Net investment in capital assets increased $138.1 and $80.3 million in fiscal years 2017 and 2016, respectively. For the periods ended June 30, 2017 and 2016, the University added capital assets of $328.9 and $299.3 million, offset by annual depreciation of $166.7 and $161.9 million, respectively. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

The restricted-nonexpendable balance increased $36.2 and $34.7 million in fiscal years 2017 and 2016, respectively, primarily resulting from contributions to endowments. Restricted-expendable balances increased $11.1 million in fiscal year 2017 and decreased $72.1 million in fiscal year 2016, driven by the respective changes in market value of investments.

Consistent with operational results as detailed in the Statement of Revenues, Expenses, and Changes in Net Position section, the unrestricted net position had a decrease of $13.4 million in fiscal year 2017, primarily due to the increase in net operating loss. In fiscal year 2016, there was an overall increase of $63.3 million in unrestricted net positon.

Statement of Revenues, Expenses, and Changes in Net Position

Revenues are classified for financial reporting as either operating or nonoperating. Operating revenues are generated by providing goods and services to our students and other important constituents of the University. Operating revenues include tuition and fees, grants and contracts, and sales and services. Tuition and fees and housing revenue assessed to students are reported gross with the related scholarship allowance presented separately. Nonoperating revenues are those received by the University without providing a corresponding good or service and include our state appropriations, investment income, and private gifts. Because Purdue is a public university, nonoperating revenues are an integral part of the operating budget. Private gifts for capital projects and additions to the University's endowment are also considered nonoperating sources of revenue.

A summarized comparison of the University's revenues, expenses, and changes in net position is presented below.

Table 2

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

	2017	2016	2015
Operating Revenues			
Tuition and Fees	$ 902,701	$ 880,699	$ 862,346
Less: Scholarship Allowance	(116,391)	(113,897)	(114,833)
Grants and Contracts	360,904	356,066	360,411
Auxiliary Enterprises	278,390	269,863	256,547
Less: Scholarship Allowance	(16,155)	(14,750)	(14,585)
Other Operating Revenues	119,949	111,245	121,917
Total Operating Revenues	1,529,398	1,489,226	1,471,803
Operating Expenses			
Depreciation	166,704	161,889	157,751
Other Operating Expense	1,941,364	1,812,701	1,729,893
Total Operating Expenses	2,108,068	1,974,590	1,887,644
Operating Loss	(578,670)	(485,364)	(415,841)
Nonoperating Revenue	684,353	511,670	572,397
Capital and Endowments	66,386	79,883	49,392
Total Nonoperating Revenues	750,739	591,553	621,789
Increase in Net Position	172,069	106,189	205,948
Net position, Beginning of Year	4,426,942	4,320,753	4,194,369
Prior Period Adjustments			(79,564)
Net Position, Beginning of Year, as restated			4,114,805
Net position, End of Year	**$ 4,599,011**	**$ 4,426,942**	**$ 4,320,753**

Figures 4 and 5 provide information about the University's sources of revenues, excluding endowments and capital, for fiscal years 2017 and 2016. The University had an increase in net position of $172.1 million for fiscal year ended June 30, 2017 as compared to an increase in net position of $106.2 million for fiscal year 2016.

Figure 4: University Revenue by Category for FY 2017

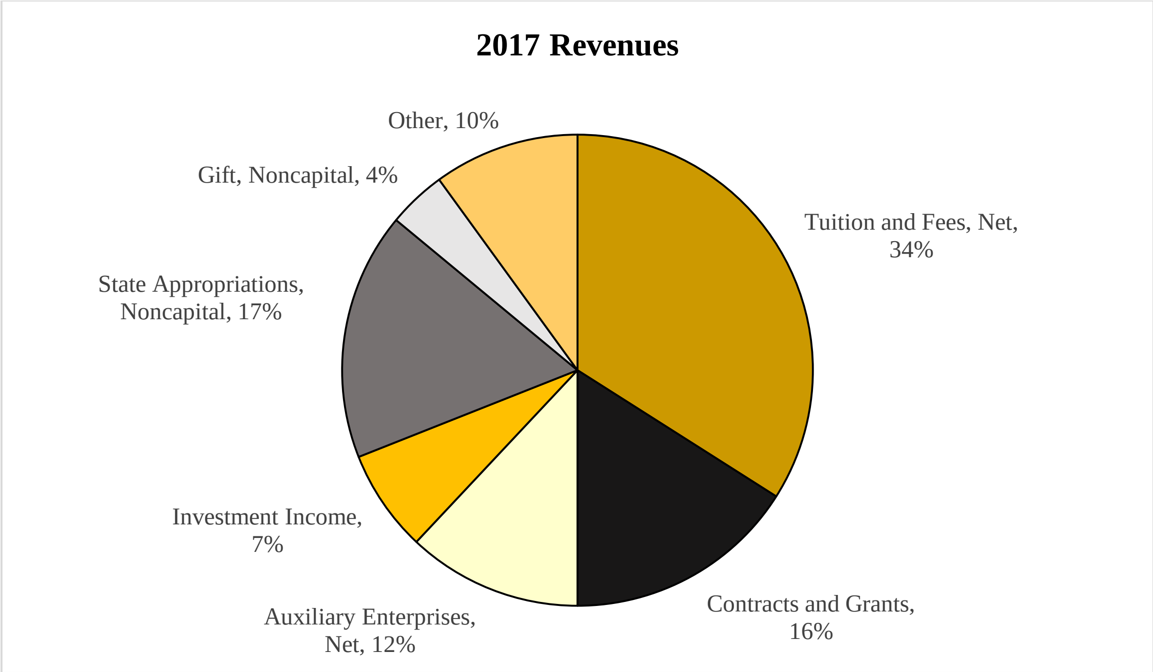
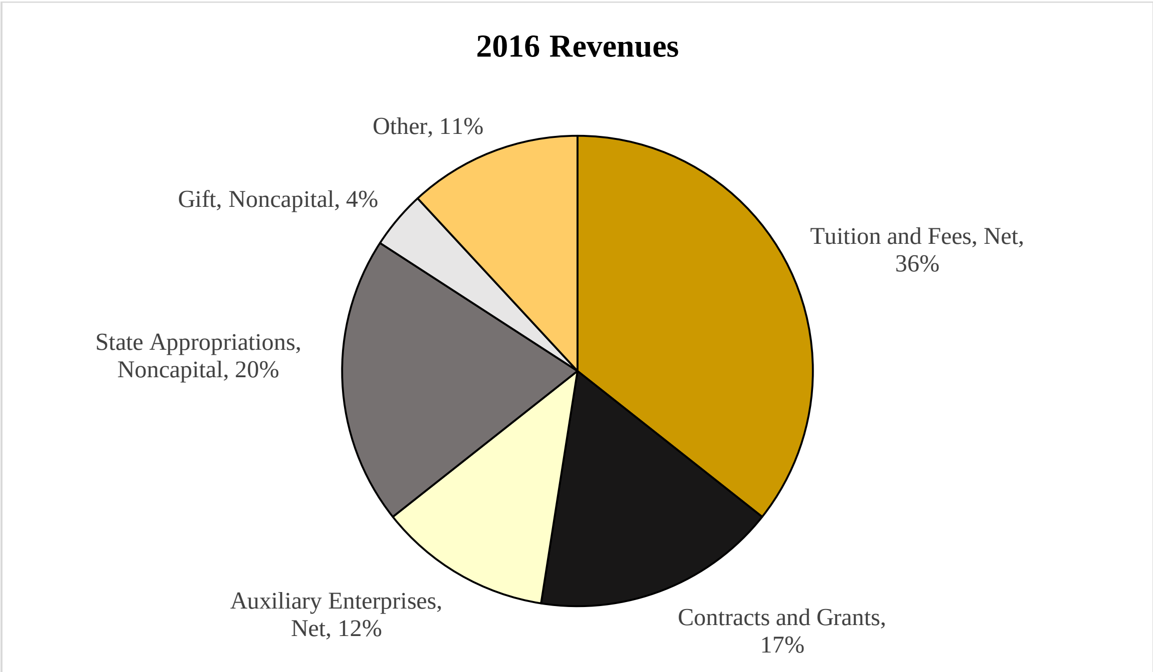
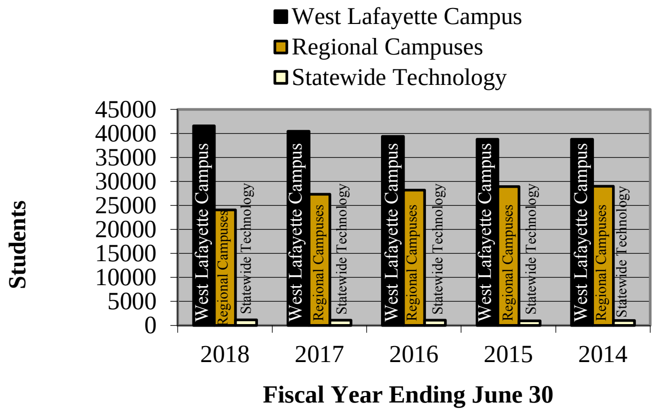


Figure 5: University Revenue by Category for FY 2016



Total operating revenues increased $40.2 million, or 2.7% from fiscal year 2016 to fiscal year 2017. From fiscal year 2015 to fiscal year 2016, total operating revenues increased $17.4 million, or 1.2%. Net tuition and fee revenue increased by $19.5 million in fiscal year 2017, primarily resulting from increased enrollment at the West Lafayette campus, an increase in summer enrollment, and a modest rate increase at regional campuses. Enrollment patterns for the past five years are illustrated below.

Five-Year Enrollment Data*
Fall Semester Enrollment



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

Operating grants and contracts revenue increased $4.8 million and decreased $4.3 million in fiscal years 2017 and 2016 respectively, principally due to fluctuations in grant revenue from federal and industrial sponsors.

Total operating expenses for fiscal year 2017 increased by $133.5 million, or 6.8%, over fiscal year 2016. Fiscal year 2016 increased $86.9 million, or 4.6%, from fiscal year 2015. Details are described in Note 8.

Fiscal years 2017 and 2016 non-operating revenues before capital and endowments, net of expenses, increased by $172.7 and decreased $60.7 million respectively, primarily due to investment income related fluctuations in the market. The net investment performance of the University's endowment was 11.7% for fiscal year 2017 using the most recent data available, compared to -2.9% for fiscal year 2016. The endowment was invested in private investments (34.6%), public equities (54.7%), and in fixed income investments (10.7%). The portfolio composition did not materially change from the prior year.

Capital and Endowment income for fiscal year 2017 decreased $13.5 million or 16.9% over fiscal year 2016, and increased $30.5 million or 61.6% between fiscal years 2016 and 2015, primarily due to fluctuations in state capital appropriations, private gifts for endowments, and capital gifts.

Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the University by presenting relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining the University's 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

Summary Statement of Cash Flows (Dollars in Thousands)

	2017	2016	2015
Cash Used by Operating Activities	$ (420,749)	$ (348,832)	$ (256,769)
Cash Provided by Noncapital Financing Activities	565,030	589,807	562,058
Cash Provided (Used) by Investing Activities	58,150	(141,103)	22,586
Cash Used by Capital and Related Financing Activities	(364,609)	(211,320)	(151,388)
Net Increase (Decrease) in Cash and Cash Equivalents	(162,178)	(111,448)	176,487
Cash and Cash Equivalents, Beginning of Year	444,453	555,901	379,414
Cash and Cash Equivalents, End of Year	**$ 282,275**	**$ 444,453**	**$ 555,901**

The cash provided by noncapital financing activities reflects the non-operating revenue changes described above. The cash provided by investing activities in fiscal year 2017 represented the return of cash to operations, making those funds available for use in other areas of the University, while the previous cash used by investing activities in fiscal year 2016 reflected deployment of cash into investments. The fluctuation in cash flows used by capital and related financing activities reflects the financing strategy and timing of the University's capital plan, which is outlined in the Capital Asset and Debt Administration section.

Capital Asset and Debt Administration

Significant Construction Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. Significant construction projects (over $20 million) completed during Fiscal Years 2017 and 2016 are presented in Table 4, significant projects in progress at June 30, 2017 are presented in Table 5, and the significant projects authorized by the Board of Trustees but not started as of June 30, 2017 are presented in Table 6.

Table 4

Significant Construction Projects Completed (Dollars in Thousands)

Projects Completed in 2017		
Honors College and Residences	$	90,000
Total Significant Construction Projects Completed	**$**	**90,000**

Projects Completed in 2016		
PNC - Student Services & Activities Complex	$	34,700
Total Significant Construction Projects Completed	**$**	**34,700**

Table 5

Significant Construction Projects in Progress (Dollars in Thousands)

		Project Budget
Flex Lab Facility	$	54,000
Wilmeth Active Learning Center		66,000
Electrical Engineering and Multiple Building Renovations (EGP)		21,725
Creighton Hall of Animal Sciences and Land O' Lakes Center for Experiential Learning Complex		60,000
Football Performance Complex		65,000
Total Significant Construction Projects in Progress	**$**	**266,725**

Table 6

Significant Construction Projects Authorized But Not Started (Dollars in Thousands)

		Project Budget
Agricultural and Biological Engineering Renovation and Addition - 2018	$	80,000
Veterinary Medicine Teaching Hospital Phase I		35,000
Bioscience Innovation Building		40,500
Total Significant Construction Projects Authorized But Not Started	**$**	**155,500**

Debt and Financing Activities

Bonds, Leases, and Notes Payable totaled $1.05 and $1.12 billion, respectively, as of June 30, 2017 and 2016 and represented approximately 73.3% and 74.4% of the total liabilities of the University, respectively. The University's debt portfolio as of June 30, 2017 consists of $80.3 million of variable rate instruments (7.6%), compared to $974.1 million in fixed rate obligations (92.4%). As of June 30, 2016, the University's debt portfolio consisted of $80.3 million of variable rate instruments (7.2%), compared to $1.04 billion in fixed rate obligations (92.8%). Additional details about University indebtedness are provided in Note 6.

As of June 30, 2017 and 2016, the University had a credit rating of Aaa from Moody's Investors Service and AAA from Standard & Poor's. The University was in a limited group of public higher education institutions with such a credit rating – only eight Universities are so rated by Moody's and only seven by Standard & Poor's. In addition, the University's variable rate debt maintains short-term ratings from Moody's of Aaa/VMIG-1 and by Standard & Poor's of A-1+.

Economic Outlook

As a result of the 2017-19 budget and legislative process, fiscal year 2018 state operating appropriations decreased by $4.3 million for the University to $322 million, the change being distributed among the campuses as follows: West Lafayette decrease of $5.9 million, Fort Wayne increase of $337,000, and Purdue Northwest increase of $1.2 million. The State of Indiana provided $22.5 million, in this biennium toward the university's repair and rehabilitation needs, $11.25 million annually. West Lafayette received two new line items for Purdue Moves and Think Summer, totaling $2.5 million in each year of the biennium. The regional campuses received an additional appropriation of $3.5 million to support deferred maintenance. Additionally, IPFW received $1 million for their School of Music.

Academic year 2017-18 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the fifth year in a row. Regional campus modest tuition increases for undergraduates are as follows: Fort Wayne 1.4% and Purdue Northwest 1.4%. Each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget. Efforts to support student affordability and accessibility are a priority for all of our campuses.

Enrollment at all Purdue campuses was 66,782* for the fall semester of the 2017-2018 academic year. Enrollment at the West Lafayette campus was 41,573 up 1,122 from the fall semester of the prior academic year. First-year students totaled 7,567. Purdue continues to experience record-high retention and graduation rates due to a university-wide commitment to student success. The first-year retention rate at the West Lafayette campus is at 91.6% compared to 91.8 % last year, and the second-year retention rate is at 87.3%, as compared to 88.0% last year. The four-year and six-year graduation rates increased to 58.5% and 78.7% from 55.9% and 77.0%, respectively. The class average SAT scores were 1755 on the critical reading, math, and writing sections. In nine years, the cumulative point gain for incoming students' SAT scores is 65.

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

Purdue University

Statement of Net Position

As of June 30 (Dollars in Thousands)

	2017	2016
Assets and Deferred Outflows of Resources:		
Current Assets:		
Cash and Cash Equivalents	$ 282,275	$ 444,453
Investments	188,579	268,835
Accounts Receivable, Net	98,871	86,311
Pledges Receivable, Net	22,874	24,152
Notes Receivable, Net	9,051	8,667
Other Receivables	3,054	5,294
Other Assets	44,646	47,840
Total Current Assets	**649,350**	**885,552**
Noncurrent Assets:		
Investments	2,798,467	2,608,238
Pledges Receivable, Net	35,817	38,136
Notes Receivable, Net	48,983	50,011
Interest in Charitable Remainder Trusts	9,434	9,362
Funds Held in Trust by Others	37,343	37,617
Capital Assets, Net	2,408,286	2,248,707
Total Noncurrent Assets	**5,338,330**	**4,992,071**
Total Assets	**5,987,680**	**5,877,623**
Deferred Outflows of Resources:		
Debt Refunding	21,632	22,580
Defined Benefit Pension Items	54,497	46,353
Liabilities and Deferred Inflows of Resources:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	119,039	125,180
Unearned Revenue	40,298	36,482
Deposits Held in Custody for Others	20,103	19,880
Accrued Compensated Absences	26,654	25,538
Bonds (net), Leases, and Notes Payable	143,433	146,290
Total Current Liabilities	**349,527**	**353,370**
Noncurrent Liabilities:		
Accrued Compensated Absences	36,736	36,876
Other Post Employment Benefits	32,808	31,397
Net Pension Liability	82,044	81,962
Funds Held in Trust for Others	7,098	6,783
Advances from Federal Government	19,028	19,379
Bonds (net), Leases, and Notes Payable	911,002	969,453
Total Noncurrent Liabilities	**1,088,716**	**1,145,850**
Total Liabilities	**1,438,243**	**1,499,220**
Deferred Inflows of Resources:		
Defined Benefit Pension Items	26,555	20,394

Statement of Net Position

As of June 30 (Dollars in Thousands)

(continued from previous page)

	2017	2016
Net Position:		
Net Investment in Capital Assets	**$ 1,454,962**	**$ 1,316,781**
Restricted:		
Nonexpendable:		
Instruction and Research	333,422	315,687
Student Aid	299,966	283,208
Other	28,040	26,358
Total Nonexpendable	**661,428**	**625,253**
Expendable:		
Instruction, Research and Public Service	226,903	257,668
Student Aid	103,170	101,217
Construction	68,282	77,637
Other	575,563	526,259
Total Expendable	**973,918**	**962,781**
Unrestricted	**1,508,703**	**1,522,127**
Total Net Position	**$ 4,599,011**	**$ 4,426,942**

The Accompanying Notes are an Integral Part of these Financial Statements

Purdue University

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

	2017	2016
Operating Revenues:		
Tuition and Fees	$ 902,701	$ 880,699
Less: Scholarship Allowance	(116,391)	(113,897)
Federal Appropriations	23,661	14,796
County Appropriations	4,514	8,501
Grants and Contracts	360,904	356,066
Sales and Services	83,117	79,172
Auxiliary Enterprises	278,390	269,863
Less: Scholarship Allowance	(16,155)	(14,750)
Other Operating Revenues	8,657	8,776
Total Operating Revenues	**1,529,398**	**1,489,226**
Operating Expenses:		
Compensation and Benefits	1,401,010	1,292,247
Supplies and Services	469,902	442,099
Depreciation Expense	166,704	161,889
Scholarships, Fellowships, & Student Awards	70,452	78,355
Total Operating Expenses	**2,108,068**	**1,974,590**
Net Operating Loss	**(578,670)**	**(485,364)**
Nonoperating Revenues (Expenses):		
State Appropriations	397,705	411,503
Grants and Contracts	50,605	54,248
Private Gifts	83,984	89,500
Investment Income	169,341	(21,617)
Interest Expense	(23,669)	(27,302)
Other Nonoperating Revenues (Net of Nonoperating Expenses of $148 and $1,358, respectively)	6,387	5,338
Total Nonoperating Revenues before Capital and Endowments	**684,353**	**511,670**
Capital and Endowments:		
State Capital Appropriations	27,894	38,251
Capital Gifts	10,865	10,078
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	28,847	31,774
Gain (loss) on Retirement of Capital Assets (Net of proceeds and insurance recoveries)	(1,220)	(220)
Total Capital and Endowments	**66,386**	**79,883**
Total Nonoperating Revenues	**750,739**	**591,553**
INCREASE IN NET POSITION	**172,069**	**106,189**
Net Position, Beginning of Year	4,426,942	4,320,753
Net Position, End of Year	**$ 4,599,011**	**$ 4,426,942**

The Accompanying Notes are an Integral Part of these Financial Statements

Purdue University

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

	2017	2016
Cash Flows From Operating Activities:		
Tuition and Fees, Net of Scholarship Allowances	$ 788,889	$ 766,307
Federal Grants	23,661	14,796
County Grants	4,514	8,501
Grants and Contracts	348,429	346,412
Sales and Services	80,008	80,549
Auxiliary Enterprises, Net of Scholarship Allowances	262,061	253,141
Other Operating Revenues	8,438	4,708
Compensation and Benefits	(1,410,389)	(1,301,720)
Supplies and Services	(456,284)	(442,831)
Scholarships, Fellowships and Student Awards	(70,607)	(77,444)
Student Loans Issued	(9,611)	(10,054)
Student Loans Collected	10,142	8,803
Cash Used by Operating Activities	**(420,749)**	**(348,832)**
Cash Flows From Noncapital Financing Activities:		
State Appropriations	397,705	418,684
Grants and Contracts	50,604	54,248
Gifts for Other than Capital Purposes	109,434	118,267
Funds Held in Trust for Others	562	(6,729)
Other Nonoperating Revenues, Net	6,725	5,337
Cash Provided by Noncapital Financing Activities	**565,030**	**589,807**
Cash Flows From Investing Activities:		
Purchases of Investments	(6,818,333)	(5,568,733)
Proceeds from Sales and Maturities of Investments	6,811,548	5,400,511
Interest and Dividends on Investments, Net	64,935	27,119
Cash Provided (Used) by Investing Activities	**58,150**	**(141,103)**
Cash Flows From Capital and Related Financing Activities:		
Debt Repayment	(49,324)	(249,289)
Capital Debt Proceeds	-	323,986
Interest Expense	(35,892)	(38,723)
Capital Gifts Received	14,458	7,865
State Appropriations for Capital Projects	33,128	32,957
Construction or Purchase of Capital Assets	(326,979)	(288,116)
Cash Used by Capital and Related Financing Activities	**(364,609)**	**(211,320)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(162,178)**	**(111,448)**
Cash and Cash Equivalents, Beginning of Year	444,453	555,901
Cash and Cash Equivalents, End of Year	**$ 282,275**	**$ 444,453**

Statement of Cash Flows

As of June 30 (Dollars in Thousands)
(continued from previous page)

Reconciliation of Cash Used for Operating Activities (Indirect Method)		**2017**		**2016**
Reconciliation of net operating loss to net cash used by operating activities:				
Operating Loss	$	(578,670)	$	(485,364)
Depreciation Expense		166,704		161,889
Noncash investing, capital, and financing activities		738		1,753
Changes in Assets and Liabilities:				
Accounts Receivable		(15,072)		(9,420)
Notes Receivable		306		(1,270)
Other Assets		3,466		1,495
Accrued Compensated Absences		976		3,501
Other Post Employment Benefits		1,411		(5,296)
Net Pension liability and related deferreds		(1,901)		(23,935)
Accounts Payable		(2,661)		13,329
Unearned Revenue		4,304		(5,002)
Advances from Federal Government		(350)		(512)
Cash Used by Operating Activities	**$**	**(420,749)**	**$**	**(348,832)**

The Accompanying Notes are an Integral Part of these Financial Statements

Component Units

For the Years Ended June 30 (Dollars in Thousands)

Consolidated Statement of Financial Position

	2017	2016
Assets:		
Cash and Cash Equivalents	$ 14,110	$ 11,564
Accounts Receivable, Net	36,889	33,531
Other Assets	18,114	19,793
Investments	2,581,508	2,444,820
Lease Purchase Agreements	123,718	123,937
Construction in Progress	40,626	7,524
Notes Receivable, Net	9,316	10,195
Interest in Charitable Perpetual Trusts	15,526	14,068
Capital Assets, Net of Accumulated Depreciation	262,546	202,145
Irrevocable Trust	37,343	37,617
Total Assets	**3,139,696**	**2,905,194**
Liabilities:		
Accounts Payable and Accrued Expenses	28,626	27,464
Due on Split Interest Agreements	48,876	48,609
Deposits Held in Custody for Others	1,646,946	1,517,709
Bonds (Net), Leases, and Notes Payable	383,965	372,867
Other Liabilities	18,488	19,578
Total Liabilities	**2,126,901**	**1,986,227**
Net Assets:		
Temporarily Restricted	686,119	639,352
Permanently Restricted	150,736	144,236
Unrestricted	175,940	135,379
Total Net Assets	**$ 1,012,795**	**$ 918,967**

Component Units

For the Years Ended June 30 (Dollars in Thousands)

Consolidated Statement of Activities

	2017	2016
Revenue and Support		
Amount Received for Purdue University Research Projects	$ 4,449	$ 25
Less Payments to Purdue University	(4,449)	(25)
Administrative Fee on Research Projects	-	-
Contributions	25,957	21,391
Income on Investments	24,401	23,288
Net Unrealized and Realized Gains	125,715	(34,060)
Decrease in Value of Split Interest Agreements	(6,174)	299
Increase in Interests in Perpetual Trusts	1,458	(1,609)
Rents	20,118	18,358
Royalties	3,715	4,122
Other	31,407	33,299
Total Revenue and Support	**226,597**	**65,088**
Expenses and Losses		
Expenses for the Benefit of Purdue University		
Contributions to Purdue University	21,069	21,412
Patent and Royalty	3,593	3,819
Grants	8,464	8,079
Services for Purdue University	2,530	2,188
Other	10,789	6,251
Total Expenses for the Benefit of Purdue University	**46,445**	**41,749**
Administrative and Other Expenses		
Salaries and Benefits	31,076	29,777
Property Management	16,307	16,047
Professional Fees	14,500	13,289
Supplies	1,378	1,482
Interest	13,372	10,149
Research park	341	444
Other	9,350	8,981
Total Administrative and Other Expenses	**86,324**	**80,169**
Change in Net Assets	93,828	(56,830)
Net Assets, Beginning of Period	918,967	975,797
Net Assets, End of Period	**$ 1,012,795**	**$ 918,967**

Note 1 — Basis of Presentation and Summary of Significant Accounting Policies

For the Fiscal Year Ended June 30, 2017

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 31 schools and colleges on its main campus in West Lafayette and the following regional campuses:

Indiana University-Purdue University Fort Wayne

Purdue University Northwest

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

Purdue Polytechnic Institute Statewide

College of Agriculture Purdue Extension

Technical Assistance Program

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

REPORTING ENTITY:

Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity* as amended by GASB No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB No. 61 *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34* define the financial reporting entity as an entity that consists of the primary government, Purdue University, and all of its component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Purdue International, Inc. (PII) is a separately incorporated, not-for-profit entity established in 2014 to facilitate the University's international education, research, and exchange activities. In this regard, PII serves as the flagship entity for Purdue's global affairs programs.

The University is the sole beneficiary of PII and the governing body is substantively the same as the University's governing body. As a result, PII is reported as a blended component unit of the University and consolidated within the University’s financial statements. PII is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for PII may be obtained by writing to: Purdue International, Inc., c/o Accounting Services, 1281 Win Hentschel Blvd., Suite 1100, West Lafayette, IN 47906.

There are three discretely presented component units, which are defined as organizations that raise and hold economic resources for the direct benefit of the University. These units are not consolidated within the University's financial statements, but their summary financial information is presented in Note 10 and in a consolidated statement presentation immediately following the University's statements as required by GASB Statement No. 39, as amended by GASB Statement No. 61. All of the current discretely presented component units report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117 *Financial Reporting of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Purdue Research Foundation (PRF) was created in 1930 as a separately incorporated, not-for-profit entity. Its primary purpose is to promote the educational purpose of the University; award scholarships, grants, or other financial assistance to students and faculty; seek, acquire, invest, and hold gifts and endowments for the needs of the University; and acquire property or facilities for the future use or benefit of the University. The economic resources received or held by PRF are entirely, or almost entirely, for the direct benefit of the University; however, the University does not appoint the voting majority of PRF's Board of Directors. As a result, PRF is reported as a discretely presented component unit. PRF is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. PRF includes several wholly owned subsidiary LLC corporations, all of which support the purposes of PRF and the University. PRF also includes the wholly owned subsidiary McClure Park, LLC, which is a for-profit Indiana corporation that was formed to acquire, construct, lease, operate, convey, and mortgage real estate and personal property of every kind and any interest therein. McClure Park wholly owns single member limited liability subsidiaries and participates in several limited liability corporations primarily accounted for using the equity method. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Hentschel 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. The Ross-Ade Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. The Ross-Ade Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Blvd, West Lafayette, IN 47906.

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

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

RELATIONSHIP TO THE STATE OF INDIANA:

As one of seven public universities in the state, the University is a discrete component unit of the state of Indiana with its financial results being included in the State's Comprehensive Annual Financial Report. The University receives funding from the state for operations, repair and maintenance, construction, and debt service. A segment of its nonexempt employees participate in the state's public employees' retirement program.

TAX-EXEMPT STATUS:

The income generated by the University, as an instrument of the State, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2017 and 2016.

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 2017, the University adopted GASB Statement 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* GASB Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14,* and GASB *Statement* 82 *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.*

The effect of GASB Statement 73:

This Statement establishes requirements for defined benefit pensions and defined contribution pensions that were not within the scope of GASB 68. Additional disclosures required by this GASB are presented in Note 9 and Required Supplementary Information related to pensions.

The effect of GASB Statement 80:

This statement provides additional guidance on reporting component units. No changes were necessary to the current presentation as a result of this additional guidance.

The effect of GASB Statement 82:

This statement amends Statements 67 and 68 to change the covered payroll presented in the disclosures. The required disclosures under this GASB are reported in Note 9.

During fiscal year 2016, the University adopted GASB Statement 72 *Fair Value Measurement and Application* and GASB Statement 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The effect of GASB Statement 72:

This Statement establishes investment valuation techniques that are appropriate for specific investment categories in the measurement of fair value. Required disclosures are made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Note 2 includes these updated disclosures.

The effect of GASB Statement 76:

This Statement supersedes GASB Statement 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* It identifies the GAAP Hierarchy within the context of the current governmental financial reporting environment, reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

BASIS OF ACCOUNTING:

The University is considered a special-purpose government engaged only in business-type activities for financial reporting purposes. 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. Eliminations have been made to prevent the double counting of internal activities.

The University applies all applicable GASB pronouncements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents. Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, unspent debt proceeds, and certain investments with original maturities of three months or less. 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 readily convertible to known amounts of cash and so near their maturity date that they present insignificant risk of changes in value due to changes in interest rates.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market prices 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 the 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 investment's maturity date at June 30. Endowment funds are included in noncurrent investments.

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

Other Receivables. Other receivables represent state and federal appropriations receivable.

Other Assets. Other assets include the following types of assets:

> **Inventories.** Inventories principally consist of consumable supplies and items held for resale or recharge within the University, and are valued using a variety of methods, including first in first out (FIFO), weighted average and moving average, depending upon the type of inventory. Agricultural commodities are reported using the consumption method, measured by physical count and are stated at market value.
>
> **Prepaid Expenses.** Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, operating leases, services of consultants, subscriptions, and certain subcontracts.

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

Various revocable and irrevocable trusts established for the benefit of the University, PRF, the former Purdue Alumni Foundation, and affiliates exist where PRF acts as trustee, commonly referred to as the PRF Trust Funds. The Internal Revenue Service has determined that the PRF Trust Funds are exempt from federal income tax as defined in Sections 642 and 664 of the Internal Revenue Code.

The University records its interest in PRF Trust Funds' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added, and the maturation and liquidation of existing trusts.

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

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

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

Funds Held in Trust by Others. Funds held in trust by others represent University assets being held in trust for the University by another party. During fiscal year ended June 30, 2016, the University entered into a crossover refunding transaction, where the crossover refunding funds are being held in escrow in an irrevocable trust by the trustee. See Note 6 for additional details.

Capital Assets. Capital assets are stated at cost at the date of acquisition or at fair market value for capital assets donated to the University at the 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.

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.

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.

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

Unearned Revenue. Unearned revenue consists of amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

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

Accrued Compensated Absences. Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the end of the fiscal year. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, accrued vacation is payable upon termination. Upon meeting the definition of an official University retiree, benefits-eligible clerical and service staff receive cash payments for a portion of their accrued sick leave. An estimate of sick leave liability is recorded for the clerical and service staff based on historical payouts. 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.

Net Pension Liability and Related Items. The University participates in the Public Employees' Retirement Fund (PERF), an employer cost sharing plan managed by the Indiana Public Retirement System (INPRS). The University's net pension liability, associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68, using the information reported by INPRS related to our allocated share of these items.

Funds Held In Trust for Others. The University reports liabilities to other beneficiaries related to the Charitable Trusts or endowments where the University serves as trustee for the component unit or related party.

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

Net Invested in Capital Assets. Represents 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. This is the portion of net position subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the corpus of the University's permanent and term endowments and are categorized as instruction and research, student aid, and other.

Restricted–Expendable. Represents net position that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net position are presented: instruction, research, and public service; student aid; construction; and other. A significant portion of the "Other" category is related to undistributed gains of donor-restricted balances on endowments or quasi-endowments.

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

Deferred Outflows and Inflows of Resources. In addition to Assets, Liabilities, and Net Position, shown in a separate section of the Statement of Net Position are Deferred Outflows and Inflows of Resources, which represent a consumption or an acquisition of resources not requiring any further exchange of goods and services, but which are applicable to future periods. Expense or Revenue related to these deferred items will be appropriately recognized in future reporting periods.

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

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

> **Operating Revenues.** Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as Intercollegiate Athletics and Housing and Food Services), sales and service operations, federal land-grant appropriations, and county appropriations.
>
> **Operating Expenses**. Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent, and staff spouse fee remissions are included with compensation and benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Position. Functional classification 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. These revenues and expenses are primarily derived from activities that are classified as 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 borrowing.

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 source based on individual facts and circumstances. The University, as a matter of policy, does not require monies to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the source selected. Restricted monies are categorized as restricted until the external stipulations have been satisfied.

Tuition and Fees. Tuition and fees assessed to students are reported gross with the related scholarship discount and allowance presented below in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances represent the value of scholarships, grants, and various other types of aid provided by the University. Student loans are not included in this calculation. Student aid applied to housing is shown as an allowance, presented below auxiliary revenues. Aid paid 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. Monies 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.

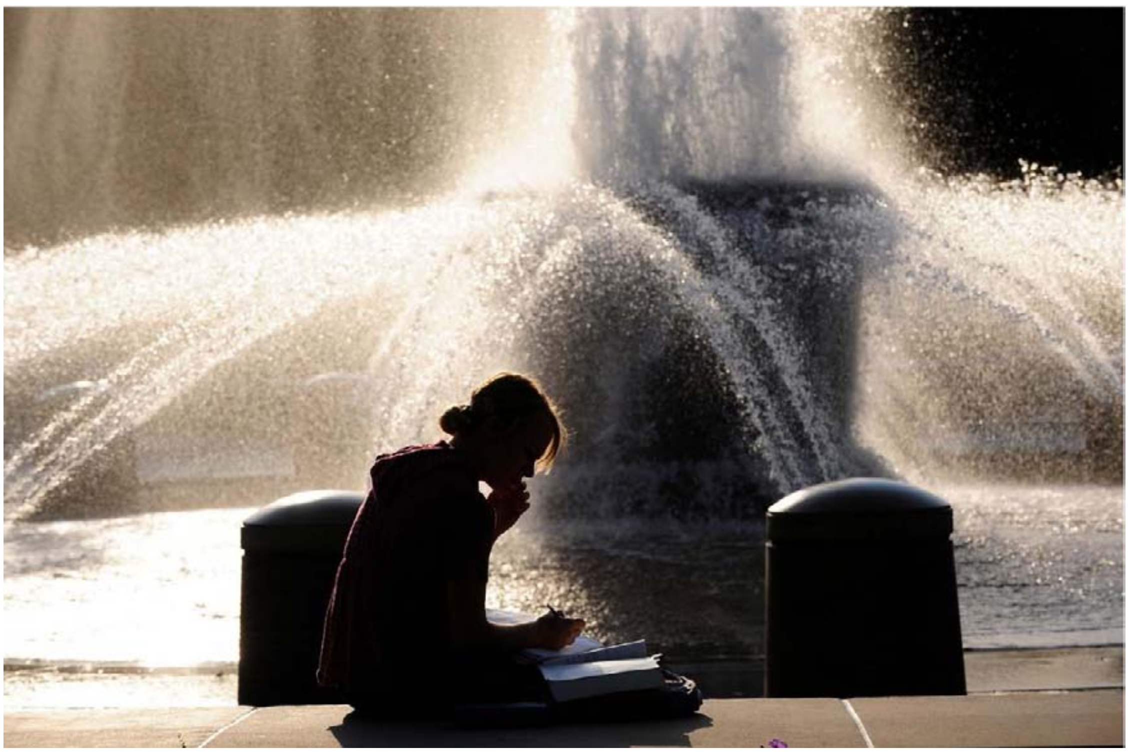
Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $3,553,000 and $459,000 was recognized during the years ending June 30, 2017 and 2016, respectively.

Use of Estimates. Management uses estimates and assumptions in the preparation of the financial statements to conform to generally accepted accounting principles. These estimates and assumptions may affect the reported amounts of assets and liabilities, the 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.

Note 2 — Deposits and Investments

Deposits. As of June 30, 2017 and 2016, the bank balance of the University's deposits (demand deposit accounts) was approximately $102,600,000 and $127,777,000, respectively. Federal depository insurance covered $250,000 and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

University Investments. Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on February 12, 2015, authorize the Treasurer of the Trustees to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed under guidance from two separate policies, the Purdue Investment Pool – Cash (PIPC) policy, and the Purdue Endowment Investment Policy (PIP), both of which are endorsed by the Trustees.



At June 30, the University had the following deposits and investments (dollars in thousands):

NOTE 2 - 2017 FINANCIAL REPORT (dollars in thousands)

Investment Type		June 30, 2017		June 30, 2016
SEPARATELY HELD INVESTMENTS:				
Land Grant Cash Held by State Treasurer	$	340	$	340
US Equity		49,085		44,337
Public Real Estate		1,628		1,628
US Agencies		5		5
Venture Capital/Private Equity		808		1,164
Short Term Investments		97,851		120,620
BOND PROCEEDS INVESTED:				
Short Term Investments		42,137		123,620
PIPC:				
Short Term Investments		138,785		188,490
Fixed Income:				
Asset-Backed Securities		39,121		89,623
Corporate Bonds		446,775		403,182
Mortgage-Backed Securities		273,114		264,845
US Agencies		57,037		140,788
US Treasuries and Securities		548,410		483,522
PIP:				
Short Term Investments		27,315		44,498
US Equity		399,331		288,016
International Equity		247,988		188,702
Fixed Income		143,299		131,997
Emerging Markets		107,104		92,511
Marketable Alternatives		221,980		357,346
Public Real Estate		88,013		42,083
Private Real Estate		45,885		48,743
Public Natural Resources		16,029		-
Private Natural Resources		72,571		70,228
Venture Capital/Private Equity		204,710		195,238
Total	**$**	**3,269,321**	**$**	**3,321,526**

Investment values included accumulated unrealized gains of approximately $183,532,000 and $161,019,000 as of June 30, 2017 and 2016, respectively. Investment income included unrealized gains/(losses) of approximately $22,513,000 and ($97,755,000) during the years ended June 30, 2017 and 2016, respectively.

PRF Investments. PRF investments are managed under the PIP which was also approved by the PRF Directors. The fair value of investments at June 30, 2017 and 2016 is as follows (dollars in thousands):

Investment Type	June 30, 2017	June 30, 2016
Short-Term Investments	$ 6,732	$ 7,050
U.S. Equity	25,057	18,214
Fixed Income	7,310	7,585
Venture Capital	394	252
Pooled Funds:		
Short-Term Investments	83,398	106,703
U.S. Equity	618,934	449,117
International Equity	384,071	293,931
Fixed Income	230,843	214,755
Funds Invested with University	14,085	14,085
Emerging Markets	165,877	144,098
Public Real Estate	136,310	65,551
Private Real Estate	66,978	72,173
Public Natural Resources	24,825	-
Private Natural Resources	112,394	109,391
Hedge Funds	343,793	556,619
Venture Capital/Private Equity	317,045	304,112
Total	**$ 2,538,046**	**$ 2,363,636**

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

The Purdue Board of Trustees adopted the Purdue Investment Pool – Cash (PIPC) investment policy on May 15, 2015. The primary investment objectives of PIPC are 1) the preservation of capital, 2) the maximization of returns within acceptable levels of risk, and 3) management of liquidity requirements. Authorized investments include obligations of the United States (US) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, include corporate bonds and bank loans (minimum credit quality of Ba3/BB-); investments managed under the University's endowment investment policy and the PIPC Loan Program supporting projects that are consistent with the mission to support the University and result in a public or charitable benefit or use for the University or its students. Prior to the adoption of the PIPC, the Cash Management Investment Policy (CMIP) outlined the parameters for all investments exclusive of endowment funds.

As of June 30, 2017 and 2016, the University had approximately $278,971,000 and $266,788,000 of PIPC investments invested in, and shown as part of the PIP investments in these Note disclosures.

Investments in PIPC shall be diversified, resulting in a portfolio weighted average duration of between two and five years, with an overall credit rating of “AA” as rated by a nationally recognized rating agency such as Moody’s or Standard and Poor’s, assuming the credit worthiness of the United States of America is AAA. If the United States of America is downgraded the portfolio’s overall credit rating may fall in tandem and still be considered in compliance with this policy. Bonds rated BBB or lower will not exceed 20% of the portfolio. Funds not required to meet cash needs will be invested over a longer-term horizon.

The Purdue Endowment Investment Policy (PIP) outlining the parameters for endowment investments was approved on November 2, 2016. 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. Moreover, a single manager or affiliated groups of managers will not represent more than 10% of the total endowment's market value. As a partial hedge against prolonged economic contraction, the University has adopted a target allocation of 10% 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, separately held, invested bond proceeds follow investment practices in compliance with arbitrage regulations and generally have maturities of three years or less. These investments are readily available to match expected construction expenditures.

The University had the following fixed-income investments and maturities (dollars in thousands):

June 30, 2017	Maturity				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Separately Managed US Agencies	$ 5	$ -	$ -	$ -	$ 5
PIPC:					
Asset-Backed Securities	1,531	25,918	6,591	5,081	39,121
Corporate Bonds	70,875	273,390	63,493	39,017	446,775
Mortgage-Backed Securities	39,437	47,954	29,022	156,701	273,114
US Agencies	12,951	10,844	24,428	8,814	57,037
US Treasuries and Securities	110,587	382,638	37,162	18,023	548,410
PIP:					
Fixed Income and other	18,452	75,790	21,902	29,418	145,562
Total	$ 253,838	$ 816,534	$ 182,598	$ 257,054	$ 1,510,024

June 30, 2016	Maturity				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Separately Managed US Agencies	$ -	$ 5	$ -	$ -	$ 5
PIPC:					
Asset-Backed Securities	15,674	68,358	4,680	911	89,623
Corporate Bonds	60,022	232,227	69,856	41,077	403,182
Mortgage-Backed Securities	33,691	77,870	14,798	138,486	264,845
US Agencies	75,462	34,694	24,218	6,414	140,788
US Treasuries and Securities	134,275	293,204	31,247	24,796	483,522
PIP:					
Fixed Income and other	11,729	77,319	23,107	32,367	144,522
Total	$ 330,853	$ 783,677	$ 167,906	$ 244,051	$ 1,526,487

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

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

The PIP, as a long-term pool of capital, has a fixed income policy target of 10% but does not limit the maturity of the individual holdings as a means to manage interest rate risk.

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

	June 30, 2017	% of Total	June 30, 2016	% of Total
Separately Held:				
A	$ 5	100.00%	$ 5	100.00%
Total Separately Held	5	100.00%	5	100.00%
PIPC:				
A	189,517	13.89%	147,529	10.67%
AA	42,749	3.13%	61,025	4.42%
AAA	901,107	66.04%	901,955	65.27%
B	-	0.00%	5,435	0.39%
BA	20,207	1.48%	33,266	2.41%
BAA	144,583	10.60%	122,588	8.87%
Unrated	66,294	4.86%	110,162	7.97%
Total PIPC:	1,364,457	100.00%	1,381,960	100.00%
PIP:				
A	22,232	15.27%	16,902	11.69%
AA	5,535	3.80%	7,613	5.27%
AAA	88,661	60.91%	79,109	54.74%
B	-	0.00%	574	0.40%
BA	2,927	2.01%	5,069	3.51%
BAA	18,324	12.59%	16,729	11.57%
Unrated	7,883	5.42%	18,526	12.82%
Total PIP	145,562	100.00%	144,522	100.00%
Total	**$ 1,510,024**		**$ 1,526,487**	

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.

All Separately Held and PIPC investments were maintained in University accounts at the University's custodial banks with the exception of $340,000 at both June 30, 2017 and 2016 which was held in the State's name. All PIP investments are held at PRF including private placements and investments in limited partnerships which totaled approximately $545,146,000 and $671,555,000 respectively at June 30, 2017 and 2016.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the University. Please refer to the Investment Type table for the University's exposure to international investments. In addition to those investments, the University estimates its international exposure in its PIP alternative investments was approximately $68,991,000 and $105,353,000 as of June 30, 2017 and 2016, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of June 30, 2017 and 2016, no more than 5% of total investments were with any single issuer, except U.S. Treasury and Agencies, consistent with policy limits.

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. The approved spending policy distributed 5% of the average of the ending values for the prior twelve quarters in semiannual distributions. The distribution includes both income and equity components.

As of June 30, 2017 and 2016, accumulated market appreciation of the PIP pool was approximately $435,338,000 and $367,233,000, respectively. Of this amount, 42.37% and 40.87% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2017 and 2016, respectively. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.

Interest in Charitable Trusts and Contracts. As of June 30, 2017 and 2016, the PRF PIP investment pool includes the following PRF Trusts assets (Dollars in Thousands).

	Assets at Fair Value		Beneficiary Interest	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
University	$ 19,277	$ 18,768	$ 9,456	$ 9,382
PRF	41,699	41,492	17,863	16,359
Related Parties	8	8	2	3
Other Affiliates	205	200	101	90
Total	$ 61,189	$ 60,468	$ 27,422	$ 25,834

As of June 30, 2017 and 2016, the University PIP investment pool includes endowment assets of approximately $7,098,000 and $6,783,000, which are offset by Funds Held in Trust obligations to the other beneficiaries (Note 7).

The University also has beneficiary interest in insurance contracts of $933,000 and $857,000, respectively, as of June 30, 2017 and 2016.

Fair Value Disclosures

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the University's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The GASB 72 accounting standard for disclosure describes three levels of inputs that may be used to measure fair value, as indicated below:

Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2. Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3. Significant unobservable inputs that reflect a reporting entity's own assumptions.

Net Asset Value (NAV). Certain investments are valued using the net asset value (NAV), or its equivalent, provided by the fund as a practical expedient. Those investments include pooled equities, marketable alternative assets, and partnerships and are excluded from the valuation hierarchy.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair values of investments that are readily marketable, such as equities, government securities and money market funds, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing for mutual funds and bonds (Level 2 inputs).

Assets and Liabilities measured at fair value on a recurring basis are summarized below (Dollars in Thousands):

Fair Value Measurements at June 30, 2017					
Investment Type	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasur	$ -	$ 340	$ -	$ -	$ 340
US Equity	49,085	-	-	-	49,085
Public Real Estate	-	-	1,628	-	1,628
US Agencies	-	5		-	5
Venture Capital/Private Equity	-	-	808	-	808
Short Term Investments	97,851	-	-	-	97,851
BOND PROCEEDS INVESTED:					
Short Term Investments	42,137	-	-	-	42,137
PIPC:					
Short Term Investments	138,785	-	-	-	138,785
Fixed Income:					
Asset-Backed Securities	-	39,121	-	-	39,121
Corporate Bonds	-	446,775	-	-	446,775
Mortgage-Backed Securities	-	273,114	-	-	273,114
US Agencies	-	57,037	-	-	57,037
US Treasuries and Securities	539,638	8,772	-	-	548,410
PIP:					
Short Term Investments	25,170	-	2,145	-	27,315
US Equity	293,241	13,360	-	92,730	399,331
International Equity	212,284	-	-	35,704	247,988
Fixed Income	47,810	95,489	-	-	143,299
Emerging Markets	66,661	-	-	40,443	107,104
Marketable Alternatives	-	-	109,309	112,671	221,980
Public Real Estate	88,013	-	-	-	88,013
Private Real Estate	-	-	45,885	-	45,885
Public Natural Resources	16,029	-	-	-	16,029
Private Natural Resources	-	-	72,571	-	72,571
Venture Capital/Private Equity	-	9,238	195,472	-	204,710
Total	**$ 1,616,704**	**$ 943,251**	**$ 427,818**	**$ 281,548**	**$ 3,269,321**

Fair Value Measurements at June 30, 2016

Investment Type	Level 1	Level 2	Level 3	NAV	Total
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasurer	$ -	$ 340	$ -	$ -	$ 340
US Equity	44,337	-	-	-	44,337
Public Real Estate	-	-	1,628	-	1,628
US Agencies	-	5	-	-	5
Venture Capital/Private Equity	-	-	1,164	-	1,164
Short Term Investments	120,620	-	-	-	120,620
BOND PROCEEDS INVESTED:					
Short Term Investments	123,620	-	-	-	123,620
PIPC:					
Short Term Investments	188,490	-	-	-	188,490
Fixed Income:					
Asset-Backed Securities	-	89,623	-	-	89,623
Corporate Bonds	-	403,182	-	-	403,182
Mortgage-Backed Securities	-	264,845	-	-	264,845
US Agencies	-	140,788	-	-	140,788
US Treasuries and Securities	482,433	1,089	-	-	483,522
PIP:					
Short Term Investments	41,284	100	3,114	-	44,498
US Equity	220,354	10,629	-	57,033	288,016
International Equity	150,459	-	-	38,243	188,702
Fixed Income	29,959	102,038	-	-	131,997
Emerging Markets	55,979	-	-	36,532	92,511
Marketable Alternatives	-	-	124,521	232,825	357,346
Public Real Estate	42,083	-	-	-	42,083
Private Real Estate	-	-	48,743	-	48,743
Private Natural Resources	-	-	70,228	-	70,228
Venture Capital/Private Equity	-	6,439	188,799	-	195,238
Total	**$ 1,499,618**	**$ 1,019,078**	**$ 438,197**	**$ 364,633**	**$ 3,321,526**

Short Term Investments. Short Term Investments include cash and cash equivalents valued at cost, which approximates fair value. Investments in this category are valued at the quoted market price reported on the active market on which the individual securities are traded on the last day of the business year (Level 1 inputs). There are also investments where cash is held in a financial institution or investment account (Level 2 or Level 3 inputs).

U.S. Equity. Equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The University also has equity investments in commingled funds that are valued using NAV under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs).

Fixed Income. Fixed income investments include U.S. government bonds and corporate debt valued at the closing price reported in the active market in which the bond is traded (Level 1 inputs). Government agency and asset-backed securities are valued without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities or on models using market information (Level 2 inputs). The University also has fixed income investments held in commingled funds that are valued using NAV under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs).

International Equity. Non-U.S. equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs). The University also has an equity investment in a commingled fund that is valued using NAV under the market approach. This investment is able to be redeemed on a short-term basis (Level 2 inputs). There are no unfunded future commitments to these investments.

Emerging Markets. Equity investments held in common stock of developing countries. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs). The University also has an equity investment held in a commingled fund that is valued using NAV under the market approach. This investment is able to be redeemed on a short-term basis (Level 2 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Marketable Alternatives. Marketable Alternatives include Hedge funds which are investments that employ a variety of strategies including US and global long/short, event and diversified arbitrage. The funds seek to generate positive risk-adjusted returns across a range of market environments. A NAV is used to determine the fair value. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the market approach, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. Redemptions may be made monthly, quarterly, or annually with notice periods ranging from 30 to 90 days. In a few instances, however, lock-ups of up to two years are in place, or the fund balance is in illiquid side pocket investments (Level 3 inputs).

Public Real Estate. Real estate equity investments are generally in separately managed accounts or a fund principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Private Real Estate. The fair values of the investments in real estate partnerships have been estimated using the NAV of the ownership interest in partners' capital. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed at NAV with the fund managers until the partnerships terminate, which range from 3 to 10 years. Partnership investments are not readily marketable and their estimated value is subject to uncertainty (Level 3 inputs).

Public Natural Resources. Equity investments relating to oil and gas exploration, supplies and equipment are held in a commingled fund that is valued using NAV under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Private Natural Resources. The fair values of the investments in energy-related and mineral and mining partnerships have been estimated using the NAV of the ownership interest in partners' capital. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed at NAV with the fund managers until the partnerships terminate, which range from 5 to 12 years. Partnership investments are not readily marketable and their estimated value is subject to uncertainty (Level 3 inputs).

Venture Capital/Private Equity. The fair values of the investments in buyout and venture partnership have been estimated using the NAV of ownership interest in partners' capital. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed at NAV with the fund managers until the partnerships terminate, which range from 1 to 12 years. Partnership investments are not readily marketable and their estimated value is subject to uncertainty (Level 3 inputs). A special situations private equity investment fund is able to be redeemed on a short-term basis with no significant restrictions (Level 2 inputs).

Interest in Perpetual Trust. The fair value of beneficial interest in trust assets (or any type of beneficial interest) is based on a valuation model that calculates the present value of estimated distributed income. The valuation model incorporates assumptions that market participants would use in estimating future distributed income, using the market approach. The University is able to compare the valuation model inputs and results to widely available published industry data for reasonableness. If not readily comparable to published data, then the University would have to develop a model similar to the above for a Level 3 input. Since the University does not have the ability to redeem these beneficial interests on a short-term basis, they are classified as Level 3 valuations.

Note 3 – Accounts, Pledges, and Notes Receivable

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

	June 30, 2017	June 30, 2016
Grants and Contracts	$ 58,738	$ 46,651
Student and General	24,927	24,055
Other Accrued Revenues	17,937	18,758
Less: Allowance for Doubtful Accounts	(2,731)	(3,153)
Total Accounts Receivable, Net	**98,871**	**86,311**
Pledges Receivable	61,018	64,706
Less: Allowance for Doubtful Pledges	(2,327)	(2,418)
Net Pledges Receivables	58,691	62,288
Less: Noncurrent Portion	(35,817)	(38,136)
Pledges Receivable, Current Portion	**22,874**	**24,152**
Perkins Loans	23,330	26,242
Institutional Loans	22,343	21,309
Other Student Loans and Receivables	13,552	12,241
Less: Allowance for Doubtful Loans	(1,191)	(1,114)
Net Notes Receivables	58,034	58,678
Less: Noncurrent Portion	(48,983)	(50,011)
Notes Receivable, Current Portion	**9,051**	**8,667**
Federal Appropriations Receivable	2,994	-
State Appropriations Receivable	60	5,294
Other Receivables, Current Portion	**$ 3,054**	**$ 5,294**

Note 4 – Capital Assets (dollars in thousands)

Capital Assets Activity	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital Assets, Not Being Depreciated:					
Land	$ 40,907	$ 3,099	$ -	$ 1,061	$ 45,067
Construction in Progress	200,655	163,678	-	(146,027)	218,306
Total, Capital Assets, Not Being Depreciated	241,562	166,777	-	(144,966)	263,373
Capital Assets, Being Depreciated:					
Land Improvements	75,482	2,472	-	1,803	79,757
Infrastructure	155,268	4,669	-	1,101	161,038
Buildings	3,150,854	91,016	-	141,523	3,383,393
Equipment	548,494	63,966	22,522	524	590,462
Software	58,369	3	-	15	58,387
Total, Capital Assets, Being Depreciated	3,988,467	162,126	22,522	144,966	4,273,037
Less Accumulated Depreciation:					
Land Improvements	63,165	1,939	-	-	65,104
Infrastructure	60,342	7,411	-	-	67,753
Buildings	1,426,248	117,459	-	-	1,543,707
Equipment	378,645	36,110	19,902	-	394,853
Software	52,922	3,785	-	-	56,707
Total Accumulated Depreciation	1,981,322	166,704	19,902	-	2,128,124
Total Capital Assets, Net of Accumulated Depreciation	**$ 2,248,707**	**$ 162,199**	**$ 2,620**	**$ -**	**$ 2,408,286**

Capital Assets Activity	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets, Not Being Depreciated:					
Land	$ 37,181	$ 3,726	$ -	$ -	$ 40,907
Construction in Progress	130,861	152,338	-	(82,544)	200,655
Total, Capital Assets, Not Being Depreciated	168,042	156,064	-	(82,544)	241,562
Capital Assets, Being Depreciated:					
Land Improvements	75,474	8	-	-	75,482
Infrastructure	124,800	11,332	393	19,529	155,268
Buildings	3,007,452	85,537	5,150	63,015	3,150,854
Equipment	523,277	46,360	21,143	-	548,494
Software	58,369	-	-	-	58,369
Total, Capital Assets, Being Depreciated	3,789,372	143,237	26,686	82,544	3,988,467
Less Accumulated Depreciation:					
Land Improvements	61,223	1,942	-	-	63,165
Infrastructure	52,995	7,423	76	-	60,342
Buildings	1,319,970	110,522	4,244	-	1,426,248
Equipment	362,785	35,496	19,636	-	378,645
Software	46,416	6,506	-	-	52,922
Total Accumulated Depreciation	1,843,389	161,889	23,956	-	1,981,322
Total Capital Assets, Net of Accumulated Depreciation	**$ 2,114,025**	**$ 137,412**	**$ 2,730**	**$ -**	**$ 2,248,707**

During fiscal year 2017, the University incurred $30,907,000 in interest costs related to the ownership of capital assets. Of this total, $23,669,000 was charged as interest expense and $7,238,000 was capitalized.

Note 5 —Accounts Payable and Accrued Expenses

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

		June 30, 2017		June 30, 2016
Construction Payables	$	19,639	$	29,166
Accrued Insurance Liabilities		25,817		20,550
Interest Payable		20,601		14,550
Accrued Salaries and Wages		10,413		9,628
Vendor and Other Payables		42,569		31,102
Net Pension Liability		-		20,184
Total Accounts Payable	**$**	**119,039**	**$**	**125,180**

Included in June 30, 2016 Total Accounts Payable was $20,184,000 related to a one-time supplemental contribution made in August 2016 to the Indiana Public Retirement System in order to fund the supplemental contribution to PERF pursuant to Indiana Public Law 241-2015.

Note 6 — Debt Related to Capital Assets

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

Debt Related Liabilities	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Notes Payable	$ 7,067		$ 533	$ 6,534	$ 425
Leases Payable to Affiliated Foundations	209,659		901	208,758	37,887
Bonds Payable					
Student Facilities System Revenue Bonds	371,260		15,410	355,850	64,060
Student Fee Bonds	432,875		32,480	400,395	30,380
Total Bonds Payable	804,135	-	47,890	756,245	94,440
Net Unamortized Premiums and Costs	94,882		11,984	82,898	10,681
Total Debt Related Liabilities	**$ 1,115,743**	**$ -**	**$ 61,308**	**$ 1,054,435**	**$ 143,433**

Debt Related Liabilities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
Notes Payable	$ 616	$ 7,070	$ 619	$ 7,067	$ 415
Leases Payable to Affiliated Foundations	130,326	85,120	5,787	209,659	37,861
Bonds Payable					
Student Facilities System Revenue Bonds	370,870	67,470	67,080	371,260	63,550
Student Fee Bonds	441,905	121,885	130,915	432,875	32,480
Total Bonds Payable	812,775	189,355	197,995	804,135	96,030
Net Unamortized Premiums and Costs	51,921	57,135	14,174	94,882	11,984
Total Debt Related Liabilities	**$ 995,638**	**$ 338,680**	**$ 218,575**	**$ 1,115,743**	**$ 146,290**

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman, Sachs & Company. This agreement authorized a maximum outstanding at any time of $50,000,000 to finance portions of the costs of certain infrastructure, equipment, and facilities on various campuses. The interest rate was variable and reset based on market conditions. The University could set the maturity dates up to 270 days. The program is currently inactive.

Notes Payable. As of June 30, 2017 and 2016, the balance of notes outstanding was approximately $6,534,000 and $7,067,000, respectively, representing financing for various activities.

On November 15, 2015, the University entered into an agreement with Purdue Research Foundation (PRF) that transferred the Bowen Laboratory Facility property to the University in exchange for an agreement to pay the balance of the PRF debt attributable to the Bowen Lab. The initial balance was $7,070,000, and the balances at June 30, 2017 and 2016 were $6,245,000 and $6,660,000, respectively. The interest rate for this agreement ranges between 2-5% as of June 30, 2017 and 2016.

On June 10, 2010, the University entered into a loan agreement with PRF to refinance its capital lease with PRF. The 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 thirteen annual payments. The outstanding balance of this note was $289,000 and $407,000 as of June 30, 2017 and 2016. The interest rate for the note was fixed at 8.00% as of June 30, 2017 and 2016.

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

Issue	Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Outstanding June 30, 2017	Outstanding June 30, 2016	Current Outstanding June 30, 2017
Certificates of Participation with Ross-Ade:							
Series 2006	2006	70,345	5.25%	2025	29,445	29,445	2,640
Series 2009B	2009	42,795	4.49-4.59%	2019	40,715	40,715	2,135
Series 2011A	2011	32,185	0.90%*	2035	32,185	32,185	32,185
Series 2014A	2014	21,955	2.66%	2027	20,725	21,530	825
Series 2016A	2016	85,120	4.00-5.00%	2037	85,120	85,120	
Leases with Purdue Research Foundation:							
Kaplan	2012	1,335	5.63%	2022	568	664	102
					208,758	209,659	37,887
Net unamortized premiums and costs					17,796	19,754	1,913
Total					**$ 226,554**	**$ 229,413**	**$ 39,800**

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2017.*

The Certificates of Participation (COPs) are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University. During the Fiscal Years June 30, 2017 and 2016, the University included approximately $32,185,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A).

Prior to January 1, 2017, payment for Purdue's outstanding COP obligations (excluding Series 2011A and 2014A) were paid to the Bond Trustee, Bank of New York Mellon, one day in advance of bondholder receipt of funds. Effective January 1, 2017, the obligation to make payment in advance was eliminated. The impact in fiscal 2017 is a one-time shift of prepayments of approximately $4,775,000 previously scheduled for June 30, 2017 to the scheduled bond payment date, July 1, 2017, which falls in a subsequent fiscal year. Hereafter, semi-annual debt service payments for Purdue's COPs will be made on the first business day on or after bondholder payment due date (July 1 and January 1), consistent with the timing for payments of the student fee bonds and student facilities system revenue bonds. Annual debt service (above) reflects this new payment timing.

On June 15, 2016, the University issued Certificates of Participation, Series 2016A at par value of $85,120,000 and a premium of approximately $18,127,000 to fund the renovation and expansion of the Mollenkopf Football Performance Center at the West Lafayette campus, to pay for allowable construction period interest and costs of issuance, and to effect a cross-over refunding of a portion of Build America Certificates of Participation, Series 2009B (Direct Pay Option) effective July 1, 2019. Debt service on the Series 2016A refunding certificates due up to and including July 1, 2019 will be paid from an irrevocable escrow held by the Escrow Trustee, Bank of New York Mellon. At the cross-over date, $34,130,000 will be outstanding in Series 2009B and will be called and paid for by the escrowed funds. After that point, the university estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $2,579,000. An economic loss (difference between the reacquisition cost and unamortized premium) of approximately $3,471,000 will be created when the cross-over is effected on July 1, 2019 and amortized through 2031. During fiscal year 2017, debt service of $1,376,056 was paid from capitalized interest, borrowed as part of COPS 2016A. The debt service of $800,823 related to the crossover refunding was paid from securities held by the Escrow Trustee. During fiscal year 2016, there was no payment of debt service on the Series 2016A Certificates. Interest income on the escrowed securities was approximately $527,000 and $16,000, respectively.

As of June 30, 2017 and 2016, long-term debt included amounts relating to properties with a book value, net of accumulated depreciation, of approximately $146,752,000 and $151,122,000, respectively, leased from Ross-Ade Foundation or Purdue Research Foundation.

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

Bonds Payable. As of June 30, 2017 and 2016, the balance of bonds payable was approximately $821,347,000 and $879,263, 000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

Issuance and Description		Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2017	Total Outstanding June 30, 2016	Current Outstanding June 30, 2017
Student Facilities System Revenue Bonds:								
Series 2004A								
	Finance construction of Hammond student housing and parking garage facilities	2004	$28,100	0.88%*	2033	$ 16,600	$ 16,600	$ 16,600
Series 2005A								
	Finance construction and renovation of West Lafayette housing and food service facilities	2005	24,200	0.90% *	2029	6,020	6,020	6,020
Series 2007A								
	Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	61,865	5.00-5.25%	2029	55,405	57,680	2,395
Series 2007B								
	Finance construction of the new West Lafayette dining court and Fort Wayne student housing facility	2007	27,065	5.00%	2018	1,880	2,715	880
Series 2007C								
	Renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility	2007	61,725	0.90% *	2032	25,520	25,520	25,520
Series 2009A								
	Finance construction of new West Lafayette and Hammond student housing, renovate a West Lafayette student housing facility, and refund a portion of commercial paper	2009	35,025	-	2016	-	1,055	-
Series 2009B								
	Finance Fort Wayne and West Lafayette student housing facilities, and refund a portion of commercial paper	2009	41,525	-	2016	-	1,120	-
Series 2010A								
	Taxable Build America Bonds to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper	2010	24,985	3.51-5.96%	2030	20,440	21,605	1,195
Series 2011A								
	Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C	2011	49,440	3.75-5.00%	2025	35,295	38,360	3,280
Series 2012A								
	Finance construction for the West Lafayette student housing and parking facilities, and to refund a portion of Student Facilities System Revenue Bond Series 2003B and a portion of commercial paper	2012	44,770	3.13-5.00%	2032	31,725	35,370	3,855
Series 2015A								
	Finance a portion of construction of West Lafayette Honors College and Residence Hall, refund a portion of Series 2007B and of Series 2009A.	2015	98,070	3.00-5.00%	2040	96,285	97,745	1,535
Series 2016A								
	Finance construction for the West Lafayette Flex Lab Facility, refund portion of Series 2009A and Series 2009B.	2016	67,470	3.00-5.00%	2036	66,680	67,470	2,780
						355,850	371,260	64,060
Net unamortized premiums and costs						29,723	33,360	3,413
Total Student Facilities System Revenue Bonds						**$ 385,573**	**$ 404,620**	**$ 67,473**

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2017.*

Issuance and Description		Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2017	Total Outstanding June 30, 2016	Current Outstanding June 30, 2017
Student Fee Bonds:								
Series P								
	Refund Student Fee Bond Series M	1998	64,255	5.25%	2017	1,685	6,705	1,685
Series U								
	Refund a portion of Student Fee Bond Series Q	2005	35,200	3.85-5.25%	2022	18,895	21,855	3,070
Series X								
	Finance construction of West Lafayette Health and Human Sciences facility, add a wing to West Lafayette Mechanical Engineering Building, West Lafayette power improvements, construct the Fort Wayne Student Services and Library Complex, for Repair & Rehabilitation projects, and refund a portion of commercial paper	2009	106,925	5.00%	2019	15,055	19,610	4,780
Series Y								
	Refund Student Fee Bond Series S, T, and V	2010	74,130	5.00%	2020	15,980	19,505	3,700
Series Z-1								
	Finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects and refund Student Fee Bond Series H, K, L, O, a portion of Series R and a portion of commercial paper	2010	68,320	4.00-5.00%	2024	28,655	34,365	5,970
Series Z-2								
	Taxable Build America Bonds to finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects	2010	100,705	2.62-5.33%	2035	93,125	96,805	3,740
Series AA								
	Finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Health and Human Sciences Facility, West Lafayette Repair & Rehabilitation projects and Westville Student Services and Activities complex	2012	54,555	3.00-5.00%	2032	47,220	49,160	2,015
Series BB1								
	Finance a portion of construction of Westville Student Services and Activities Complex, Repair & Rehabilitation projects on the West Lafayette campus, refund energy improvement projects on all campuses originally financed with tax-exempt commercial paper and partially refund Series W.	2015	48,630	3.00-5.00%	2034	40,910	45,135	3,475
Series BB2								
	Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA	2015	18,985	1.35-3.81%	2032	16,985	17,850	870
Series CC								
	Finance construction of West Lafayette Agriculture & Life Sciences Facility and partially refund Series X and Series Y	2016	121,885	3.00-5.00%	2036	121,885	121,885	1,075
						400,395	432,875	30,380
Net unamortized premiums and costs						35,379	41,768	5,355
Total Student Fee Bonds						**$ 435,774**	**$ 474,643**	**$ 35,735**

The Student Facilities System Revenue Bonds are secured by a pledge of certain auxiliary net income and all other available funds, except student fees and state appropriations. Student Fee Bonds are secured by a pledge of mandatory student fees.

As of both June 30, 2017 and 2016, the University had $48,140,000 for both years 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, with serial maturities July 1, 2025 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 provide funds for certain capital improvements, refund certain interim financing, provide for construction period interest for a portion of the bonds, and pay costs incurred to issue the bonds.

The University may direct a change in the type of interest rate borne by the variable rate debt (including variable rate COPs Series 2011A), in whole or in part, at any time from the weekly rate to a rate determined pursuant to one of six additional interest rate modes: a daily rate, a monthly rate, a quarterly rate, a semiannual rate, or a term rate (each an “adjustable rate”), or a fixed rate in accordance with the procedures provided in the indenture. However, if the debt is converted in whole or in part to a fixed rate, the interest rate on the debt so converted may not be subsequently changed to an adjustable rate.

The variable rate bonds and certificates of participation are subject to purchase on the demand of the holder, a “put,” at a price equal to principal plus accrued interest on seven days’ notice and delivery to the University’s remarketing agent. The remarketing agent is authorized to use its best efforts to sell these bonds at a price equal to 100 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 variable rate bonds or certificates of participation.

On May 11, 2016, the University issued Student Facilities System Revenue Bonds, Series 2016A at par value of $67,470,000 and a premium of approximately $13,317,000 to partially fund the construction of a the Engineering Flexible Laboratory on the West Lafayette campus, to refund a portion of Student Facilities System Revenue Bonds, Series 2009A and 2009B, $17,865,000 and $35,325,000, respectively, and to pay for allowable costs of issuance. As a result of the refunding, the university anticipates a reduction in its aggregate debt service payments over the life of the debt of approximately $7,128,000. The refunding resulted in an economic loss (difference between the reacquisition cost and unamortized premium) of approximately $5,454,000 through 2036 over the term of the refunding bonds.

On May 26, 2016, the University issued Student Fee Bonds, Series CC at par value of $121,885,000 and a premium of approximately $25,691,000 to partially fund the construction of the Agricultural and Life Sciences complex at the West Lafayette campus, to pay for allowable costs of issuance, and to refund a portion of Student Fee Bonds, Series X and Y, $61,570,000 and $35,380,000, respectively. As a result of the refunding, the university anticipates a reduction in its aggregate debt service payments over the life of the debt of approximately $13,029,000. The refunding resulted in an economic loss (difference between the reacquisition cost and unamortized premium) of $9,239,516 through 2028 over the term of the refunding bonds.

On June 30, 2016, the University completed an optional call on the Student Facilities System Revenue Bonds, Series 2004A maturing on July 1, 2033 of $1,000,000.

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
2018	$ 52,427	$ 41,281	$ 93,708
2019	54,534	39,434	93,968
2020	89,715	36,322	126,037
2021	53,665	33,328	86,993
2022	52,071	31,126	83,197
2023-2027	280,135	116,382	396,517
2028-2032	240,770	55,413	296,183
2033-2037	127,845	15,375	143,220
2038-2041	20,375	1,420	21,795
	971,537	370,081	1,341,618
Net unamortized premiums and costs	82,898	-	82,898
	$1,054,435	$ 370,081	$1,424,516

Defeased Bond Issues. The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments when due through call date, 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, 2017	June 30, 2016
Student Fee and Facilities:			
Student Facilities System Revenue Bonds, Series 2007B	1/1/2017	$ -	$ 18,835
Student Facilities System Revenue Bonds, Series 2009A	1/1/2019	17,865	17,865
Student Facilities System Revenue Bonds, Series 2009B	7/1/2019	35,325	35,325
Student Fee Bonds:			
Student Fee Bonds, Series X	7/1/2019	61,570	61,570
Student Fee Bonds, Series Y	7/1/2020	35,380	35,380

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

Fiscal Year	Lease Payments
2018	$ 7,325
2019	3,957
2020	3,692
2021	2,954
2022	2,976
Total Future Minimum Payments	**$20,904**

Note 7— Other Debt Information

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

Liabilities	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Accrued Compensated Absences	$ 62,414	$ 26,514	$ 25,538	$ 63,390	$ 26,654
Other Post Employment Benefits	31,397	6,978	5,567	32,808	-
Funds Held in Trust for Others	6,783	315	-	7,098	-
Advances from Federal Government	19,379	32	383	19,028	-
Total	**$ 119,973**	**$ 33,839**	**$ 31,488**	**$ 122,324**	**$ 26,654**

Liabilities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
Accrued Compensated Absences	$ 58,913	$ 29,908	$ 26,407	$ 62,414	$ 25,538
Other Post Employment Benefits	36,693	5,911	11,207	31,397	-
Funds Held in Trust for Others	7,465	9,947	10,629	6,783	-
Advances from Federal Government	19,891	-	512	19,379	-
Total	**$ 122,962**	**$ 45,766**	**$ 48,755**	**$ 119,973**	**$ 25,538**

Other Post-Employment Benefits. The University offers medical insurance for official retirees and their dependents. Separating employees who are 55 or older, and have at least 10 years of service are eligible for official retirement status.

Official retirees under the age of 65 and their dependents 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. Early retirees enjoy the benefit of a lower insurance cost due to continued participation in the University plan, which creates an implicit rate subsidy.

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 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 amortizes any unfunded actuarial liabilities over a 20-year period.

During the fiscal year ended June 30, 2017, the Trustees approved a voluntary early retirement incentive program for certain employees aged 60 or older with at least 10 years of employment. The incentive program included contributions to a health reimbursement account (HRA), with maximum dollar amounts and length of participation based on the campus of employment at the date of retirement. 201 employees took the retirement incentive, and the actuarial calculations have been updated to take this into account.

Previous to this fiscal year, the Trustees had approved similar early retirement arrangements. For the years ended June 30, 2017 and 2016, there were 71 and 165 employees, respectively, participating in the previous voluntary retirement incentive programs.

Outstanding liabilities associated with all retiree related health reimbursement accounts as of June 30, 2017 and 2016 were approximately $4,545,000 and $1,504,000, respectively.

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

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

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

Determination of Annual Required Contribution (ARC)

Cost Element		**For Fiscal Year Ending June 30, 2017**		**For Fiscal Year Ending June 30, 2016**
Normal cost	$	2,532	$	2,423
Amortization of the Unfunded Actuarial Accrued Liability		6,058		5,372
Total Annual Required Contribution (End of year)	**$**	**8,590**	**$**	**7,795**

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2008	$ 11,014	$ 4,880	44%
June 30, 2009	$ 11,297	$ 5,293	47%
June 30, 2010	$ 12,750	$ 6,242	49%
June 30, 2011	$ 14,755	$ 6,138	42%
June 30, 2012	$ 11,463	$ 8,032	70%
June 30, 2013	$ 11,675	$ 6,190	53%
June 30, 2014	$ 7,523	$ 5,134	68%
June 30, 2015	$ 7,672	$ 9,547	124%
June 30, 2016	$ 5,911	$ 11,207	190%
June 30, 2017	$ 6,978	$ 5,567	80%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)
January 1, 2007	-	$ 72,948	$ 72,948	0%
January 1, 2009	-	$ 76,492	$ 76,492	0%
January 1, 2009*	-	$ 97,703	$ 97,703	0%
January 1, 2011**	-	$ 89,872	$ 89,872	0%
January 1, 2013	-	$ 72,335	$ 72,335	0%
January 1, 2015	-	$ 51,658	$ 51,658	0%
January 1, 2015*	-	$ 57,465	$ 57,465	0%

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

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

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
January 1, 2011	June 30, 2012	$ 12,158	$ 1,363	$ (2,058)	$ 11,463	$ 8,032	$ 3,431	$ 30,694
January 1, 2011	June 30, 2013	$ 12,458	$ 1,535	$ (2,318)	$ 11,675	$ 6,190	$ 5,485	$ 36,179
January 1, 2013	June 30, 2014	$ 8,935	$ 1,447	$ (2,859)	$ 7,523	$ 5,134	$ 2,389	$ 38,568
January 1, 2013	June 30, 2015	$ 9,177	$ 1,543	$ (3,048)	$ 7,672	$ 9,547	$ (1,875)	$ 36,693
January 1, 2015	June 30, 2016	$ 7,795	$ 1,468	$ (3,352)	$ 5,911	$ 11,207	$ (5,296)	$ 31,397
January 1, 2015	June 30, 2017	$ 8,590	$ 1,256	$ (2,868)	$ 6,978	$ 5,567	$ 1,411	$ 32,808

Valuation Date	January 1, 2015	
Actuarial cost method	Entry age normal, level percent of pay	
Amortization method	20 years from date of establishment, closed, level percent of pay	
Asset valuation method	N/A, no assets in trust	
Actuarial assumptions:		
Discount rate	4%	
Projected payroll increases	3%	
Health care cost trend rate:		
Medical	7.75% graded to 5% over 6 years	
Prescription Drugs	7.75% graded to 5% over 6 years	
Vision	3%	
Administrative Costs	3%	
Plan membership:		January 1, 2015
Current retirees and surviving spouses		283
Current disabled		149
Current active members		10,851
Total		11,283

Note 8 - Operating Expenses by Function

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

June 30, 2017

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	$ 646,303	$ 99,838	$ -	$ -	$ 746,141
Research	179,286	70,392	-	-	249,678
Extension and Public Service	96,252	49,824	-	-	146,076
Academic Support	95,637	47,268	-	-	142,905
Student Services	34,401	14,050	-	-	48,451
General Administration and Institutional Support	130,343	46,874	-	-	177,217
Physical Plant Operations and Maintenance	76,486	56,275	-	-	132,761
Depreciation	-	-	166,704	-	166,704
Student Aid	-	-	-	70,452	70,452
Auxiliary Enterprises	142,302	85,381	-	-	227,683
Total	**$ 1,401,010**	**$ 469,902**	**$ 166,704**	**$ 70,452**	**$ 2,108,068**

June 30, 2016

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	$ 607,245	$ 93,102	$ -	$ -	$ 700,347
Research	169,983	69,104	-	-	239,087
Extension and Public Service	87,280	45,913	-	-	133,193
Academic Support	88,641	50,937	-	-	139,578
Student Services	32,205	14,049	-	-	46,254
General Administration and Institutional Support	128,221	43,862	-	-	172,083
Physical Plant Operations and Maintenance	78,370	53,053	-	-	131,423
Depreciation	-	-	161,889	-	161,889
Student Aid	-	-	-	78,355	78,355
Auxiliary Enterprises	100,302	72,079	-	-	172,381
Total	**$ 1,292,247**	**$ 442,099**	**$ 161,889**	**$ 78,355**	**$ 1,974,590**

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, 2017 and 2016, the University's contribution to FICA was approximately $59,843,000 and $56,301,000, respectively.

Defined Contribution Plans. Certain employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the Trustees. University defined contribution plans are all administered through Fidelity Investments. Plan contributions are made at the time the associated payroll is issued, so there is not a material outstanding liability at June 30, 2017 or 2016.

Faculty and Administrative/Professional Staff. Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined contribution plans. Faculty and management personnel participate immediately upon employment; others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans.

For the years ended June 30, 2017 and 2016, there were 7715 and 7,201 employees, respectively, participating in the plans with annual pay equal to approximately $645,297,000 and $605,385,000, respectively. For the years ended June 30, 2017 and 2016, the University made contributions totaling approximately $62,215,000 and $59,249,000, respectively, to these plans.

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

For the years ended June 30, 2017 and 2016, there were 1792 and 1,615 employees, respectively, participating in the plan with annual pay equal to approximately $42,501,000 and $34,150,000, respectively. For the year ended June 30, 2017 and 2016, the University made base contributions totaling approximately $1,753,000 and $1,284,000, respectively, and matching contributions totaling approximately $1,454,000 and $1,043,000, respectively, to the plan.

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

PERF. Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF), a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the state of Indiana. PERF, as part of the implementation of GASB 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2, and amended IC 5-10.1-1-11(b).

PERF was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. The PERF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Employees were eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. The monthly pension benefits for members in pay status may be increased periodically for cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The required contributions are determined by INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. For the years ended June 30, 2017 and 2016, the University was required to contribute 11.2% of the employee's salary. The employee contribution to the Annuity Savings Account in the amount of 3% of the employee's salary is being made by the University on behalf of the employee.

The financial statements of INPRS, including PERF, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and non-pooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, 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 Ave., Suite 001, Indianapolis, IN 46204; or by visiting www.in.gov/inprs/annualreports.htm.

For the years ended June 30, 2017 and 2016, there were 3153 and 3,410 employees, respectively, participating in PERF. The University's proportionate share of PERF's Net Pension Liability, based on covered payroll of approximately $86,639,000 was 1.80776% for the measurement date June 30, 2016, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately $82,044,000 and $81,962,000 as of June 30, 2017 and 2016.

The University made contributions to the plan totaling approximately $14,403,000 and $17,924,000 for the years ending June 30, 2017 and 2016, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $14,581,000 and $15,674,000 for the years ended June 30, 2017 and 2016, respectively. The proportionate shares of pension plan expense for the years ended June 30, 2017 and 2016 as calculated under GASB 68 guidance were approximately $15,505,000 and $16,136,000, less net amortization of deferred amounts of approximately $3,918,000 and $4,187,000, leaving a net pension expense of approximately $11,587,000 and $11,949,000.

The University also made a one-time supplemental contribution in August 2016 in the amount of $20,184,000 to the Indiana Public Retirement System toward the Unfunded Actuarial Accrued Liability pursuant to Indiana Public Law 241-2015. The liability at June 30, 2016 for this payment is included in Accounts Payable and Accrued Expenses, and additional disclosure is made in Note 5.

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow. The valuation date for assets was June 30, 2016, and the valuation date for liabilities was June 30, 2015 with standard actuarial roll forward techniques used to project the total pension liability at June 30, 2016. The amortization method and period are Level Dollar Closed over 30 years. The actuarial cost method is entry age normal (Level Percent of Payroll) cost. The employer required contribution is determined using an asset smoothing method. The actuarial assumptions include a 6.75% investment rate of return (net of administrative expenses), inflation rate of 2.25% per year, projected salary increases of 2.5% - 4.25% per year, and 1% per year cost of living adjustments, all based on the period of 4 years ended June 30, 2014, the most recent study date. Mortality rates were based on the 2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006.

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

		Geometric Basis
	Target Asset Allocation	**Long-Term Expected Real Rate of Return**
Public Equity	22.0%	5.7%
Private Equity	10.0%	6.2%
Fixed Income - Ex Inflation-Linked	24.0%	2.7%
Fixed Income - Inflation-Linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real Estate	7.0%	2.7%
Absolute Return	10.0%	4.0%
Risk Parity	12.0%	5.0%

Total pension liability was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 6.75%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
$ 117,834,875	$ 82,044,185	$ 52,296,710

As a result of GASB 68 implementation, new categories of deferred outflows and inflows of resources are required to be reported and disclosed, as follows:

Summary of Deferred Outflows and Inflows of Resources
(Dollars in Thousands)

	As of June 30, 2017	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ 1,838	$ 151
Net difference between projected and actual investment earnings on pension plan investments	18,045	4,616
Change of assumptions	3,620	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,413	21,788
Contribution made after the measurement date	14,581	-
Total Deferred Outflows and Inflows	$ 54,497	$ 26,555

	As of June 30, 2016	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ 4,385	$ 211
Net difference between projected and actual investment earnings on pension plan investments	17,223	9,606
Change of assumptions	8,635	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	436	10,577
Contribution made after the measurement date	15,674	-
Total Deferred Outflows and Inflows	$ 46,353	$ 20,394

These deferred outflows and inflows of resources are required to be amortized over either a 4.5 or 5 year life, depending upon the nature of the item. Amortization of these items is presented in the following table:

Amortization of Net Deferred Outflows/Inflows of Resources		
2017		2,898,748
2018		2,954,732
2019		5,323,388
2020		2,183,573
2021		
Thereafter		-
Total	$	13,360,441

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, funded through group annuities, and 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 non-probationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF. Employees covered by this plan are required to make contributions equal to 3% of the current salary for a non-probationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. Financial reports related to this plan may be obtained by writing to: Abby Daniels, Public Records Officer; Purdue University, Hovde Hall, 610 Purdue Mall, West Lafayette, IN 47907-2040.

For the years ending June 30, 2017 and 2016, there were 99 and 104 employees, respectively, actively participating in Police/Fire. The University made contributions to this plan totaling approximately $806,000 and $696,000 for the years ending June 30, 2017 and 2016, respectively.

The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2016. The actuarial valuation was the projected unit credit actuarial cost method over 30 years. The actuarial assumptions include a 6.25% investment rate of return, projected salary increases of 2.5% per year, and 3% per year cost of living adjustments.

Three-Year-Trend Information (dollars in thousands)

Plan	Annual Required Contribution	Interest on Net Pension Obligation	Adjustment to Annual Required Contribution	Annual Pension Cost	Contributions Made [2]	Increase (Decrease) in Net Pension Obligation	Net Pension Obligation, Beginning of Year	Net Pension Obligation, End of Year	Percentage of APC Contributed
Police/Fire									
July 1, 2016	862	56	(128)	790	528	263	(826)	(563)	67%
July 1, 2015	837	38	(393)	483	725	(242)	(584)	(826)	150%
July 1, 2014	812	44	(271)	585	1,068	(483)	(101)	(584)	183%

[1] Actuarial data for 2017 was not available at the time of this report.

[2] Police/Fire contributions include interest earnings.

Cooperative Extension Service. As of June 30, 2017 and 2016, there were 9 staff members with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System. The University contributed $68,000 and $71,000, respectively, for the years ended June 30, 2017 and 2016 to this plan.

Note 10 – Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2017 and 2016, for the University's discretely presented component units are presented in the tables below.

Discretely Presented Component Unit Statement of Financial Position
June 30, 2017 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	$ 13,522	$ 221	$ 367	$ 14,110
Accounts Receivable, Net	33,032	3,810	47	36,889
Other Assets	18,108	3	3	18,114
Investments	2,546,345	25,684	9,479	2,581,508
Lease Purchase Agreements	-	123,718	-	123,718
Construction in Progress	-	40,626	-	40,626
Notes Receivable, Net	8,237	1,079	-	9,316
Interest in Charitable Perpetual Trusts	15,526	-	-	15,526
Capital Assets, Net of Accumulated Depreciation	255,047	151	7,348	262,546
Irrevocable Trust	-	37,343	-	37,343
Total Assets	**2,889,817**	**232,635**	**17,244**	**3,139,696**
Liabilities:				
Accounts Payable and Accrued Expenses	24,413	4,193	20	28,626
Due on Split Interest Agreements	48,876	-	-	48,876
Deposits Held in Custody for Others	1,646,946	-	-	1,646,946
Bonds (Net), Leases and Notes Payable	159,499	224,466	-	383,965
Other Liabilities	18,488	-	-	18,488
Total Liabilities	**1,898,222**	**228,659**	**20**	**2,126,901**
Net Assets:				
Temporarily Restricted	678,335	3,976	3,808	686,119
Permanently Restricted	143,978	-	6,758	150,736
Unrestricted	169,282	-	6,658	175,940
Total Net Assets	**$ 991,595**	**$ 3,976**	**$ 17,224**	**$ 1,012,795**

Discretely Presented Component Unit Statement of Financial Position
June 30, 2016 (Dollars in Thousands)

	Purdue Research Foundation (as restated)	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	$ 11,043	$ 225	$ 296	$ 11,564
Accounts Receivable, Net	33,476	-	55	33,531
Other Assets	19,787	3	3	19,793
Investments	2,372,272	63,011	9,537	2,444,820
Lease Purchase Agreements	-	123,866	71	123,937
Construction in Progress	-	7,524	-	7,524
Notes Receivable, Net	9,116	1,079	-	10,195
Interest in Charitable Perpetual Trusts	14,068	-	-	14,068
Capital Assets, Net of Accumulated Depreciation	194,723	151	7,271	202,145
Irrevocable Trust	-	37,617	-	37,617
Total Assets	**2,654,485**	**233,476**	**17,233**	**2,905,194**
Liabilities:				
Accounts Payable and Accrued Expenses	22,968	4,419	77	27,464
Due on Split Interest Agreements	48,609	-	-	48,609
Deposits Held in Custody for Others	1,517,709	-	-	1,517,709
Bonds (Net), Leases and Notes Payable	145,751	227,116	-	372,867
Other Liabilities	19,578	-	-	19,578
Total Liabilities	**1,754,615**	**231,535**	**77**	**1,986,227**
Net Assets:				
Temporarily Restricted	633,375	1,941	4,036	639,352
Permanently Restricted	137,779	-	6,457	144,236
Unrestricted	128,716	-	6,663	135,379
Total Net Assets	**$ 899,870**	**$ 1,941**	**$ 17,156**	**$ 918,967**

Discretely Presented Component Unit Statement of Activities
For the Year Ended June 30, 2017 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	$ 4,449	$ -	$ -	$ 4,449
Less Payments to Purdue University	(4,449)	-	-	(4,449)
Administrative Fee on Research Projects	-	-	-	-
Contributions	24,933	-	1,024	25,957
Income on Investments	14,753	9,232	416	24,401
Net Unrealized and Realized Gains	125,354	(9)	370	125,715
Change in Value of Split Interest Agreements	(6,174)	-	-	(6,174)
Increase in Interests in Perpetual Trusts	1,458	-	-	1,458
Rents	19,977	8	133	20,118
Royalties	3,715	-	-	3,715
Other	31,271	-	136	31,407
Total Revenue and Support	**215,287**	**9,231**	**2,079**	**226,597**
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	19,336	-	1,733	21,069
Patent and Royalty	3,593	-	-	3,593
Grants	8,464	-	-	8,464
Services for Purdue University	2,530	-	-	2,530
Other	10,660	-	129	10,789
Total Expenses for the Benefit of Purdue University	**44,583**	**-**	**1,862**	**46,445**
Administrative and Other Expenses				
Salaries and Benefits	31,076	-	-	31,076
Property Management	16,191	-	116	16,307
Professional Fees	14,500	-	-	14,500
Supplies	1,378	-	-	1,378
Interest	6,197	7,175	-	13,372
Research Park	341	-	-	341
Other	9,296	21	33	9,350
Total Administrative and Other Expenses	**78,979**	**7,196**	**149**	**86,324**
Change in Net Assets	91,725	2,035	68	93,828
Net Assets, Beginning of Period	899,870	1,941	17,156	918,967
Net Assets, End of Period	**$ 991,595**	**$ 3,976**	**$ 17,224**	**$ 1,012,795**

Discretely Presented Component Unit Statement of Activities

For the Year Ended June 30, 2016 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	$ 25	$ -	$ -	$ 25
Less Payments to Purdue University	(25)	-	-	(25)
Administrative Fee on Research Projects	-	-	-	-
Contributions	20,328	-	1,063	21,391
Income on Investments	18,188	4,684	416	23,288
Net Unrealized and Realized Gains	(33,333)	-	(727)	(34,060)
Change in Value of Split Interest Agreements	299	-	-	299
Increase in Interests in Perpetual Trusts	(1,609)	-	-	(1,609)
Rents	18,218	8	132	18,358
Royalties	4,122	-	-	4,122
Other	33,277	-	22	33,299
Total Revenue and Support	**59,490**	**4,692**	**906**	**65,088**
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	19,951	-	1,461	21,412
Patent and Royalty	3,819	-	-	3,819
Grants	8,079	-	-	8,079
Services for Purdue University	2,188	-	-	2,188
Other	6,178	-	73	6,251
Total Expenses for the Benefit of Purdue University	**40,215**	**-**	**1,534**	**41,749**
Administrative and Other Expenses				
Salaries and Benefits	29,777	-	-	29,777
Property Management	15,931	-	116	16,047
Professional Fees	13,289	-	-	13,289
Supplies	1,482	-	-	1,482
Interest	5,669	4,480	-	10,149
Research Park	444	-	-	444
Other	8,717	244	20	8,981
Total Administrative and Other Expenses	**75,309**	**4,724**	**136**	**80,169**
Change in Net Assets	(56,034)	(32)	(764)	(56,830)
Net Assets, Beginning of Period	955,904	1,973	17,920	975,797
Net Assets, End of Period	**$ 899,870**	**$ 1,941**	**$ 17,156**	**$ 918,967**

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, 2017and 2016, contractual obligations for capital construction projects were approximately $75,446,000 and $199,677,000, respectively.

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

Note 12 – Risk Management

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. The amount of settlements paid during the last three years did not exceed the insurance coverage for the same time period. There was no significant reduction in insurance coverage during the fiscal year. 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 illness or injury is $500,000 per incident, with a maximum annual aggregate liability of approximately $8,000,000 as of both June 30, 2017 and 2016. Settlements paid have not exceeded the insurance coverage over the past three years.

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, 2017 and 2016, the University reflected approximately $738,000 and $1,753,000, respectively, of insurance proceeds as non-operating 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, 2017	June 30, 2016
Beginning Liability	$ 20,550	$ 24,261
Claims Incurred	133,717	115,370
Claims Payments	(128,450)	(119,081)
Ending Liability	**$ 25,817**	**$ 20,550**

Note 13 – Subsequent Events

In April 2017, The Trustees of Purdue University ("Purdue") formed a new nonprofit, public benefit corporation named Purdue NewU, Inc. ("NewU"), of which Purdue is the sole member. On April 27, 2017, NewU entered into a Contribution and Transfer Agreement to receive the institutional assets and operations of Kaplan University in exchange for cash consideration of $1.00 and a covenant to enter into a long-term Transition and Operations Support Agreement, under which Kaplan Higher Education will provide key non-academic operations support to NewU. Consummation of this transaction is subject to various closing conditions, including, among others, regulatory approvals from the U.S. Department of Education (the "Department"), the Indiana Commission for Higher Education ("ICHE") and the Higher Learning Commission ("HLC"), which is the regional accreditor of both Purdue and Kaplan University, as well as certain other state educational agencies and accreditors of programs. In August, 2017, ICHE unanimously approved NewU as a public postsecondary institution controlled by Purdue and authorized it to offer educational programs. In September 2017, the Department issued a preliminary determination letter in which it recognized NewU's public status and authorized it to move forward with the proposed transaction, subject to the fulfillment of certain conditions. While Purdue currently expects that the transaction will be presented for approval by the HLC at its February 2018 board meeting, we are unable to predict with certainty when and if such approval (as well as approvals from other state educational agencies and program-level accreditors) will be obtained. Still, we expect that all necessary approvals will be received by the end of February 2018. If the transaction is not consummated by April 30, 2018, either party may terminate the Transfer Agreement.

Required Supplementary Information

SCHEDULE OF PURDUE'S SHARE OF THE NET PENSION LIABILITY
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)
(Dollar Amounts in Thousands)
June 30,

	2016*	2015*	2014*	2013*
Proportion of the Net Pension Liability	1.8%	2.5%	2.8%	3.0%
Proportionate Share of the Net Pension Liability	$ 82,044	$ 102,146	$ 74,323	$ 103,102
Covered-employee payroll	$ 86,639	$ 120,126	$ 138,081	$ 144,526
Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	94.7%	84.8%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	75.3%	77.3%	84.3%	78.8%

SCHEDULE OF PURDUE'S CONTRIBUTIONS
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)
(Dollar Amounts in Thousands)
June 30,

	2016*	2015*	2014*	2013*
Contractually required contribution	$ 9,704	$ 13,431	$ 15,471	$ 13,894
Contributions in relation to the contractually required contribution	$ 9,704	$ 13,431	$ 15,471	$ 13,894
Contribution deficiency	-	-	-	-
Covered-employee payroll	$ 86,639	$ 120,126	$ 138,081	$ 144,526
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	9.6%

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Ie: FY2016 Purdue reported amounts based on INPRS FY2015 report.*

Required Supplementary Information
Retirement Plans--Schedule of Funding Progress Police/Fire Supplemental
Fiscal Year Ended June 30, 2017
(Dollar Amounts in Thousands)

Actuarial Valuation Date*	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded (Excess) Actuarial Liability	Funded Ratio	Annual Covered Payroll	Liability to Payroll	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Benefit)
Police/Fire Supplemental										
7/1/2006	17,595	19,074	1,479	92.2%	4,595	32.2%	623	846	135.8%	(452)
7/1/2007	19,679	19,984	305	98.5%	4,854	6.3%	528	645	122.2%	(569)
7/1/2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	573	83.6%	(457)
7/1/2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	670	74.5%	(228)
7/1/2010	20,163	23,131	2,968	87.2%	5,582	53.2%	956	878	91.8%	(150)
7/1/2011	22,560	26,385	3,825	85.5%	5,677	67.4%	1,182	976	82.6%	56
7/1/2012	23,438	27,329	3,891	85.8%	5,648	68.9%	1,286	1,166	90.7%	176
7/1/2013	25,809	27,780	1,971	92.9%	5,611	35.1%	1,030	1,307	126.9%	(101)
7/1/2014	29,465	28,897	(568)	102.0%	5,803	-9.8%	585	1,068	182.6%	(584)
7/1/2015	31,270	30,259	(1,011)	103.3%	5,816	-17.4%	483	725	150.1%	(826)
7/1/2016	31,253	31,382	129	99.6%	6,493	2.0%	790	528	66.8%	(563)

*Data for 2017 not available from actuaries at date of issuance

Total In-State Enrollment by County

Fall, 2016-17 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 68,818 students for the 2016-17 fall semester. The breakdown was West Lafayette, 40,451, Northwest, 15,286, Fort Wayne, 12,010, Statewide Technology, 1,071. Enrollment numbers do not include 6,275 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 63% system-wide came from within Indiana.

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Adams	64	476	1	541
Allen	852	6,541	-	7,393
Bartholomew	211	17	70	298
Benton	67	6	3	76
Blackford	20	26	2	48
Boone	533	12	2	547
Brown	22	4	4	30
Carroll	122	5	8	135
Cass	126	25	13	164
Clark	83	8	80	171
Clay	26	3	-	29
Clinton	152	6	13	171
Crawford	8	-	4	12
Daviess	26	3	1	30
De Kalb	86	507	-	593
Dearborn	121	4	3	128
Decatur	79	1	6	86
Delaware	100	33	15	148
Dubois	110	6	2	118
Elkhart	307	271	26	604
Fayette	25	4	7	36
Floyd	112	6	50	168
Fountain	75	4	2	81
Franklin	51	3	6	60
Fulton	82	119	3	204
Gibson	60	6	5	71
Grant	91	66	5	162
Greene	36	7	2	45
Hamilton	2,079	43	43	2,165
Hancock	267	18	9	294
Harrison	33	2	35	70
Hendricks	615	27	3	645

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Henry	71	11	8	90
Howard	253	18	75	346
Huntington	61	408	-	469
Jackson	98	8	15	121
Jasper	158	285	1	444
Jay	21	19	-	40
Jefferson	40	1	7	48
Jennings	20	1	5	26
Johnson	327	18	14	359
Knox	39	3	10	52
Kosciusko	199	540	1	740
La Porte	284	1,608	2	1,894
Lagrange	55	207	-	262
Lake	1,260	6,979	-	8,239
Lawrence	73	11	3	87
Madison	198	56	53	307
Marion	1,549	104	12	1,665
Marshall	164	105	10	279
Martin	8	-	3	11
Miami	68	18	16	102
Monroe	150	22	-	172
Montgomer	127	5	5	137
Morgan	123	9	1	133
Newton	43	87	-	130
Noble	69	511	-	580
Ohio	2	-	-	2
Orange	19	-	7	26
Owen	28	3	-	31
Parke	27	1	-	28
Perry	12	1	1	14
Pike	11	2	1	14
Porter	618	2,487	-	3,105

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Posey	70	3	1	74
Pulaski	51	56	-	107
Putnam	82	5	1	88
Randolph	37	6	4	47
Ripley	59	3	3	65
Rush	33	1	3	37
Scott	12	2	12	26
Shelby	82	5	6	93
Spencer	38	1	1	40
St Joseph	712	237	87	1,036
Starke	43	155	-	198
Steuben	64	219	-	283
Sullivan	24	1	2	27
Switzerland	6	1	-	7
Tippecanoe	2,806	39	126	2,971
Tipton	46	3	13	62
Union	10	1	8	19
Vanderburgh	233	11	1	245
Vermillion	19	-	-	19
Vigo	97	9	2	108
Wabash	68	174	3	245
Warren	48	2	2	52
Warrick	125	10	2	137
Washington	52	1	14	67
Wayne	73	8	44	125
Wells	57	420	-	477
White	158	34	8	200
Whitley	66	468	-	534
Unknown	421	82	6	509
Total	**18,408**	**23,744**	**1,022**	**43,174**

ACKNOWLEDGEMENTS

The following staff members of the Treasurer's Office prepared the 2016-17 Financial Report.

Kathleen E. Thomason, *Comptroller*

Shannon R. Goff, *Systems and Reporting Accountant*

Randall Gray, *Financial Operations Accountant*

Elizabeth Gutridge, *Assistant Plant Accountant*

Jennifer Littlefield, *Financial Operations Accountant*

Natalie S. Miller, *Assistant Systems and Master Data Accountant*

Kristi Stine, *Senior Accountant*

Sonya Swigart, *Special Projects and Reconciliation Accountant*

Stacy L. Umlauf, *Manager of Financial Reporting*

Katherine L. Vanderwall, *Manager of Accounting*

JoAnn Wiley, *Gift Accountant*

APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL FOR SERIES DD BONDS

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September 18, 2018

The Trustees of Purdue University
West Lafayette, Indiana

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

Goldman Sachs & Co. LLC, as
Representative of the Underwriters
New York, New York

Re: Purdue University Student Fee Bonds, Series DD (the "Bonds") issued by The Trustees of Purdue University (the "Corporation") pursuant to an Amended and Restated Trust Indenture dated as of May 1, 1996, as heretofore supplemented and amended, and as further supplemented by a Thirty-First Supplemental and Amendatory Indenture dated as of September 1, 2018 (collectively, the "Indenture") to The Bank of New York Mellon Trust Company, N.A. (as successor to NBD Bank, N.A.), Indianapolis, Indiana, as trustee (the "Trustee"); Principal amount $90,135,000

Ladies and Gentlemen:

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

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

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

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

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

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

(4) Under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the Federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue.

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

Very truly yours,

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THE TRUSTEES OF PURDUE UNIVERSITY • PURDUE UNIVERSITY STUDENT FEE BONDS, SERIES DD

PURDUE
UNIVERSITY

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